As filed with the Securities and Exchange Commission on November 14, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2
to
Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g)
OF THE SECURITIES EXCHANGE ACT OF 1934

CCE SPINCO, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-3247759**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*
9348 Civic Center Drive **Beverly Hills, California**	**90210**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(310) 867-7000

Securities to be registered pursuant to Section 12(b) of the Act:

Title of Each Class to be so Registered	Name of Each Exchange on which Each Class is to be Registered
Common Stock, $0.01 par value per share	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act:
None

CCE SPINCO, INC.

Cross-Reference Sheet Between the Information Statement and Items of Form 10

Information Included in the Information Statement and Incorporated by Reference into the Registration Statement on Form 10

Our information statement may be found as Exhibit 99.1 to this Form 10. For your convenience, we have provided below a cross-reference sheet identifying where the items required by Form 10 can be found in the information statement.

Item No.	Caption	Location in Information Statement
1.	Business	"Summary;" "Risk Factors;" and "Business"
2.	Financial Information	"Summary — Summary Historical and Pro Forma Financial and Other Data;" "Capitalization;" "Unaudited Pro Forma Condensed Combined Financial Data;" "Selected Combined Financial Data;" and "Management's Discussion and Analysis of Financial Condition and Results of Operation"
3.	Properties	"Business — Properties and Facilities"
4.	Security Ownership of Certain Beneficial Owners and Management	"Security Ownership of Certain Beneficial Owners and Management"
5.	Directors and Executive Officers	"Management"
6.	Executive Compensation	"Management"
7.	Certain Relationships and Related Transactions	"Our Relationship with Clear Channel Communications After the Distribution"
8.	Legal Proceedings	"Business — Legal Proceedings"
9.	Market Price of Dividends on the Registrant's Common Equity and Related Stockholder Matters	"Summary;" "Risk Factors;" "The Distribution;" "Capitalization;" "Dividend Policy;" and "Description of Our Capital Stock"
10.	Recent Sale of Unregistered Securities	None
11.	Description of Registrant's Securities to be Registered	"Description of Our Capital Stock"
12.	Indemnification of Directors and Officers	"Description of Our Capital Stock;" and "Our Relationship with Clear Channel Communications After the Distribution"
13.	Financial Statements and Supplementary Data	"Summary — Summary Historical and Pro Forma Financial and Other Data;" "Unaudited Pro Forma Condensed Combined Financial Data;" "Selected Combined Financial Data;" "Management's Discussion and Analysis of Financial Condition and Results of Operations;" and "Index to Combined Financial Statements and Schedule" including the Combined Financial Statements and Schedule
14.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	None
15.	Financial Statements and Exhibits	"Unaudited Pro Forma Condensed Combined Financial Data;" and "Index to Combined Financial Statements and Schedule" including the Combined Financial Statements and Schedule

(a) List of Combined Financial Statements and Schedule.

The following financial statements are included in the Information Statement and filed as part of this Registration Statement on Form 10:

(1) Unaudited Pro Forma Condensed Combined Financial Data of CCE Spinco, Inc.; and

(2) Combined Financial Statements of CCE Spinco, Inc., including Report of Independent Registered Public Accounting Firm.

The following financial statement schedule for fiscal years 2002, 2003 and 2004 is included in the Information Statement and filed as part of this Registration Statement:

Schedule II — Valuation and Qualifying Accounts

Schedules not mentioned above have been omitted because the information required to be set forth therein is not applicable or the information is otherwise included in the Financial Statements or notes thereto.

(b) Exhibits. The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Master Separation and Distribution Agreement between Clear Channel Communications, Inc. and CCE Spinco, Inc.
3.1	Form of Amended and Restated Certificate of Incorporation of CCE Spinco, Inc.
3.2	Form of Amended and Restated Bylaws of CCE Spinco, Inc.
4.1*	Specimen common stock certificate of CCE Spinco, Inc.
4.2	Form of Rights Agreement between CCE Spinco, Inc. and The Bank of New York, as rights agent
4.3	Form of Certificate of Designations of Series A Junior Participating Preferred Stock (attached as Annex A to the Rights Agreement filed as Exhibit 4.2 hereto)
4.4	Form of Right Certificate (attached as Annex B to the Rights Agreement filed as Exhibit 4.2 hereto)
10.1	Form of Transition Services Agreement between CCE Spinco, Inc. and Clear Channel Management Services, L.P.
10.2*	Form of Tax Matters Agreement between CCE Spinco, Inc. and Clear Channel Communications, Inc.
10.3	Form of Employee Matters Agreement between CCE Spinco, Inc. and Clear Channel Communications, Inc.
10.4	Form of Trademark and Copyright License Agreement between CCE Spinco, Inc. and Clear Channel Identity, L.P.
10.5	Form of CCE Spinco, Inc. 2005 Stock Incentive Plan
10.6	Form of CCE Spinco, Inc. 2006 Annual Incentive Plan
10.7	Employment Agreement, dated August 17, 2005, by and between SFX Entertainment, Inc., d/b/a Clear Channel Entertainment and Michael Rapino
10.8†	Service Agreement, dated October 5, 2000, as amended January 12, 2005 and July 1, 2005, by and between Clear Channel Entertainment UK (Theatrical Productions) Limited and David Ian Lane
10.9†	Personal Services Agreement, dated December 3, 2002, as amended January 2005, by and between SFX Entertainment, Inc., d/b/a Clear Channel Entertainment, and Arthur Fogel
10.10	Executive Agreement, dated October 1, 2004, by and between EMA Telstar Gruppen AB and Thomas Johansson
10.11	Executive Service Agreement, dated 2001, as amended October 13, 2004, by and between Clear Channel Entertainment UK and Alan Ridgeway
21.1*	List of Subsidiaries of CCE Spinco, Inc.
99.1	Information Statement of CCE Spinco, Inc., subject to completion dated November 14, 2005

* To be filed by amendment.

† Certain portions of this exhibit have been omitted pursuant to a request for an order granting confidential treatment by the Securities and Exchange Commission.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

CCE SPINCO, INC.

By: /s/ Randall T. Mays

Randall T. Mays
Chairman of the Board of Directors

Dated: November 14, 2005

EXHIBIT INDEX

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Exhibit 2.1

MASTER SEPARATION AND DISTRIBUTION AGREEMENT

BETWEEN

CLEAR CHANNEL COMMUNICATIONS, INC.

AND

CCE SPINCO, INC.

Dated _____ __, 2005

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SCHEDULES

MASTER SEPARATION AND DISTRIBUTION AGREEMENT

This MASTER SEPARATION AND DISTRIBUTION AGREEMENT, dated [___], 2005 (this "Agreement"), is made between Clear Channel Communications, Inc., a Texas corporation ("CCU"), and CCE Spinco, Inc., a Delaware corporation and as of the date hereof, a wholly-owned subsidiary of CCU ("Entertainment"). Certain capitalized terms used in this Agreement are defined in Section 1.1 and the definitions of the other capitalized terms used in this Agreement are cross-referenced in Section 1.2.

W I T N E S S E T H:

WHEREAS, the board of directors of CCU has determined that it is appropriate and desirable for CCU to separate the Entertainment Group from CCU;

WHEREAS, in connection with the separation of the Entertainment Group from CCU, (a) CCU desires to contribute, assign or otherwise transfer, and to cause certain of its Subsidiaries to contribute, assign or otherwise transfer, to Entertainment and certain of Entertainment's Subsidiaries, certain Assets and Liabilities associated with the Entertainment Business, including the stock or other equity interests of certain of CCU's Subsidiaries dedicated to the Entertainment Business, and (b) Entertainment desires to contribute, assign or otherwise transfer, and to cause certain of its Subsidiaries to contribute, assign or otherwise transfer, to CCU and certain of CCU's Subsidiaries, certain Assets and Liabilities that are not associated with the Entertainment Business (collectively, the "Contribution");

WHEREAS, after the Contribution, CCU intends to divest all of its ownership interest in Entertainment through a distribution of outstanding shares of Entertainment Common Stock to the holders of common stock of CCU, without any consideration being paid by the CCU shareholders, pursuant to the terms and subject to the conditions of this Agreement (the "Distribution");

WHEREAS, CCU has filed with the SEC a registration statement on Form 10 pursuant to the Exchange Act in connection with the Distribution (the "Form 10");

WHEREAS, in connection with and prior to the Distribution, CCU will contribute to the capital of the member of the Entertainment Group that is a wholly-owned subsidiary of CCU on the date hereof (the "Capital Contribution") $[___] million of the approximately $[___] billion of intercompany indebtedness owed by such member of the Entertainment Group to CCU (the "Intercompany Debt");

WHEREAS, in connection with and prior to the Distribution and following the Capital Contribution, a member of the Entertainment Group will issue (a) Series A voting redeemable preferred stock to third-party investors for aggregate net cash proceeds of no less than $20 million (the "Series A Preferred Stock Issuance"), and (b) Series B non-voting redeemable preferred stock to CCU in part consideration for CCU's contribution of common stock of a Subsidiary to such member of the Entertainment Group (the "Series B Preferred Stock Issuance") and immediately thereafter, CCU will sell such Series B non-voting preferred stock to

a third-party investor for aggregate net cash proceeds of no less than $20 million (the " Series B Preferred Stock Sale");

WHEREAS, in connection with and prior to or concurrently with the Distribution and following the Capital Contribution, a member of the Entertainment Group will enter into a senior secured revolving and term loan credit facility of up to $[ ] million in the aggregate (the "Credit Facility");

WHEREAS, in connection with and prior to or concurrently with the Distribution, with borrowings under the Credit Facility and the net cash proceeds of the Series A Preferred Stock Issuance, the Entertainment Group will pay to CCU the remaining balance of the Intercompany Debt;

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Contribution, the Distribution and certain other agreements that will, following the consummation of the Distribution, govern certain matters relating to the relationship of CCU, Entertainment and their respective Groups; and

WHEREAS, the terms and conditions set forth herein have not resulted from arms length negotiations between the parties because of the context of CCU's and Entertainment's parent - -Subsidiary relationship, and accordingly, such terms and conditions may be in some respects less favorable to Entertainment than those it could obtain from unaffiliated third parties.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions.

For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Action" means any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" (and, with a correlative meaning, "affiliated") means, with respect to any Person, any direct or indirect Subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person; provided, however, that from and after the Distribution Date, no member of the Entertainment Group shall be deemed an Affiliate of any member of the CCU Group for purposes of this Agreement and the Transaction Documents and no member of the CCU Group shall be deemed an Affiliate of any member of the Entertainment Group for purposes of this Agreement and the Transaction Documents. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies, or the power to appoint and remove a majority of directors (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), of a Person.

"Assets" means, with respect to any Person, the assets, properties and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(a) all interests in any capital stock, equity interests or capital or profit interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;

(b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;

(c) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(d) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

(e) all license agreements, leases of personal property, open purchase orders for supplies, parts or services and other contracts, agreements or commitments;

(f) all deposits, letters of credit and performance and surety bonds;

(g) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;

(h) all domestic and foreign intangible personal property, patents, copyrights, trade names, trademarks, service marks and registrations and applications for any of the foregoing, mask works, trade secrets, inventions, designs, ideas, improvements, works of authorship, recordings, other proprietary and confidential information and licenses from third Persons granting the right to use any of the foregoing;

(i) all computer applications, programs and other software, including operating software, network software firmware, middleware, design software, design tools, systems documentation and instructions;

(j) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(k) all prepaid expenses, trade accounts and other accounts and notes receivables;

(l) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(m) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(n) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;

(o) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(p) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"CCU Common Stock" means the issued and outstanding common stock of CCU, $0.10 par value per share.

"CCU Group" means CCU and each Person (other than a member of the Entertainment Group) that is an Affiliate of CCU immediately following the Distribution.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consent" means any consent, waiver or approval from, or notification requirement to, any third parties.

"Delayed Transfer Assets" means any Entertainment Assets that are expressly provided in this Agreement or any Transaction Document to be transferred after the Contribution.

"Delayed Transfer Liabilities" means any Entertainment Liabilities that are expressly provided in this Agreement or any Transaction Document to be assumed after the Contribution.

"Effective Date" means [___], 2005, or with respect to any specific Entertainment Asset or Entertainment Liability, the effective date otherwise specified in the applicable CCU Transfer Document.

"Entertainment Balance Sheet" means Entertainment's unaudited Pro Forma Combined Statement of Financial Position as of June 30, 2005 included in the Form 10.

"Entertainment Business" means the current businesses of the Entertainment Group, including the business of promoting and producing, and operating venues for, live entertainment events, including music concerts, theatrical performances and specialized motor sports, as described in the Form 10.

"Entertainment Common Stock" means the common stock, $0.01 par value per share, of Entertainment, with the rights, terms and privileges set forth in the Charter.

"Entertainment Contracts" means the following contracts and agreements to which CCU or any of its Subsidiaries is a party or by which CCU or any of its Subsidiaries or any of their respective Assets is bound, whether or not in writing, except for any such contract or agreement that is contemplated to be retained by CCU or any member of the CCU Group pursuant to any provision of this Agreement or any Transaction Document:

(a) any supply or vendor contracts or agreements listed or described on Schedule 1.1(a) (and the applicable licenses, leases, addendums and similar arrangements thereunder);

(b) any contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Entertainment Group;

(c) any contract or agreement, including any joint venture agreement, that is used exclusively or held for use exclusively in the Entertainment Business;

(d) the contracts, agreements and other documents listed or described on Schedule 1.1(d) (and the applicable licenses, leases, addendums and similar arrangements thereunder;

(e) any guarantee, indemnity, representation, warranty or other Liability of any member of the Entertainment Group or the CCU Group in respect of (i) any other Entertainment Contract, (ii) any Entertainment Asset or Entertainment Liability or (iii) the Entertainment Business; and

(f) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Transaction Documents to be assigned to Entertainment or any member of the Entertainment Group in connection with the Contribution.

"Entertainment Group" means Entertainment and each Person (other than a member of the CCU Group) that is an Affiliate of Entertainment immediately following the Distribution; provided that any Delayed Transfer Asset that is transferred to Entertainment at any time following the Distribution shall, to the extent applicable, and from and after the Distribution, be considered part of the Entertainment Group for all purposes of this Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time that reference is made thereto.

"Force Majeure" means, with respect to a party, an event beyond the control of such party (or any Person acting on its behalf), which by its nature could not have been foreseen by such party (or such Person), or, if it could have been foreseen, was unavoidable, and includes, without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources or distribution facilities.

"GAAP" means United States generally accepted accounting principles.

"Governmental Approvals" means any notice, report or other filing to be made with, or any consent, registration, approval, permit or authorization to be obtained from, any Governmental Authority.

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, agency, department, board, commission or instrumentality, whether federal, state, local or foreign (or any political subdivision thereof), and any tribunal, court or arbitrator(s) of competent jurisdiction.

"Group" means the CCU Group or the Entertainment Group, as the context requires.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible form, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Insurance Proceeds" means those monies: (a) received by an insured from an insurance carrier; (b) paid by an insurance carrier on behalf of the insured; or (c) received (including by way of setoff) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability; in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

"IP Application" means any application for the registration, acquisition or perfection of intellectual property rights, including patent applications, copyright applications and trademark applications.

"Law" means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" means any debt, loss, damage, adverse claim, liability or obligation of any Person (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto.

"NYSE" means the New York Stock Exchange, Inc.

"Person" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"Record Date" means the close of business on the date determined by CCU's board of directors as the record date for determining the shareholders of CCU entitled to receive Entertainment Common Stock pursuant to the Distribution.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time that reference is made thereto.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer (other than restrictions on transfer imposed by federal and/or state securities laws), or other encumbrance of any nature whatsoever.

"Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax" means all federal, state, provincial, territorial, municipal, local or foreign income, profits, franchise, gross receipts, environmental (including taxes under Code Section 59A), customs, duties, net worth, sales, use, goods and services, withholding, value added, *ad valorem*, employment, social security, disability, occupation, pension, real property, personal property (tangible and intangible), stamp, transfer, conveyance, severance, production, excise, premium, retaliatory and other taxes, withholdings, duties, levies, imposts, guarantee fund assessments and other similar charges and assessments (including any and all fines, penalties and additions attributable to or otherwise imposed on or with respect to any such taxes, charges, fees, levies or other assessments, and interest thereon) imposed by or on behalf of any Taxing Authority, in each case whether such Tax arises by Law, contract, agreement or otherwise.

"Taxing Authority" means any Governmental Authority exercising any authority to impose, regulate, levy, assess or administer the imposition of any Tax.

"Transactions" means, collectively, (a) the Contribution, (b) the Distribution, (c) the Credit Facility, (d) the Series A Preferred Stock Issuance, (e) the Series B Preferred Stock Issuance, (f) the Series B Preferred Stock Sale, (g) the repayment by the Entertainment Group of a portion of the Intercompany Debt, (h) the Capital Contribution, and (i) all other transactions contemplated by this Agreement or any other Transaction Document.

1.2 Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated.

Term	Section
After-Tax Basis	6.5(c)
Agreement	Preamble
Assumed Actions	7.3(a)
Bylaws	3.4
Capital Contribution	Recitals
CCU	Preamble
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CCU Auditors	5.1(b)
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Entertainment Auditors	5.1(a)
Entertainment Confidential Information	7.2(a)
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Excluded Liabilities	2.3(b)
Existing Actions	7.3(c)
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Indemnifying Party	6.5(a)
Indemnity Payment	6.5(a)
Initial Notice	8.2
Insurance Charges	7.4(e)(iii)
Intellectual Property License Agreement	3.2(b)(iv)
Intercompany Debt	Recitals
Privilege	5.9
Representatives	7.2(a)
Response	8.2
Rights Agreement	3.4
Series A Preferred Stock Issuance	Recitals

Term	Section
Series B Preferred Stock Issuance	Recitals
Series B Preferred Stock Sale	Recitals
Shared Employee	4.3(e)
Tax Matters Agreement	3.2(b)(ii)
Third Party Claim	6.6(a)
Trademark License Agreement	3.2(b)(iv)
Transaction Documents	3.2(b)
Transfer Documents	2.9(a)(iii)
Transferred Actions	7.3(b)
Transition Services Agreement	3.2(b)(i)

ARTICLE II
THE CONTRIBUTION

2.1 Transfer of Entertainment Assets; Assumption of Entertainment Liabilities.

(a) The Contribution shall be effected in accordance with the terms and conditions of this Agreement and the other Transfer Documents. On or before the Effective Date:

(i) CCU shall, and shall cause its applicable Subsidiaries to, contribute, assign, transfer, convey and deliver to Entertainment or certain of its Subsidiaries designated by Entertainment, and Entertainment or such applicable Subsidiaries shall accept from CCU and its applicable Subsidiaries, all of CCU's and such Subsidiaries' respective rights, titles and interests in and to all Entertainment Assets, other than the Delayed Transfer Assets, with such contributions, assignments, transfers and conveyances being subject to the terms and conditions of this Agreement and any applicable Transfer Documents; and

(ii) Entertainment shall, and shall cause its applicable domestic Subsidiaries to, accept, assume and agree, on a several and not joint basis, to perform, discharge and fulfill all the Entertainment Liabilities, other than the Delayed Transfer Liabilities, in accordance with their respective terms. Entertainment and such Subsidiaries shall be responsible for all Entertainment Liabilities assumed by it, regardless of when or where such Entertainment Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Date, regardless of where or against whom such Entertainment Liabilities are asserted or determined (including any Entertainment Liabilities arising out of claims made by CCU's or Entertainment's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the CCU Group or the Entertainment Group) or whether asserted or determined prior to the date hereof, and, except as set forth in Section 2.3(b)(iv), regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the CCU Group or the Entertainment Group, or any of their past or present respective directors, officers, employees, agents, Subsidiaries or Affiliates. Such assumption of Entertainment Liabilities shall be subject to the terms and conditions of this Agreement and any applicable Transfer Documents.

(b) Each of the parties agrees that the Delayed Transfer Assets will be contributed, assigned, transferred, conveyed and delivered, and the Delayed Transfer Liabilities will be accepted and assumed, in accordance with the terms of the applicable Transaction Documents or as otherwise set forth on Schedule 2.1(b). Notwithstanding the date on which any such Delayed Transfer Asset is actually contributed, assigned, conveyed and delivered, or the date on which any such Delayed Transfer Liability is actually accepted and assumed, such contribution, assignment, transfer, conveyance and delivery of any Delayed Transfer Asset, or the acceptance and assumption of any Delayed Transfer Liability, shall be deemed to have taken place on, and shall be effective as of, the Distribution, and the applicable Delayed Transfer Asset or Delayed Transfer Liability shall be treated for all purposes of this Agreement and the Transaction Documents as an Entertainment Asset or an Entertainment Liability, as the case may be, from and after the Distribution.

(c) If at any time or from time to time (whether prior to or after the Effective Date), any party hereto (or any member of such party's respective Group) shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any Transaction Document, such party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person.

(d) Entertainment hereby waives compliance by each member of the CCU Group with the requirements and provisions of the "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Entertainment Assets to any member of the Entertainment Group.

2.2 Entertainment Assets.

(a) Subject to Section 2.2(b), for purposes of this Agreement, "Entertainment Assets" shall mean (without duplication):

(i) the Assets listed or described on Schedule 2.2(a)(i) and all other Assets that are expressly provided by this Agreement or any Transaction Document as Assets to be transferred by CCU and other members of the CCU Group to Entertainment or another designated member of the Entertainment Group;

(ii) all Entertainment Contracts;

(iii) all Assets reflected as Assets of Entertainment and its Subsidiaries in the Entertainment Balance Sheet, other than any dispositions of such Assets subsequent to the date of the Entertainment Balance Sheet; and

(iv) any and all Assets owned or held immediately prior to the Effective Date by CCU or any of its Subsidiaries that are used exclusively in the Entertainment Business. The intention of this clause (iv) is only to rectify any inadvertent omission of transfer or conveyance of any Asset that, had the parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as an Entertainment Asset.

(b) Notwithstanding the foregoing, the Entertainment Assets shall not in any event include the Excluded Assets. For purposes of this Agreement, "Excluded Assets" shall mean Assets not used exclusively in the Entertainment Business, including, without limitation:

(i) the Assets listed or described on Schedule 2.2(b)(i);

(ii) the contracts and agreements listed or described on Schedule 2.2(b)(ii); and

(iii) any and all Assets that are expressly contemplated by this Agreement or any Transaction Document as either Assets to be retained by CCU or any other member of the CCU Group, or Assets that are to be transferred by Entertainment or any other member of the Entertainment Group to CCU or a designated member of the CCU Group.

2.3 Entertainment Liabilities.

(a) Subject to Section 2.3(b), for purposes of this Agreement, "Entertainment Liabilities" shall mean (without duplication):

(i) the Liabilities listed or described on Schedule 2.3(a)(i) and all other Liabilities that are expressly provided by this Agreement or any Transaction Document as Liabilities to be assumed by Entertainment or any other member of the Entertainment Group, and all agreements, obligations and Liabilities of Entertainment or any other member of the Entertainment Group under this Agreement or any of the Transaction Documents;

(ii) all Liabilities, including any employee-related Liabilities relating to, arising out of or resulting from:

(A) the operation of the Entertainment Business, as conducted at any time before, on or after the Effective Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority));

(B) the operation of any business conducted by any member of the Entertainment Group at any time after the Effective Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(C) any Entertainment Assets (including any Entertainment Contracts and any real property and leasehold interests), in any such case whether arising before, on or after the Effective Date;

(iii) all Liabilities reflected as liabilities or obligations of Entertainment or its Subsidiaries in the Entertainment Balance Sheet;

(iv) all Liabilities related to Assumed Actions and Existing Actions, as further provided in Section 7.3;

(v) all Liabilities related to any and all other Actions initiated on or after the Distribution Date that arise out of or relate in any material respect to the operation of the Entertainment Business or the ownership or use of the Entertainment Assets, in any such case whether such Action arises before, on or after the Distribution Date, including any such Action in which CCU or any member of the CCU Group is named as a defendant or party subject to any claim or investigation;

(vi) all Liabilities for any payments to be made by any member of the CCU Group or any member of the Entertainment Group pursuant to the terms and conditions of purchase agreements relating to the acquisition of Entertainment Assets, including, without limitation, purchase price installment payments based on the financial performance of the acquired Entertainment Asset subsequent to the acquisition; and

(vii) all Liabilities arising out of claims made by CCU's or Entertainment's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the CCU Group or the Entertainment Group with respect to the Entertainment Business.

(b) Notwithstanding the foregoing, the Entertainment Liabilities shall not in any event include the Excluded Liabilities. For purposes of this Agreement, "Excluded Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Transaction Document as Liabilities to be retained or assumed by CCU or any other member of the CCU Group (in each case other than Delayed Transfer Liabilities), and all agreements and obligations of any member of the CCU Group under this Agreement or any of the Transaction Documents;

(ii) any and all Liabilities of a member of the CCU Group relating solely to, arising solely out of or resulting solely from any Excluded Assets;

(iii) the Liabilities listed on Schedule 2.3(b)(iii); and

(iv) any and all liabilities arising from a knowing violation of Law, fraud or misrepresentation by any member of the CCU Group or any of their respective directors, officers, employees or agents (other than any individual who at the time of such act was acting in his or her capacity as a director, officer, employee or agent of any member of the Entertainment Group).

2.4 Termination of Agreements.

(a) Except as set forth in Section 2.4(b), Entertainment and each other member of the Entertainment Group, on the one hand, and CCU and each other member of the CCU Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Entertainment or any other member of the Entertainment Group, on the one hand, and CCU or any other member of the CCU Group, on the other hand, effective as of the Effective Date. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Date. Each party

shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.4(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof):

(i) this Agreement and the Transaction Documents (and each other agreement or instrument expressly contemplated by this Agreement or any Transaction Document to be entered into or continued by either of the parties or any of the members of their respective Groups);

(ii) except to the extent redundant with any provision of or service provided under this Agreement or any of the Transaction Documents (including any exhibits or schedules thereto), the agreements, arrangements, commitments and understandings listed or described on Schedule 2.4(b)(ii);

(iii) any agreements, arrangements, commitments or understandings to which any Person other than the parties and their respective Affiliates is a party (it being understood that to the extent that the rights and obligations of the parties and the members of their respective Groups under any such agreements, arrangements, commitments or understandings constitute Entertainment Assets or Entertainment Liabilities, they shall be assigned pursuant to Section 2.1);

(iv) any accounts or notes payable or accounts or notes receivable between a member of the CCU Group, on the one hand, and a member of the Entertainment Group, on the other hand, accrued as of the Effective Date and reflected in the books and records of the parties or otherwise documented in accordance with past practices;

(v) any agreements, arrangements, commitments or understandings to which any non-wholly-owned Subsidiary of CCU or Entertainment, as the case may be, is a party; and

(vi) any other agreements, arrangements, commitments or understandings that this Agreement or any Transaction Document expressly contemplates shall survive the Effective Date.

2.5 Governmental Approvals and Consents; Delayed Transfer Assets and Liabilities.

(a) To the extent that the Contribution requires any Governmental Approvals or Consents, the parties will use commercially reasonable efforts to obtain such Governmental Approvals and Consents; provided, however, that neither CCU nor Entertainment shall be obligated to contribute capital in any form to any entity in order to obtain such Governmental Approvals and Consents.

(b) If and to the extent that the valid, complete and perfected contribution, transfer or assignment to the Entertainment Group of any Entertainment Assets or the assumption by the Entertainment Group of any Entertainment Liabilities would be a violation of applicable Law or require any Consent or Governmental Approval in connection with the Contribution or the

Distribution, then, unless the parties mutually shall otherwise determine, the contribution, transfer or assignment to the Entertainment Group of such Entertainment Assets or the assumption by the Entertainment Group of such Entertainment Liabilities shall be automatically deemed deferred and any such purported contribution, transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consents or Governmental Approvals have been obtained. If and when the Consents and Governmental Approvals are obtained, the contribution, transfer or assignment of the applicable Entertainment Asset or Entertainment Liability shall be effected in accordance with the terms of this Agreement and/or the applicable Transfer Document. Any such Liability shall be deemed a Delayed Transfer Liability. Any such Asset shall be deemed a Delayed Transfer Asset and notwithstanding the foregoing, an Entertainment Asset for purposes of determining whether any Liability is an Entertainment Liability.

(c) If any contribution, transfer or assignment of any Entertainment Asset intended to be contributed, transferred or assigned hereunder or any assumption of any Entertainment Liability intended to be assumed by the Entertainment Group hereunder is not consummated on the Effective Date for any reason, then, insofar as reasonably possible, (i) the member of the CCU Group retaining such Entertainment Asset shall thereafter hold such Entertainment Asset for the use and benefit of the member of the Entertainment Group entitled thereto (at the expense of the member of the Entertainment Group entitled thereto) and (ii) Entertainment shall, or shall cause the applicable member of the Entertainment Group to, pay or reimburse the member of the CCU Group retaining such Entertainment Liability for all amounts paid or incurred in connection with such Entertainment Liability. In addition, the member of the CCU Group retaining such Entertainment Asset shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Entertainment Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Entertainment Group member to whom such Entertainment Asset is to be transferred in order to place such Entertainment Group member in the same position as if such Entertainment Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Entertainment Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Entertainment Asset, is to inure from and after the Effective Date to the Entertainment Group.

(d) The Person retaining an Entertainment Asset or Entertainment Liability due to the deferral of the transfer of such Entertainment Asset or the deferral of the assumption of such Entertainment Liability shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by the Person entitled to the Entertainment Asset or the Person intended to be subject to the Entertainment Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person entitled to such Entertainment Asset or the Person intended to be subject to the Entertainment Liability.

2.6 Novation of Assumed Entertainment Liabilities.

(a) Each of CCU and Entertainment, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, any Consent, substitution or amendment required to novate or assign all obligations under agreements, leases, licenses and

other obligations or Liabilities of any nature whatsoever that constitute Entertainment Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements (other than any member of the Entertainment Group), so that, in any such case, Entertainment and the other members of the Entertainment Group will be solely responsible for such Entertainment Liabilities; provided, however, that neither the CCU Group nor the Entertainment Group shall be obligated to pay any consideration or assume any additional obligation therefor to any third party from whom any such Consent, substitution or amendment is requested.

(b) If CCU or Entertainment is unable to obtain, or to cause to be obtained, any such required Consent, release, substitution or amendment, the applicable member of the CCU Group shall continue to be bound by such agreement, lease, license or other obligation that constitutes an Entertainment Liability and, unless not permitted by Law or the terms thereof, as agent or subcontractor for such member of the CCU Group, Entertainment shall, or shall cause a member of the Entertainment Group to, pay, perform and discharge fully all the obligations or other Liabilities of members of the CCU Group thereunder that constitute Entertainment Liabilities from and after the Effective Date. Entertainment shall indemnify each CCU Indemnified Party, and hold each of them harmless against any Liabilities arising in connection therewith; provided that Entertainment shall have no obligation to indemnify any CCU Indemnified Party with respect to any matter to the extent that such CCU Indemnified Party has engaged in any knowing violation of Law, fraud or misrepresentation in connection therewith. CCU shall, without further consideration, promptly pay and remit, or cause to be promptly paid or remitted, to Entertainment, all money, rights and other consideration received by it or any member of the CCU Group in respect of such performance (unless any such consideration is an Excluded Asset). If and when any such Consent, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, CCU shall thereafter assign, or cause to be assigned, all rights and obligations of any member of the CCU Group thereunder and any other Entertainment Liabilities thereunder to Entertainment or a designated member of the Entertainment Group, without payment of further consideration and Entertainment, or a designated member of the Entertainment Group, shall, without the payment of any further consideration, assume such Entertainment Liabilities and rights.

2.7 Novation of Liabilities other than Entertainment Liabilities.

(a) Each of CCU and Entertainment, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, any Consent, substitution or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities for which a member of the CCU Group and a member of the Entertainment Group are jointly or severally liable and that do not constitute Entertainment Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements (other than any member of the CCU Group), so that, in any such case, the members of the CCU Group will be solely responsible for such Liabilities; provided, however, that neither the CCU Group nor the Entertainment Group shall be obligated to pay any consideration therefor to any third party from whom any such Consent, substitution or amendment is requested.

(b) If CCU or Entertainment is unable to obtain, or to cause to be obtained, any such required Consent, release, substitution or amendment, the applicable member of the

Entertainment Group shall continue to be bound by such agreement, lease, license or other obligation that does not constitute an Entertainment Liability and, unless not permitted by Law or the terms thereof, as agent or subcontractor for such member of the Entertainment Group, CCU shall, or shall cause a member of the CCU Group to, pay, perform and discharge fully all the obligations or other Liabilities of such member of the Entertainment Group thereunder from and after the Effective Date. CCU shall indemnify each Entertainment Indemnified Party and hold each of them harmless against any Liabilities (other than Entertainment Liabilities) arising in connection therewith; provided that CCU shall have no obligation to indemnify any Entertainment Indemnified Party with respect to any matter to the extent that such Entertainment Indemnified Party has engaged in any knowing violation of Law, fraud or misrepresentation in connection therewith. Entertainment shall, without further consideration, promptly pay and remit, or cause to be promptly paid or remitted, to CCU or to another member of the CCU Group specified by CCU, all money, rights and other consideration received by it or any member of the Entertainment Group in respect of such performance (unless any such consideration is an Entertainment Asset). If and when any such Consent, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, Entertainment shall promptly assign, or cause to be assigned, all rights, obligations and other Liabilities thereunder of any member of the Entertainment Group to CCU or to another member of the CCU Group specified by CCU, without payment of any further consideration and CCU, or another member of the CCU Group, without the payment of any further consideration, shall assume such rights and Liabilities.

2.8 Transfers of Assets and Assumption of Liabilities.

In furtherance of the contribution, assignment, transfer and conveyance of Entertainment Assets and the assumption of Entertainment Liabilities, on or before the Effective Date, (a) CCU shall execute and deliver, and shall cause the other members of the CCU Group to execute and deliver, such stock powers, merger certificates, bills of sale, certificates of title, assignments of contracts and other instruments of contribution, transfer, conveyance and assignment as and to the extent necessary to evidence the contribution, merger, transfer, conveyance and assignment of all of the CCU Group's right, title and interest in and to the Entertainment Assets to the Entertainment Group, and (b) Entertainment shall execute and deliver, and shall cause the other members of the Entertainment Group to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Entertainment Liabilities by the Entertainment Group. All of the foregoing documents contemplated by this Section 2.8 shall be referred to collectively herein as the "CCU Transfer Documents."

2.9 Transfer of Excluded Assets by Entertainment; Assumption of Excluded Liabilities by CCU.

(a) To the extent any Excluded Asset or Excluded Liability is transferred to a member of the Entertainment Group in the Contribution or remains owned or held by a member of the Entertainment Group after the Contribution, from and after the Effective Date:

(i) Entertainment shall, and shall cause the other members of the Entertainment Group to, promptly contribute, assign, transfer, convey and deliver to CCU, or

designated CCU Group members, and CCU or such CCU Group members shall accept from Entertainment and its applicable Group members, all of Entertainment's and such Group members' respective rights, titles and interests in and to such Excluded Assets.

(ii) CCU and certain CCU Group members designated by CCU, shall promptly accept, assume and agree to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms.

(iii) In furtherance of the assignment, transfer and conveyance of Excluded Assets and the assumption of Excluded Liabilities: (A) Entertainment shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Entertainment's and its Subsidiaries' right, title and interest in and to the Excluded Assets to CCU and its Subsidiaries, and (B) CCU shall execute and deliver such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Excluded Liabilities by CCU. All of the foregoing documents contemplated by this Section 2.9(a)(iii) shall be referred to collectively herein as the "Entertainment Transfer Documents" and, together with the CCU Transfer Documents, the "Transfer Documents."

(iv) To the extent that the transfer of such Excluded Assets and the assumption of such Excluded Liabilities requires any Governmental Approvals or Consents, the parties shall use commercially reasonable efforts to obtain such Governmental Approvals and Consents; provided, however, that neither CCU nor Entertainment shall be obligated to contribute capital in any form to any entity in order to obtain such Governmental Approvals and Consents.

(v) If and to the extent that the valid, complete and perfected transfer or assignment to the CCU Group of any Excluded Assets or the assumption by the CCU Group of any Excluded Liabilities would be a violation of applicable Law or require any Consent or Governmental Approval, then, unless the parties mutually shall otherwise determine, the transfer or assignment to the CCU Group of such Excluded Assets or the assumption by the CCU Group of such Excluded Liabilities shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consents or Governmental Approvals have been obtained.

(b) If any transfer or assignment of any Excluded Asset intended to be transferred or assigned hereunder or any assumption of any Excluded Liability intended to be assumed by CCU hereunder is not consummated on the Effective Date, whether as a result of the failure to obtain any required Governmental Approvals or Consents or any other reason, then, insofar as reasonably possible, (i) the member of the Entertainment Group retaining such Excluded Asset shall thereafter hold such Excluded Asset for the use and benefit of CCU (at CCU's expense) and (ii) CCU shall, or shall cause its applicable Group member to, pay or reimburse the member of the Entertainment Group retaining such Excluded Liability for all amounts paid or incurred in connection with such Excluded Liability. In addition, the member of the Entertainment Group retaining such Excluded Asset shall, insofar as reasonably possible and to the extent permitted by

applicable Law, treat such Excluded Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by CCU in order to place CCU in the same position as if such Excluded Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Excluded Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Excluded Asset, is to inure from and after the Effective Date to the CCU Group.

(c) If and when the Consents and Governmental Approvals, the absence of which caused the deferral of transfer of any Excluded Asset or the deferral of assumption of any Excluded Liability, are obtained, the transfer or assignment of the applicable Excluded Asset or Excluded Liability shall be effected in accordance with the terms of this Agreement and/or the applicable Transfer Document.

(d) Any member of the Entertainment Group retaining an Excluded Asset or Excluded Liability due to the deferral of the transfer of such Excluded Asset or the deferral of the assumption of such Excluded Liability shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by CCU or the member of the CCU Group intended to be subject to the Excluded Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by CCU or the member of the CCU Group entitled to such Excluded Asset or intended to be subject to such Excluded Liability.

(e) Pursuant to and in accordance with this Section 2.9, the Excluded Assets and Excluded Liabilities relating to the businesses or the support of the businesses of the members of the CCU Group listed on Schedules 2.2(b)(i), 2.2(b)(ii) and 2.3(b)(iii), respectively, are to be transferred to CCU or its designated Group member on the Effective Date.

2.10 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES.

EACH OF CCU (ON BEHALF OF ITSELF AND EACH MEMBER OF THE CCU GROUP) AND ENTERTAINMENT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE ENTERTAINMENT GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY TRANSACTION DOCUMENT, NO PARTY TO THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES CONTRIBUTED, TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY CONTRIBUTION, ASSIGNMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS

MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY TRANSACTION DOCUMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

ARTICLE III
CERTAIN ACTIONS AT OR PRIOR TO THE DISTRIBUTION

3.1 Time and Place of Distribution.

Subject to the terms and conditions of this Agreement, the Distribution shall be consummated at such place and at such time as CCU designates (the day on which the Distribution takes place being the "Distribution Date").

3.2 Pre-Distribution Transactions.

(a) On or prior to the Distribution Date, the Contribution shall be effected in accordance with this Agreement.

(b) On or prior to the Distribution Date, the appropriate parties shall enter into, and (as necessary) shall cause their respective Subsidiaries to enter into, the agreements set forth below (collectively with the Transfer Documents and the documents and agreements referenced therein, the "Transaction Documents"):

(i) the Transition Services Agreement in the form attached as Exhibit A (the "Transition Services Agreement");

(ii) the Tax Matters Agreement in the form attached as Exhibit B (the "Tax Matters Agreement");

(iii) the Employee Matters Agreement in the form attached as Exhibit C (the "Employee Matters Agreement"); and

(iv) the Trademark and Copyright License Agreement in the form attached as Exhibit D (the "Trademark License Agreement").

3.3 Related Transactions.

Prior to the Distribution Date, CCU shall consummate the Capital Contribution. Following the Capital Contribution and prior to the Distribution Date, Entertainment shall, and shall cause the applicable members of the Entertainment Group to, consummate the Series A Preferred Stock Issuance and the Series B Preferred Stock Issuance. Following the Capital Contribution and on or prior to the Distribution Date, Entertainment shall, and shall cause the applicable members of the Entertainment Group to, enter into the Credit Facility and related agreements, and Entertainment shall borrow [$___] million under the Credit Facility. Upon the Entertainment Group's receipt of the net

cash proceeds of such borrowings and the Series A Preferred Stock Issuance, and on or prior to the Distribution Date, Entertainment shall repay, or cause the appropriate members of the Entertainment Group to repay, the remaining balance of the Intercompany Debt outstanding following the Capital Contribution.

3.4 Certificate of Incorporation, Bylaws and Rights Plan.

At or prior to the Distribution, CCU and Entertainment shall each take all necessary actions that may be required to provide for the adoption by Entertainment of the Amended and Restated Certificate of Incorporation of Entertainment in the form attached hereto as Exhibit E (the "Charter"), the Amended and Restated Bylaws of Entertainment in the form attached hereto as Exhibit F (the "Bylaws"), and the rights agreement in the form attached hereto as Exhibit G (the "Rights Agreement").

3.5 Election of Entertainment Board of Directors.

Prior to the Distribution, CCU agrees to vote all shares of Entertainment Common Stock held by it in favor of the nominees to the Board of Directors of Entertainment, as set forth on Schedule 3.5.

ARTICLE IV
THE DISTRIBUTION

4.1 Sole Discretion of CCU.

CCU shall, in its sole and absolute discretion, determine the Distribution Date and all terms of the Distribution, including, without limitation, the form, structure and terms of any transactions and/or offerings to effect the Distribution and the timing of and conditions to the consummation thereof. In addition, CCU may at any time and from time to time until the completion of the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution, including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution.

4.2 The Distribution.

(a) Entertainment shall cooperate with CCU to accomplish the Distribution and shall, at CCU's direction, promptly take any and all commercially reasonable actions to effect the Distribution. CCU may select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for CCU; provided that nothing herein shall prohibit Entertainment from engaging (at its own expense) its own financial, legal, accounting and other advisors in connection with the Distribution. Entertainment and CCU, as the case may be, will provide to the distribution or exchange agent to be appointed by CCU (the "Distribution Agent"), all share certificates and any information required in order to complete the Distribution.

(b) Subject to Sections 4.1, 4.4 and 4.5, each holder of CCU Common Stock on the Record Date (or such holder's designated transferee or transferees) will be entitled to receive in

the Distribution one share of Entertainment Common Stock for every [ ] shares of CCU Common Stock held by such stockholder. No action will be necessary for any shareholder of CCU to receive Entertainment Common Stock in the Distribution. Entertainment will issue to CCU the number of shares of Entertainment Common Stock required so that the total number of shares of Entertainment Common Stock held by CCU immediately prior to the Distribution is equal to the total number of shares of Entertainment Common Stock distributable in the Distribution. Subject to Sections 4.1, 4.4, and 4.5 on or prior to the Distribution Date, CCU will deliver to the Distribution Agent for the benefit of holders of CCU Common Stock on the Record Date, stock certificates, endorsed by CCU in blank, representing all of the outstanding shares of Entertainment Common Stock then owned by CCU. CCU will cause the transfer agent for the CCU Common Stock to credit the appropriate class and number of such shares of Entertainment Common Stock to book entry accounts for each such holder or designated transferee or transferees of such holder of CCU Common Stock. For shareholders of CCU who own CCU Common Stock through a broker or other nominee, their shares of Entertainment Common Stock will be credited to their respective accounts by such broker or nominee. The Distribution shall be effective at 11:59 p.m. Eastern Standard Time on the Distribution Date.

4.3 Actions in Connection with the Distribution.

(a) Entertainment shall file such amendments and supplements to the Form 10 as CCU may reasonably request, and such amendments as may be necessary in order to cause the same to become and remain effective as required by Law, including filing such amendments and supplements to the Form 10 as may be required by the SEC or federal, state or foreign securities Laws. Entertainment shall mail to the holders of CCU Common Stock, at such time on or prior to the Distribution Date as CCU shall determine, the information statement included in the Form 10, as well as any other information concerning Entertainment, its business, operations and management, the Contribution, the Distribution and such other matters as CCU shall reasonably determine are necessary and as may be required by Law.

(b) CCU and Entertainment shall also cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the Distribution, the Contribution or other transactions contemplated by this Agreement and the Transaction Documents, including the Employee Matters Agreement. Promptly after receiving a request from CCU, to the extent requested, Entertainment shall prepare and, in accordance with applicable Law, file with the SEC any such documentation that CCU determines is necessary or desirable to effectuate the Distribution, and CCU and Entertainment shall each use commercially reasonable efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable.

(c) Promptly after receiving a request from CCU, Entertainment shall take all such actions as may be necessary or appropriate under the state securities or blue sky Laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(d) Promptly after receiving a request from CCU, Entertainment shall prepare and file, and shall use commercially reasonable efforts to have approved and made effective, an

application for the original listing of the Entertainment Common Stock to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

(e) Immediately prior to the consummation of the Distribution, except as otherwise set forth on Schedule 4.3(e), (i) each person who is both an officer, director or employee of any member of the CCU Group and an officer, director or employee of any member of the Entertainment Group immediately prior to the Distribution Date (each a "Shared Employee") and who is to continue as an officer, director or employee of any member of the CCU Group after the Distribution Date shall resign from each of such person's positions with each member of the Entertainment Group, and (ii) each such Shared Employee who is to continue as an officer, director or employee of any member of the Entertainment Group after the Distribution Date shall resign from each of such person's positions with each member of the CCU Group.

(f) Entertainment shall take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 4.4 to be satisfied and to effect the Distribution, or any portion thereof, on the Distribution Date.

4.4 Conditions to Distribution.

Subject to Section 4.1, the following are conditions to the consummation of any part of the Distribution. The conditions are for the sole benefit of CCU and shall not give rise to or create any duty on the part of CCU or the CCU board of directors to waive or not waive any such condition.

(a) The Form 10 shall have been declared effective by the SEC, with no stop order in effect with respect thereto, and the information statement shall have been mailed to the holders of CCU Common Stock.

(b) The actions and filings with regard to state securities and blue sky laws of the United States (and any comparable Laws under any foreign jurisdictions) described in Section 4.3(c) shall have been taken and, where applicable, have become effective or been accepted.

(c) The Entertainment Common Stock to be delivered in the Distribution shall have been approved for listing on the NYSE, subject to official notice of distribution.

(d) CCU shall have obtained a private letter ruling from the Internal Revenue Service, in form and substance satisfactory to CCU (in its sole discretion), and such ruling shall remain in effect, substantially to the effect that, among other things, the Distribution will be a reorganization under Sections 355 and 368(a)(1)(D) of the Code.

(e) CCU shall have obtained an opinion from its tax counsel, in form and substance satisfactory to CCU (in its sole discretion), substantially to the effect that, among other things, the Distribution will be a reorganization under Sections 355 and 368(a)(1)(D) of the Code.

(f) CCU shall have obtained a solvency opinion, in form and substance satisfactory to CCU (in its sole discretion), regarding the Entertainment Group after the Distribution.

(g) Any material Governmental Approvals and other Consents necessary to consummate the Distribution or any portion thereof shall have been obtained and be in full force and effect.

(h) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of all or any portion of the Distribution shall be in effect, and no other event outside the control of CCU shall have occurred or failed to occur that prevents the consummation of all or any portion of the Distribution.

(i) The CCU board of directors shall have approved the Distribution and shall have not determined that any events or developments shall have occurred that make it inadvisable to effect the Distribution.

4.5 Fractional Shares.

CCU shareholders of fewer than **[___]** shares of CCU Common Stock or any multiple thereof, on the Record Date, which would entitle such shareholders to receive less than one whole share of Entertainment Common Stock in the Distribution, will receive cash in lieu of fractional shares. Fractional shares of Entertainment Common Stock will not be distributed in the Distribution nor credited to book-entry accounts. The Distribution Agent shall (a) determine the number of whole shares and fractional shares of Entertainment Common Stock allocable to each holder of record or beneficial owner of CCU Common Stock as of close of business on the Record Date, (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then prevailing prices on behalf of holders who would otherwise be entitled to fractional share interests, and (c) distribute to each such holder, or for the benefit of each such beneficial owner, such holder or owner's ratable share of the net proceeds of such sale, based upon the average gross selling price per share of Entertainment Common Stock, after making appropriate deductions for any amount required to be withheld for United States federal income tax purposes. Entertainment shall bear the cost of brokerage fees incurred in connection with these sales of fractional shares, which such sales shall occur as soon after the Distribution Date as practicable and as determined by the Distribution Agent. None of CCU, Entertainment or the Distribution Agent will guarantee any minimum sale price for the fractional shares of Entertainment Common Stock. Neither Entertainment nor CCU will pay any interest on the proceeds from the sale of fractional shares. The Distribution Agent will have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Distribution Agent nor the selected broker-dealers will be affiliates of CCU or Entertainment.

ARTICLE V
FINANCIAL AND OTHER COVENANTS

5.1 Auditors and Audits; Annual Statements and Accounting.

Entertainment agrees that for its 2005 fiscal year and for all fiscal years thereafter for so long as CCU is required to consolidate the results of operations and financial position of Entertainment and any members of the Entertainment Group with the results of operations and

financial position of CCU (in accordance with GAAP and consistent with SEC reporting requirements):

(a) Unless required by law or as directed by CCU in accordance with a change by CCU in its accounting firm, Entertainment will not select a different accounting firm than Ernst & Young LLP (or its affiliate accounting firms) to serve as the Entertainment Group's independent certified public accountants (the "Entertainment Auditors"), without CCU's prior written consent (which will not be unreasonably withheld); provided, however, that, to the extent any members of the Entertainment Group are currently using a different accounting firm to serve as their independent certified public accountants, such members of the Entertainment Group may continue to use such accounting firm provided such accounting firm is reasonably satisfactory to CCU.

(b) Entertainment will use commercially reasonable efforts to enable the Entertainment Auditors to complete their audit such that they will be able to date their opinion on Entertainment's audited annual financial statements (the "Entertainment Annual Statements") on the same date that CCU's independent certified public accountants (the "CCU Auditors") date their opinion on CCU's audited annual financial statements (the "CCU Annual Statements"), and to enable CCU to meet its schedule for the printing, filing and public dissemination of the CCU Annual Statements, as required by applicable law.

(c) Entertainment will provide to CCU on a timely basis all information that CCU reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of the CCU Annual Statements and CCU's financial statements included in its Quarterly Reports on Form 10-Q as required by applicable law. Without limiting the generality of the foregoing, Entertainment will provide all required financial information with respect to the Entertainment Group to the Entertainment Auditors in a sufficient and reasonable time and in sufficient detail to permit the Entertainment Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to the CCU Auditors with respect to information to be included or contained in the CCU Annual Statements.

(d) Entertainment will authorize the Entertainment Auditors to make available to the CCU Auditors the personnel who performed, or are performing, the annual audit of Entertainment as well as the work papers related to the annual audit of Entertainment, in all cases within a reasonable time prior to the date of the Entertainment Auditors' opinion on the Entertainment Annual Financial Statements, so that the CCU Auditors are able to perform the procedures they consider necessary to take responsibility for the work of the Entertainment Auditors as it relates to the CCU Auditors' report on the CCU Annual Statements, all within sufficient time to enable CCU to meet its schedule for the preparation, printing, filing and public dissemination of the CCU Annual Statements.

(e) If CCU determines in good faith that there may be any inaccuracy in an Entertainment Group member's financial statements or deficiency in an Entertainment Group member's internal accounting controls or operations that could materially impact CCU's financial statements, at CCU's request, Entertainment will provide CCU's internal auditors with access to the Entertainment Group's books and records so that CCU may conduct reasonable

audits relating to the financial statements provided by Entertainment under this Agreement as well as to the internal accounting controls and operations of the Entertainment Group.

(f) Entertainment will give CCU as much prior notice as reasonably practicable of any proposed determination of, or any significant changes in, Entertainment's accounting estimates or accounting principles from those in effect on the Distribution Date. Entertainment will consult with CCU and, if requested by CCU, Entertainment will consult with the CCU Auditors with respect thereto.

5.2 Agreement for Exchange of Information; Archives.

(a) Each of CCU and Entertainment, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Distribution Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities or tax Laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claim, regulatory, litigation, tax or other similar requirements, in each case other than claims or allegations that one party to this Agreement has against the other, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement or any Transaction Document; provided, however, that in the event that any party reasonably determines that any such provision of Information could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, the parties shall take all commercially reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Distribution Date, Entertainment shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the Entertainment Business that are located in archives retained or maintained by any member of the CCU Group. Entertainment may obtain copies (but not originals unless it is an Entertainment Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes; provided that Entertainment shall cause any such objects to be returned promptly in the same condition in which they were delivered to Entertainment, and Entertainment shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to CCU. Entertainment shall pay the applicable fee or rate per hour for archive research services (subject to increase from time to time to reflect rates then in effect for CCU generally). Nothing herein shall be deemed to restrict the access of any member of the CCU Group to any such documents or objects or to impose any liability on any member of the CCU Group if any such documents or objects are not maintained or preserved by CCU.

(c) After the Distribution Date, CCU shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the businesses of any member of the CCU Group that are located in archives retained or maintained by any member of the Entertainment Group. CCU may obtain copies (but not

originals unless it is not an Entertainment Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes; provided that CCU shall cause any such objects to be returned promptly in the same condition in which they were delivered to CCU, and CCU shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to Entertainment. CCU shall pay the applicable fee or rate per hour for archive research services (subject to increase from time to time to reflect rates then in effect for Entertainment generally). Nothing herein shall be deemed to restrict the access of any member of the Entertainment Group to any such documents or objects or to impose any liability on any member of the Entertainment Group if any such documents or objects are not maintained or preserved by Entertainment.

(d) After the Distribution Date, each of CCU and Entertainment, on behalf of their respective Groups, will maintain in effect, at its own cost and expense, adequate systems and internal controls for its business, to the extent necessary to enable members of the other Group to satisfy their respective reporting, accounting, audit and other obligations.

5.3 Ownership of Information.

Any Information owned by a member of a Group that is provided to a requesting party pursuant to Section 5.2 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

5.4 Compensation for Providing Information.

The party requesting Information agrees to reimburse the party providing Information for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party. Except as may be otherwise specifically provided elsewhere in this Agreement, the Transaction Documents or in any other agreement between the parties, such costs shall be computed in accordance with the providing party's standard methodology and procedures.

5.5 Record Retention.

To facilitate the possible exchange of Information pursuant to this Article V and other provisions of this Agreement and the Transaction Documents, after the Distribution Date, the parties agree to use commercially reasonable efforts to retain all Information in their respective possession or control in accordance with the policies of CCU as in effect on the Distribution Date or such other policies as may be reasonably adopted by the appropriate party after the Distribution Date. No party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other party may have the right to obtain pursuant to this Agreement prior to the seventh anniversary of the date hereof without first notifying the other party of the proposed destruction and giving the other party the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to Taxes or employee benefits, such period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof); provided, further,

however, no party will destroy, or permit any of its Subsidiaries to destroy, any Information required to be retained by applicable Law.

5.6 Liability.

No party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed after commercially reasonable efforts by such party to comply with the provisions of Section 5.5.

5.7 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article V are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Transaction Document.

(b) When any Information provided by one Group to the other Group (other than Information provided pursuant to Section 5.5) is no longer needed for the purposes contemplated by this Agreement or any other Transaction Document or is no longer required to be retained by applicable Law, the receiving party will promptly after request of the other party either return to the other party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

5.8 Production of Witnesses; Records; Cooperation.

(a) After the Distribution Date, except in the case of an adversarial Action by one or more members of one Group against one or more members of the other Group, each party hereto shall use commercially reasonable efforts to make available to each other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action or IP Application in which the requesting party may from time to time be involved, regardless of whether such Action or IP Application is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third Party Claim, the parties shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in

connection with such defense, settlement or compromise, or the prosecution, evaluation or pursuit thereof, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions, except in the case of an adversarial Action by one or more members of one Group against one or more members of the other Group.

(d) Without limiting any provision of this Section 5.8, each of the parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any intellectual property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim, except as required by Law.

(e) The obligation of the parties to provide witnesses pursuant to this Section 5.8 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 5.8(a)).

(f) In connection with any matter contemplated by this Section 5.8, the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege, work product immunity or other applicable privileges or immunities of any member of any Group.

5.9 Privilege.

The provision of any information pursuant to this Article V shall not be deemed a waiver of any privilege, including privileges arising under or related to the attorney-client privilege or any other applicable privileges (a "Privilege"). Following the Distribution Date, neither Entertainment or its Subsidiaries nor CCU or its Subsidiaries will be required to provide any information pursuant to this Article V if the provision of such information would serve as a waiver of any Privilege afforded such information.

ARTICLE VI
RELEASE; INDEMNIFICATION

6.1 Release of Pre-Distribution Claims.

(a) Except (i) as provided in Section 6.1(c), (ii) as may be provided in any Transaction Document and (iii) for any matter for which an Entertainment Indemnified Party is entitled to indemnification or contribution pursuant to Sections 6.3 or 6.4, effective as of the Distribution Date, Entertainment, for itself and each other member of the Entertainment Group, their respective Affiliates and all Persons who at any time prior to the Distribution Date were directors, officers, agents or employees of any member of the Entertainment Group (in their respective capacities as such), in each case, together with their respective heirs, executors,

administrators, successors and assigns, does hereby remise, release and forever discharge CCU and the other members of the CCU Group, their respective Affiliates and all Persons who at any time prior to the Distribution Date were shareholders, directors, officers, agents or employees of any member of the CCU Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement the Contribution, the Distribution and any of the other transactions contemplated hereunder and under the Transaction Documents.

(b) Except (i) as provided in Section 6.1(c), (ii) as may be provided in any Transaction Document and (iii) for any matter for which a CCU Indemnified Party is entitled to indemnification or contribution pursuant to Sections 6.2 or 6.4, effective as of the Distribution Date, CCU, for itself and each other member of the CCU Group, their respective Affiliates and all Persons who at any time prior to the Distribution Date were shareholders, directors, officers, agents or employees of any member of the CCU Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, does hereby remise, release and forever discharge Entertainment and the other members of the Entertainment Group, their respective Affiliates and all Persons who at any time prior to the Distribution Date were stockholders, directors, officers, agents or employees of any member of the Entertainment Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement the Contribution, the Distribution and any of the other transactions contemplated hereunder and under the Transaction Documents.

(c) Nothing contained in Section 6.1(a) or Section 6.1(b) shall impair any right of any Person to enforce this Agreement, any Transaction Document or any agreements, arrangements, commitments or understandings to continue in effect after the Distribution Date in accordance with Section 2.4(b), in each case in accordance with its terms. Nothing contained in Section 6.1(a) or Section 6.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the CCU Group or the Entertainment Group that is to continue in effect after the Distribution Date in accordance with Section 2.4(b), or any other Liability specified in such Section 2.4(b) not to terminate as of the Distribution Date;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of such Group under, this Agreement or any Transaction Document;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Distribution Date;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of the other Group; or

(v) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement or otherwise for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article VI and, if applicable, the appropriate provisions of the Transaction Documents.

In addition, nothing contained in Section 6.1(a) shall release CCU from indemnifying any director, officer or employee of Entertainment who was a director, officer or employee of CCU or any of its Affiliates on or prior to the Distribution Date, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to then existing obligations.

(d) Entertainment shall not make, and shall not permit any member of the Entertainment Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against CCU or any member of the CCU Group, or any other Person released pursuant to Section 6.1(a), with respect to any Liabilities released pursuant to Section 6.1(a). CCU shall not, and shall not permit any member of the CCU Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against Entertainment or any member of the Entertainment Group, or any other Person released pursuant to Section 6.1(b), with respect to any Liabilities released pursuant to Section 6.1(b).

(e) It is the intent of each of CCU and Entertainment, by virtue of the provisions of this Section 6.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, whether known or unknown, between or among Entertainment or any member of the Entertainment Group, on the one hand, and CCU or any member of the CCU Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Sections 6.1 (a), (b) and (c). At any time, at the request of any other party, each party shall cause each member of its respective Group and each other Person on whose behalf it released Liabilities pursuant to this Section 6.1 to execute and deliver releases reflecting the provisions hereof.

6.2 General Indemnification by Entertainment.

Except as provided in Section 6.5, Entertainment shall, and shall cause the other members of the Entertainment Group to, jointly and severally, indemnify, defend and hold harmless on an After-Tax Basis each member of the CCU Group and each of their respective directors, officers

and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "CCU Indemnified Parties"), from and against any and all Liabilities of the CCU Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of Entertainment or any other member of the Entertainment Group or any other Person to pay, perform or otherwise promptly discharge any Entertainment Liabilities or Entertainment Contract in accordance with its respective terms, whether prior to or after the Effective Date;

(b) any Entertainment Liability or any Entertainment Contract;

(c) except to the extent it relates to an Excluded Liability, any guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding by any member of the CCU Group for the benefit of any member of the Entertainment Group that survives the Distribution;

(d) any breach by any member of the Entertainment Group of this Agreement or any of the Transaction Documents or any action by Entertainment in contravention of the Charter or Bylaws;

(e) any untrue statement or alleged untrue statement of a material fact contained in any document filed with the SEC by any member of the CCU Group pursuant to the Securities Act or the Exchange Act, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any member of the CCU Group by any member of the Entertainment Group or incorporated by reference by any member of the CCU Group from any filings made by any member of the Entertainment Group with the SEC pursuant to the Securities Act or the Exchange Act, and then only if that statement or omission was made or occurred after the Distribution Date; and

(f) any untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Form 10 filed by Entertainment or in any offering memorandum, registration statement or information statement relating to the Credit Facility or in any other documents filed with the SEC in connection with the Distribution or the other Transactions, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case, except to the extent that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is furnished to any member of the Entertainment Group by any member of the CCU Group expressly for use in the Form 10 or in any such offering memorandum, registration statement or information statement, all of which statements that have been furnished by the CCU Group being set forth on Schedule 6.2.

6.3 General Indemnification by CCU.

Except as provided in Section 6.5, CCU shall indemnify, defend and hold harmless on an After-Tax Basis each member of the Entertainment Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Entertainment Indemnified Parties"), from and against any and all Liabilities of the Entertainment Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of any member of the CCU Group or any other Person to pay, perform or otherwise promptly discharge any Liabilities of the CCU Group other than the Entertainment Liabilities, whether prior to or after the Effective Date;

(b) any Excluded Liability or any Liability of a member of the CCU Group other than the Entertainment Liabilities;

(c) any breach by any member of the CCU Group of this Agreement or any of the Transaction Documents;

(d) any untrue statement or alleged untrue statement of a material fact contained in any document filed with the SEC by any member of the Entertainment Group pursuant to the Securities Act or the Exchange Act, other than such statements, facts or information in, or incorporated by reference in, the Form 10 filed by Entertainment or any offering memorandum, registration statement or information statement related to the Credit Facility or in any other documents filed with the SEC in connection with the Distribution or the other Transactions, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any member of the Entertainment Group by any member of the CCU Group or incorporated by reference by any member of the Entertainment Group from any filings made by any member of the CCU Group with the SEC pursuant to the Securities Act or the Exchange Act, and then only if that statement or omission was made or occurred after the Distribution Date; and

(e) any untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Form 10 filed by Entertainment or any offering memorandum, registration statement or information statement relating to the Credit Facility or in any other documents filed with the SEC in connection with the Distribution or other Transactions contemplated in this Agreement, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is furnished to any member of the Entertainment Group by any member of the CCU Group expressly for use in the Form 10 or in any such offering memorandum, registration statement or information statement, all of which statements that have been furnished by the CCU Group being set forth on Schedule 6.2.

6.4 Contribution.

(a) If the indemnification provided for in this Article VI is unavailable to, or insufficient to hold harmless on an After-Tax Basis, an Indemnified Party under Sections 6.2(e) or (f) or Sections 6.3(d) or (e) in respect of any Liabilities referred to therein, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party in connection with the actions or omissions that resulted in Liabilities as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(b) The parties agree that it would not be just and equitable if contribution pursuant to this Section 6.4 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 6.4(a). The amount paid or payable by an Indemnified Party as a result of the Liabilities referred to in Section 6.4(a) shall be deemed to include, subject to the limitations set forth above, any legal or other fees or expenses reasonably incurred by such Indemnified Party in connection with investigating any claim or defending any Action. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6.5 Indemnification Obligations Net of Insurance Proceeds and Other Amounts on an After-Tax Basis.

(a) Any Liability subject to indemnification or contribution pursuant to this Article VI will be net of Insurance Proceeds that actually reduce the amount of the Liability and will be determined on an After-Tax Basis. Accordingly, the amount which any Person is required to pay pursuant to this Article VI (an "Indemnifying Party") to any Person entitled to indemnification or contribution pursuant to this Article VI (an "Indemnified Party") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnified Party in respect of the related Liability. If an Indemnified Party receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an "Indemnity Payment") and subsequently receives Insurance Proceeds, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification and contributions provisions hereof, have any subrogation rights with respect thereto. The Indemnified Party shall use commercially reasonable efforts to seek to collect or recover any third-party Insurance Proceeds (other than Insurance Proceeds under an arrangement where future premiums are adjusted to reflect prior claims in excess of prior premiums) to which the

Indemnified Party is entitled in connection with any Liability for which the Indemnified Party seeks contribution or indemnification pursuant to this Article VI; provided that the Indemnified Party's inability to collect or recover any such Insurance Proceeds shall not limit the Indemnifying Party's obligations hereunder.

(c) The term "After-Tax Basis" as used in this Article VI means that, in determining the amount of the payment necessary to indemnify any party against, or reimburse any party for, Liabilities, the amount of such Liabilities will be determined net of any reduction in Tax derived by the Indemnified Party as the result of sustaining or paying such Liabilities, and the amount of such Indemnity Payment will be increased (*i.e.*, "grossed up") by the amount necessary to satisfy any income or franchise Tax liabilities incurred by the Indemnified Party as a result of its receipt of, or right to receive, such Indemnity Payment (as so increased), so that the Indemnified Party is put in the same net after-Tax economic position as if it had not incurred such Liabilities, in each case without taking into account any impact on the tax basis that an Indemnified Party has in its assets.

6.6 Procedures for Indemnification of Third Party Claims.

(a) If an Indemnified Party shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the CCU Group or the Entertainment Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnified Party pursuant to Section 6.2 or Section 6.3, or any other Section of this Agreement or any Transaction Document, such Indemnified Party shall give such Indemnifying Party written notice thereof within 20 days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnified Party or other Person to give notice as provided in this Section 6.6(a) shall not relieve the Indemnifying Party of its obligations under this Article VI, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend (and to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within 30 days after receipt of notice from an Indemnified Party in accordance with Section 6.6(a) (or sooner, if the nature of such Third Party Claim so requires), an Indemnifying Party electing to defend a Third Party Claim shall notify the Indemnified Party of its election to assume responsibility for defending such Third Party Claim and shall agree and acknowledge in writing that if such Third Party Claim is adversely determined, such Indemnifying Party will have the obligation to indemnify the Indemnified Party in respect of all liabilities relating to, arising out of or resulting from such Third Party Claim and that such Indemnifying Party irrevocably waives in full all defenses it may have to contest such obligation. After such notice and acknowledgment from an Indemnifying Party to an Indemnified Party of its election to assume the defense of a Third Party Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnified Party.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnified Party of its election as provided in Section 6.6(b), such Indemnified Party may defend such Third Party Claim at the cost and expense of the Indemnifying Party.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnified Party may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any pending or threatened Third Party Claim in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party without the consent of the Indemnified Party if (i) the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly against such Indemnified Party and (ii) such settlement does not include a full, complete and unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Third Party Claim.

6.7 Additional Matters.

(a) Indemnification or contribution payments in respect of any Liabilities for which an Indemnified Party is entitled to indemnification or contribution under this Article VI shall be paid by the Indemnifying Party to the Indemnified Party as such Liabilities are incurred upon demand by the Indemnified Party, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made on an After-Tax Basis and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution agreements contained in this Article VI shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnified Party; (ii) the knowledge by the Indemnified Party of Liabilities for which it might be entitled to indemnification or contribution hereunder; and (iii) any termination of this Agreement.

(b) Any claim on account of a Liability which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnified Party to the applicable Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Transaction Documents without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) If payment is made by or on behalf of any Indemnifying Party to any Indemnified Party in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against

any other Person. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In an Action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant if they conclude that substitution is desirable and practical. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Article VI, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the costs of any interest or penalties relating to any judgment or settlement.

6.8 Remedies Cumulative; Limitations of Liability.

The rights provided in this Article VI shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party. NOTWITHSTANDING THE FOREGOING, NO INDEMNIFYING PARTY SHALL BE LIABLE TO AN INDEMNIFIED PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, EXEMPLARY, STATUTORILY-ENHANCED OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES (PROVIDED THAT ANY SUCH LIABILITY WITH RESPECT TO A THIRD PARTY CLAIM SHALL BE CONSIDERED DIRECT DAMAGES) ARISING IN CONNECTION WITH THE TRANSACTIONS.

6.9 Survival of Indemnities.

The rights and obligations of each of CCU and Entertainment and their respective Indemnified Parties under this Article VI shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities.

ARTICLE VII
OTHER AGREEMENTS

7.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties will cooperate with each other and use (and will cause their respective Subsidiaries and Affiliates to use) commercially reasonable efforts, prior to, on and after the Distribution Date, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each party hereto shall cooperate with the other parties, and without any further consideration, but at

the expense of the requesting party from and after the Distribution Date, to execute and deliver, or use commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement and the Transaction Documents, in order to effectuate the provisions and purposes of this Agreement and the Transaction Documents and the transfers of the Entertainment Assets and the assignment and assumption of the Entertainment Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each party will, at the reasonable request, cost and expense of any other party, take such other actions as may be reasonably necessary to vest in such other party good and marketable title to the Assets allocated to such party under this Agreement or any of the Transaction Documents, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Distribution Date, CCU and Entertainment in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by CCU, Entertainment or any other Subsidiary of CCU or Entertainment, as the case may be, to effectuate the transactions contemplated by this Agreement.

(d) On or prior to the Distribution Date, CCU and Entertainment shall take all actions as may be necessary to approve the stock-based employee benefit plans of Entertainment in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of the NYSE.

7.2 Confidentiality.

(a) From and after the Distribution, subject to Section 7.2(c) and except as contemplated by this Agreement or any Transaction Document, CCU shall not, and shall cause the other members of the CCU Group and all of such parties' respective officers, directors, employees, and other agents and representatives, including attorneys, agents, customers, suppliers, contractors, consultants and other representatives of any Person providing financing (collectively, "Representatives"), not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than Representatives of such party or of its Affiliates who reasonably need to know such information in providing services to any member of the CCU Group) or use or otherwise exploit for its own benefit or for the benefit of any third party, any Entertainment Confidential Information. If any disclosures are made by a member of the CCU Group to its Representatives in connection with such Representatives providing services to any member of the CCU Group under this Agreement or any Transaction Document, then the Entertainment Confidential Information so disclosed shall be used only as required to perform the services. CCU shall, and shall cause the other members of the CCU Group to, use the same degree of care to prevent and restrain the unauthorized use or disclosure of the Entertainment Confidential Information by any of their Representatives as they currently use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. Any information, material or documents relating to the Entertainment Business currently or

formerly conducted, or proposed to be conducted, by any member of the Entertainment Group furnished to or in possession of any member of the CCU Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by or on behalf of any member of the CCU Group that contain or otherwise reflect such information, material or documents is referred to herein as "Entertainment Confidential Information." "Entertainment Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by any member of the CCU Group or any of their Representatives not otherwise permissible hereunder, (ii) such member of the CCU Group can demonstrate was or became available to such member of the CCU Group from a source other than Entertainment or its Affiliates or (iii) is developed independently by such member of the CCU Group without reference to the Entertainment Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by such member of the CCU Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Entertainment or any member of the Entertainment Group with respect to such information.

(b) From and after the Distribution, subject to Section 7.2(c) and except as contemplated by this Agreement or any Transaction Document, Entertainment shall not, and shall cause the other members of the Entertainment Group and all of such parties' respective Representatives not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than Representatives of such party or of its Affiliates who reasonably need to know such information in providing services to Entertainment or any member of the Entertainment Group), or use or otherwise exploit for its own benefit or for the benefit of any third party, any CCU Confidential Information. If any disclosures are made by a member of the Entertainment Group to its Representatives in connection with such Representatives providing services to any member of the Entertainment Group under this Agreement or any Transaction Document, then the CCU Confidential Information so disclosed shall be used only as required to perform the services. Entertainment shall, and shall cause the other members of the Entertainment Group to, use the same degree of care to prevent and restrain the unauthorized use or disclosure of the CCU Confidential Information by any of their Representatives as they currently use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. Any information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by any member of the CCU Group furnished to or in possession of any member of the Entertainment Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by or on behalf of Entertainment or any member of the Entertainment Group that contain or otherwise reflect such information, material or documents is referred to herein as "CCU Confidential Information." "CCU Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by any member of the Entertainment Group or any of their Representatives not otherwise permissible hereunder, (ii) such member of the Entertainment Group can demonstrate was or became available to such Entertainment Group member from a source other than CCU or its Affiliates or (iii) is developed independently by such member of the Entertainment Group without reference to the CCU Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by such member of the Entertainment Group to be bound by a

confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, CCU or any other member of the CCU Group with respect to such information.

(c) If any member of the CCU Group or their respective Representatives, on the one hand, or any member of the Entertainment Group or their respective Representatives, on the other hand, are requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any Entertainment Confidential Information or CCU Confidential Information (other than with respect to any such information furnished pursuant to the provisions of Article V of this Agreement), as applicable, the entity or person receiving such request or demand shall use all commercially reasonable efforts to provide the other party with written notice of such request or demand as promptly as practicable under the circumstances so that such other party shall have an opportunity to seek an appropriate protective order. The party receiving such request or demand agrees to take, and cause its representatives to take, at the requesting party's expense, all other commercially reasonable steps necessary to obtain confidential treatment by the recipient. Subject to the foregoing, the party that received such request or demand may thereafter disclose or provide any Entertainment Confidential Information or CCU Confidential Information, as the case may be, to the extent required by such Law (as so advised by counsel) or by lawful process of such Governmental Authority.

7.3 Litigation.

(a) As of the Distribution Date, Entertainment shall, and shall cause the other members of the Entertainment Group to assume those Actions relating in any material respect to the Entertainment Business in which one or more members of the CCU Group is a defendant or the party against whom any claim or investigation is directed (collectively, the "Assumed Actions"), including the Assumed Actions listed on Schedule 7.3(a).

(b) As of the Distribution Date, CCU shall, and shall cause the other members of the CCU Group to, transfer the Transferred Actions to Entertainment, and Entertainment shall receive and have the benefit of all of the proceeds of such Transferred Actions. "Transferred Actions" means those Actions relating primary to the Entertainment Business in which one or more members of the CCU Group is a plaintiff or claimant, all of which are listed on Scheduled 7.3(b).

(c) From and after the Distribution, Entertainment shall, and shall cause the other members of the Entertainment Group to, (i) diligently conduct, at its sole cost and expense, the defense of all Assumed Actions and all Existing Actions, (ii) except as may be provided in Section 7.4, pay all Liabilities that may result from the Assumed Actions and the Existing Actions, and (iii) pay all fees and costs relating to the defense of the Assumed Actions and the Existing Actions, including attorneys' fees and costs incurred after the Distribution Date. "Existing Actions" means those Actions (other than Assumed Actions) in which Entertainment or any other member of the Entertainment Group has been named as a defendant or is the party against whom any claim or investigation is directed, including those listed on Schedule 7.3(c).

(d) Notwithstanding anything in this Section 7.3 to the contrary, CCU shall have the right to participate in the defense of any Assumed Action and to be represented by attorneys of its own choosing and at its sole cost and expense. In no event shall Entertainment (or any other member of the Entertainment Group) settle or compromise any Assumed Action or Transferred Action without the express prior written consent of CCU unless (i) there is no finding or admission of any violation of any law or any violation of the rights of any Person by CCU or any other member of the CCU Group, (ii) there is no relief (either monetary or non-monetary) binding upon CCU or any other member of the CCU Group, and (iii) neither CCU nor any other member of the CCU Group has any Liability with respect to any such settlement or compromise.

(e) Each of CCU and Entertainment agrees that at all times from and after the Distribution Date, if an Action is commenced by a third party naming both parties (or any member of its respective Group) as defendants thereto and with respect to which one party (or any member of its respective Group) is a nominal defendant, then the other party shall use commercially reasonable efforts to cause such nominal defendant to be removed from such Action.

(f) Notwithstanding anything in this Section 7.3 to the contrary, the Actions set forth on Schedule 7.3(f) shall be handled in accordance with the terms, conditions and procedures set forth on such schedule.

7.4 Insurance Matters.

(a) Except as may otherwise be expressly provided in this Section 7.4, Entertainment does hereby, for itself and each other member of the Entertainment Group, agree that CCU and the other members of the CCU Group shall not have any Liability whatsoever as a result of the insurance policies and practices of CCU in effect at any time on or before the Distribution Date, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy and the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(b) The CCU Group shall continue to own all property damage and business interruption, and liability insurance policies and programs, including, without limitation, primary and excess general liability, executive liability, automobile, workers' compensation, property damage and business interruption, crime and surety insurance policies, in effect on or before the Distribution Date (collectively, the "CCU Policies"). Subject to the provisions of this Agreement, the members of the CCU Group shall retain all of their respective rights, benefits and privileges, if any, under the CCU Policies. Nothing contained herein shall be construed to be an attempted assignment of or a change to any part of the ownership of the CCU Policies. With respect to any claim under the CCU Policies relating to the Entertainment Business or the Entertainment Assets, CCU shall have sole responsibility for claims administration and financial administration of such policies and such administration shall be governed solely by the terms of Sections 7.4(d) and 7.4(e). Except as expressly set forth in Sections 7.4(d) and 7.4(e), no CCU Group member shall have any responsibility for, or obligation to, any member of the Entertainment Group under the CCU Policies relating to property damage, business interruption, liability or workers' compensation matters for any period, whether prior to, on or after the Distribution Date.

(c) As of the Distribution Date, Entertainment shall be responsible for establishing and maintaining separate property damage and business interruption and liability insurance policies and programs (including, primary and excess general liability, executive liability, automobile, workers' compensation, property damage and business interruption, crime, surety and other similar insurance policies) for activities and claims involving any member of the Entertainment Group, in each case with commercially reasonable limits and deductibles. Entertainment shall be responsible for all administrative and financial matters relating to insurance policies established and maintained by the Entertainment Group for claims involving any member of the Entertainment Group.

(d) For property damage and business interruption losses related to the Entertainment Assets or the Entertainment Business which occur prior to the Distribution, CCU shall have the sole right, responsibility and authority to submit and process claims, including claims that are payable to any member of the CCU Group in whole or in part because of insurance or reinsurance in support of property damage and business interruption insurance maintained by any CCU Group member prior to the Distribution Date. Any amounts received by CCU (net of any costs, expenses, deductibles and other similar payments made by any CCU Group member) with respect to any such unresolved claims in existence on the Distribution Date that are settled subsequent to the Distribution Date shall be paid promptly to Entertainment after receipt thereof by CCU.

(e) With respect to workers' compensation insurance claims administration for occurrences prior to the Distribution:

(i) The members of the CCU Group shall have the sole right, responsibility and authority for liability and workers' compensation claims administration and financial administration for pre-Distribution occurrences that relate to or affect the CCU Policies or that are uninsured due to the terms of the CCU Policies.

(ii) Upon notification by a member of the Entertainment Group of a claim relating to a member of the Entertainment Group under one or more of the CCU Policies, CCU shall cooperate with Entertainment in asserting and pursuing coverage and payment for such claim by the appropriate insurance carriers. CCU shall have sole power and authority to make binding decisions, determinations, commitments and stipulations on its own behalf and on behalf of the Entertainment Group, which decisions, determinations, commitments and stipulations shall be final and conclusive if reasonably made to maximize the overall economic benefit of the CCU Policies.

(iii) The Entertainment Group shall assume responsibility for, and shall pay to the appropriate insurance carriers or otherwise, any premiums, retrospectively rated premiums, defense costs, indemnity payments, deductibles, retentions or uninsured costs arising from liability or workers' compensation losses which are uninsured because of coverage terms or conditions of the policies covering such losses, or other charges (collectively, "Insurance Charges") whenever arising, which shall become due and payable under the terms and conditions of any applicable CCU Policy in respect of any liabilities, losses, claims, actions or occurrences, whenever arising or becoming known, arising out of the ownership, use or operation of any of the assets, businesses, operations or liabilities of any member of the

Entertainment Group, when the same relate to the period prior to, on or after the Distribution Date. To the extent that the terms of any applicable CCU Policy provide that any CCU Group member shall have an obligation to pay or guarantee the payment of any Insurance Charges relating to any member of the Entertainment Group, CCU shall be entitled to demand that Entertainment make such payment directly to the Person or entity entitled thereto. In connection with any such demand, CCU shall submit to Entertainment a copy of any invoice or listing of claims received by CCU pertaining to such Insurance Charges together with appropriate supporting documentation. In the event that Entertainment fails to pay any such Insurance Charges when due and payable, whether at the request of the Person entitled to payment or upon demand by CCU, the members of the CCU Group may (but shall not be required to) pay such insurance charges for and on behalf of the Entertainment Group and, thereafter, Entertainment shall reimburse CCU for such payment within 30 days.

(f) An insurance carrier that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the provisions of this Section 7.4, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurance carrier or any third party shall be entitled to a benefit (*i.e.* a benefit they would not be entitled to receive had no Distribution occurred or in the absence of the provisions of this Section 7.4) by virtue of the provisions hereof.

(g) Through the Distribution Date, CCU will maintain in full force and effect its existing insurance to the extent that it applies to the Entertainment Assets or the Entertainment Business.

(h) The provisions of this Section 7.4 relate solely to matters involving property, damage and business interruption, and liability insurance policies and programs, including, without limitation, primary and excess general liability, executive liability, automobile, workers' compensation, property damage and business interruption, crime and surety insurance policies, and shall not be construed to affect any obligation of or impose any obligation on the parties with respect to any life, health and accident, dental or medical or any other insurance policies applicable to any of the officers, directors, employees or other representatives of the parties or their respective Groups.

7.5 Allocation of Costs and Expenses.

CCU shall pay (or, to the extent incurred by and paid for by any member of the Entertainment Group, will promptly reimburse such party for any and all amounts so paid) for all out-of-pocket fees, costs and expenses incurred by Entertainment or any member of the CCU Group prior to and simultaneously with the consummation of the Distribution in connection with the Transactions, including (a) the preparation and negotiation of this Agreement, each Transaction Document (unless otherwise expressly provided therein), and all other documentation related to the Transactions and all related transactions, (b) the preparation and execution or filing of any and all other documents, agreements, forms, applications, contracts or consents associated with the Transactions and all related transactions, (c) the preparation and filing of Entertainment's and its Subsidiaries' organizational documents, (d) the preparation, printing and filing of the Form 10, including all fees and expenses of complying with applicable federal, state or foreign securities Laws and domestic or foreign securities exchange rules and

regulations, together with fees and expenses of counsel retained to effect such compliance, (e) the private letter ruling from the Internal Revenue Service sought in connection with the Transactions, (f) the initial listing of the Entertainment Common Stock on the NYSE, (g) the preparation (including, but not limited to, the printing of documents) and implementation of Entertainment's or its Subsidiaries' employee benefit plans, retirement plans and equity-based plans and (h) the Series B Preferred Stock Sale, but excluding all out-of-pocket fees, commissions, discounts, costs and expenses incurred in connection with the Credit Facility, the Series A Preferred Stock Issuance and the Series B Preferred Stock Issuance, which shall be the responsibility of Entertainment.

7.6 Tax Matters. Notwithstanding any provision in this Agreement to the contrary, to the extent that any representations, warranties, covenants and agreements between CCU and Entertainment, and their respective Groups, with respect to Tax matters are set forth in the Tax Matters Agreement, including indemnification agreements or tax sharing agreements or arrangements, such Tax matters shall be governed exclusively by such Tax agreements and not by this Agreement.

7.7 Trademarks and Trade Names. This Agreement does not assign any rights in any trademarks, service marks or trade names containing "Clear Channel" or any variations thereof, or any of their respective applications and registrations wherever used or registered, other than as specifically set forth in the Trademark License Agreement. Entertainment shall, and shall cause the other members of the Entertainment Group to, at its own expense, (a) within thirty (30) days after the Distribution Date, change, if necessary, its corporate name to delete therefrom the words "Clear Channel" or any other word that is confusingly similar to the words "Clear Channel," and (b) within one (1) year after the Distribution Date, remove any and all references to any trademarks, service marks or trade names containing "Clear Channel" from any and all signs, displays or other identification or advertising materials.

ARTICLE VIII
DISPUTE RESOLUTION

8.1 General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the Transaction Documents (other than the Transaction Documents set forth on Schedule 8.1), or the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article VIII, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

(b) Commencing with a request contemplated by Section 8.2, all communications between the parties or their representatives in connection with the attempted resolution of any Dispute, including any mediator's evaluation referred to in Section 8.3, shall be deemed to have been delivered in furtherance of a Dispute settlement and shall be exempt from discovery and production, and shall not be admissible in evidence for any reason (whether as an admission or otherwise), in any arbitral or other proceeding for the resolution of the Dispute.

(c) IN CONNECTION WITH ANY DISPUTE, THE PARTIES EXPRESSLY WAIVE AND FORGO ANY RIGHT TO (I) SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, EXEMPLARY, STATUTORILY ENHANCED OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES (PROVIDED THAT LIABILITY FOR ANY SUCH DAMAGES WITH RESPECT TO A THIRD PARTY CLAIM SHALL BE CONSIDERED DIRECT DAMAGES), AND (II) TRIAL BY JURY.

(d) The specific procedures set forth below, including but not limited to the time limits referenced therein, may be modified by agreement of the parties in writing.

(e) All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Article VIII are pending. The parties will take such action, if any, required to effectuate such tolling.

(f) THE PARTIES HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE COURT LOCATED WITHIN THE STATE OF TEXAS OVER ANY SUCH DISPUTE AND EACH PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH DISPUTE OR ANY ACTION RELATED THERETO MAY BE HEARD AND DETERMINED IN SUCH COURTS. THE PARTIES HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH DISPUTE BROUGHT IN SUCH COURT OR ANY DEFENSE OF INCONVENIENT FORUM FOR THE MAINTENANCE OF SUCH DISPUTE. EACH OF THE PARTIES AGREES THAT A JUDGMENT IN ANY SUCH DISPUTE MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

8.2 Consideration by Senior Executives.

If a Dispute is not resolved in the normal course of business at the operational level, the parties first shall attempt in good faith to resolve such Dispute by negotiation between executives who hold, at a minimum, the office of President and Chief Executive Officer of the respective business entities involved in such Dispute prior to exercising remedies pursuant to Section 8.3 or Section 8.4. Either party may initiate the executive negotiation process by providing a written notice to the other (the "Initial Notice"). Within fifteen (15) days after delivery of the Initial Notice, the receiving party shall submit to the other a written response (the "Response"). The Initial Notice and the Response shall include (i) a statement of the Dispute and of each party's position, and (ii) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Such executives will meet in person or by telephone within thirty (30) days of the date of the Initial Notice to seek a resolution of the Dispute.

8.3 Mediation.

If a Dispute is not resolved by negotiation as provided in Section 8.2 within forty-five (45) days from the delivery of the Initial Notice, then either party may submit the Dispute for resolution by mediation pursuant to the CPR Institute for Dispute Resolution (the "CPR") Model

Mediation Procedure as then in effect prior to exercising remedies pursuant to Section 8.4. The parties will select a mediator from the CPR Panels of Distinguished Neutrals. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.

8.4 Arbitration.

(a) If a Dispute is not resolved by mediation as provided in Section 8.3 within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either party may submit the Dispute to be finally resolved by arbitration pursuant to the CPR Rules for Non-Administered Arbitration as then in effect (the "CPR Arbitration Rules"). The parties hereby consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

(b) The neutral organization for purposes of the CPR Arbitration Rules will be the CPR. The arbitral tribunal shall be composed of three arbitrators, of whom each party shall appoint one in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Arbitration Rules. The arbitration shall be conducted in San Antonio, Texas. Each party shall be permitted to present its case, witnesses and evidence, if any, in the presence of the other party. A written transcript of the proceedings shall be made and furnished to the parties. The arbitrators shall determine the Dispute in accordance with the law of the State of Texas, without giving effect to any conflict of law rules or other rules that might render such law inapplicable or unavailable, and shall apply this Agreement and the Transaction Documents according to their respective terms; provided, however, that any Dispute in respect of a Transaction Document which by its terms is governed by the law of a jurisdiction other than the State of Texas shall be determined by the law of such other jurisdiction and; provided, further, however, that the provisions of this Agreement relating to arbitration shall in any event be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq.

(c) The parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this Section 8.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 8.4 may be entered and enforced in a court having jurisdiction thereof.

(d) Except as expressly permitted by this Agreement, no party will commence or voluntarily participate in any court action or proceeding concerning a Dispute, except (i) for enforcement as contemplated by Section 8.4(c), (ii) to restrict or vacate an arbitral decision based on the grounds specified under applicable law, or (iii) for interim relief as provided in Section 8.4(e). For purposes of the foregoing and as provided in Section 8.1(f), the parties submit to the exclusive jurisdiction of the courts of the State of Texas.

(e) In addition to the authority otherwise conferred on the arbitral tribunal, the tribunal shall have the authority to make such orders for interim relief, including injunctive relief, as it may deem just and equitable. Notwithstanding Section 8.4(d) above, each party acknowledges that in the event of any actual or threatened breach of the provisions of (i) Section 7.2, (ii) the Employee Matters Agreement, (iii) the Trademark License Agreement or (iv) the Tax Matters Agreement, the remedy at law would not be adequate, and therefore injunctive

or other interim relief may be sought immediately to restrain such breach. If the tribunal shall not have been appointed, either party may seek interim relief from a court having jurisdiction if the award to which the applicant may be entitled may be rendered ineffectual without such interim relief. Upon appointment of the tribunal following any grant of interim relief by a court, the tribunal may affirm or disaffirm such relief, and the parties will seek modification or rescission of the court action as necessary to accord with the tribunal's decision.

(f) Each party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article VIII.

ARTICLE IX
MISCELLANEOUS

9.1 Corporate Power; Fiduciary Duty.

(a) Each of CCU and Entertainment represents as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement has been duly executed and delivered by each such Person and each Transaction Document to which such Person is a party has been, or will be on or prior to the Distribution Date, duly executed and delivered by it, and upon execution and delivery, this Agreement and the other Transaction Documents will constitute a valid and binding agreement of such Person enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding of law or in equity).

(b) Notwithstanding any provision of this Agreement or any Transaction Document, no member of the Entertainment Group and no member of the CCU Group shall be required to take or omit to take any act that would violate its fiduciary duties to any non-wholly-owned Subsidiary of CCU or Entertainment, as the case may be (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly-owned).

9.2 Governing Law.

This Agreement and, unless expressly provided therein, each other Transaction Document, shall be governed by, and construed and interpreted in accordance with, the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might require the application of the laws of another jurisdiction.

9.3 Survival of Covenants.

Except as expressly set forth in any Transaction Document, the covenants and other agreements contained in this Agreement and each Transaction Document, and liability for the breach of any obligations contained herein or therein, shall survive each of the Contribution and the Distribution and shall remain in full force and effect.

9.4 Force Majeure.

No party hereto (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement or, unless otherwise expressly provided therein, any Transaction Document, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other parties of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

9.5 Notices.

All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Transaction Documents shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.5):

If to any member of the CCU Group, to:

Clear Channel Communications, Inc.

_____

_____

Attn: _____
Facsimile: _____

If to any member of the Entertainment Group, to:

CCE Spinco, Inc.

_____

_____

Attn: _____
Facsimile: _____

9.6 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

9.7 Entire Agreement.

Except as otherwise expressly provided in this Agreement, this Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the parties with respect to the subject matter of this Agreement.

9.8 Assignment; No Third-Party Beneficiaries.

This Agreement shall not be assigned by any party hereto without the prior written consent of the other party hereto. Except as provided in Article VI with respect to Indemnified Parties, this Agreement is for the sole benefit of the parties to this Agreement and members of their respective Group and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.9 Public Announcements.

CCU and Entertainment shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement and the Transaction Documents, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system.

9.10 Amendment.

No provision of this Agreement may be amended or modified except by a written instrument signed by both parties. No waiver by any party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by either party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

9.11 Rules of Construction.

Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified, (c) the word "including" and words of similar import shall mean "including, without limitation," (d) provisions shall apply, when appropriate, to successive events and transactions, (e) the table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement, and (f) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

9.12 Counterparts.

This Agreement may be executed in one or more counterparts, and by each party in separate counterparts, each of which when executed shall be deemed to be an original but 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 facsimile or electronic mail shall be as effective as delivery of a manually executed counterpart of any such Agreement.

9.13 Termination.

This Agreement and any Transaction Document may be terminated at any time prior to the Effective Date by and in the sole discretion of CCU without the approval of Entertainment in which case neither party will have any liability of any kind to the other party. The obligations of the parties under Article IV (including the obligation to pursue or effect the Distribution) may be terminated by CCU if (i) at any time after the Effective Date CCU determines, in its sole and absolute discretion, that the Distribution would not be in the best interests of CCU or its shareholders or (ii) the Distribution has not occurred by [___, 2006].

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Master Separation and Distribution Agreement to be executed to be effective on the date first written above by their respective duly authorized officers.

CLEAR CHANNEL COMMUNICATIONS, INC.

By: _____

Name: _____

Title: _____

CCE SPINCO, INC.

By: _____

Name: _____

Title: _____

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

CCE SPINCO, INC.

CCE SPINCO, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the Corporation is CCE Spinco, Inc. The Corporation was originally incorporated under the name "CCE Spinco, Inc" and the original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on August 2, 2005.

2. This Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation") was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware. Pursuant to Sections 242 and 228 of the General Corporation Law of the State of Delaware, the amendments and restatement herein set forth have been duly adopted by the Board of Directors and the sole stockholder of the Corporation.

3. Pursuant to Section 245 of the General Corporation Law of the State of Delaware, this Certificate of Incorporation amends and integrates and restates the provisions of the Certificate of Incorporation of this Corporation.

The text of this Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

NAME

The name of the corporation (which is hereinafter referred to as the "Corporation") is:

[_____], Inc.

ARTICLE II

REGISTERED OFFICE AND AGENT

The address of the Corporation's registered office in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. The name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE III

PURPOSE

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware.

ARTICLE IV

CAPITAL STOCK

SECTION 1. The Corporation shall be authorized to issue [_____] shares of capital stock, of which (1) [_____] shares shall be shares of Common Stock, par value $.01 per share (the "Common Stock"), and (2) [_____] shares shall be shares of Preferred Stock, par value $.01 per share (the "Preferred Stock").

SECTION 2. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized by resolution or resolutions to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the voting powers, if any, designations, preferences and the relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of any such series, and to fix the number of shares constituting such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding). The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(1) the designation of the series, which may be by distinguishing number, letter or title;

(2) the number of shares of the series, which number the Board of Directors may thereafter increase or decrease (but not below the number of shares thereof then outstanding);

(3) whether dividends, if any, shall be cumulative or noncumulative and the dividend rate of the series;

(4) dates at which dividends, if any, shall be payable;

(5) the redemption rights and price or prices, if any, for shares of the series;

(6) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(7) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(8) whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Corporation or any other entity, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible and all other terms and conditions upon which such conversion may be made;

(9) restrictions on the issuance of shares of the same series or of any other class or series; and

(10) the voting rights, if any, of the holders of shares of the series.

SECTION 3. The following is a statement of the voting powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions of the Common Stock:

(1) Subject to the other provisions of this Certificate of Incorporation and the provisions of any Certificate of Designations (as defined in ARTICLE XI), the holders of Common Stock shall be entitled to receive such dividends and other distributions, in cash, stock of any entity or property of the Corporation, when and as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor, and shall share equally on a per share basis in all such dividends and other distributions.

(2) (a) Except as may be otherwise required by law or by this Certificate of Incorporation and subject to any voting rights that may be granted to holders of Preferred Stock pursuant to the provisions of a Certificate of Designations, all rights to vote and all voting power of the capital stock of the Corporation, whether for the election of directors or any other matter submitted to a vote of stockholders of the Corporation, shall be vested exclusively in the holders of Common Stock.

(b) At every meeting of the stockholders of the Corporation, every holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in such holder's name on the transfer books of the Corporation in connection with the election of directors and on all other matters submitted to a vote of stockholders of the Corporation.

(c) Every reference in this Certificate of Incorporation to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of Common Stock shall refer to such majority or other proportion of the votes to which such shares of Common Stock entitle their holders to cast as provided in this Certificate of Incorporation.

(3) In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the amounts required to be paid to the holders of Preferred Stock pursuant to the provisions of a Certificate of Designations, the remaining assets and funds of the

Corporation shall be distributed pro rata to the holders of Common Stock. For purposes of this paragraph (3), the voluntary sale, conveyance, lease, license, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other entities (whether or not the Corporation is the entity surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

SECTION 4. No stockholder shall be entitled to exercise any right of cumulative voting.

ARTICLE V

CORPORATE OPPORTUNITIES AND CONFLICTS OF INTEREST

SECTION 1. This ARTICLE V anticipates the possibility that (1) the Corporation will not be a wholly-owned subsidiary of Clear Channel, (2) certain Clear Channel Officials may also serve as Corporation Officials, and (3) benefits may be derived by the Corporation Entities through their continued contractual, corporate and business relations with the Clear Channel Entities. The provisions of this ARTICLE V shall, to the fullest extent permitted by law, define the conduct of certain affairs of the Corporation Entities and Corporation Officials as they may involve the Clear Channel Entities, and the powers, rights, duties and liabilities of the Corporation Entities and Corporation Officials in connection therewith. Capitalized terms used and not previously defined in this Certificate of Incorporation are defined, and shall have the meaning ascribed thereto, in ARTICLE XI.

SECTION 2. No contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof) entered into between any Corporation Entity, on the one hand, and any Clear Channel Entity, on the other hand, before the Corporation ceased to be a wholly-owned subsidiary of Clear Channel shall be void or voidable or be considered unfair to the Corporation or any Corporation Affiliate for the reason that any Clear Channel Entity is a party thereto, or because any Clear Channel Official is a party thereto, or because any Clear Channel Official was present at or participated in any meeting of the Board of Directors, or committee thereof, of the Corporation, or the board of directors, or committee thereof, of any Corporation Affiliate, that authorized the contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof), or because his, her or their votes were counted for such purpose. No such contract, agreement, arrangement or transaction (or the amendment, modification or termination thereof) or the performance thereof by any Corporation Entity shall be considered to be contrary to any fiduciary duty owed to any of the Corporation Entities or to any of their respective stockholders by any Clear Channel Entity or by any Corporation Official (including any Corporation Official who may have been a Clear Channel Official) and each such Corporation Official shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation Entities, and shall be deemed not to have breached his or her duties of loyalty to the Corporation Entities and their respective stockholders, and not to have derived an improper personal benefit therefrom. No Corporation Official shall have or be under any fiduciary duty to any Corporation Entity or its stockholders to refrain from acting on behalf of any such Corporation Entity (or on behalf of any Clear Channel Entity if such Corporation Official is also a Clear Channel Official) in respect

of any such contract, agreement, arrangement or transaction (or the amendment, modification, or termination thereof) or to refrain from performing any such contract, agreement, arrangement or transaction (or the amendment, modification or termination thereof) in accordance with its terms.

SECTION 3. (1) If a Corporation Official who is also a Clear Channel Official is offered, or acquires knowledge, of a potential transaction or business opportunity that is or may be a corporate opportunity for any Corporation Entity, the Corporation, on behalf of itself and each Corporation Affiliate, to the fullest extent permitted by law except as provided in Section 3(3) of this ARTICLE V, renounces any interest or expectancy in such potential transaction or business opportunity and waives any claim that such potential transaction or business opportunity constituted a corporate opportunity that should have been presented to the Corporation or any such Corporation Affiliate.

(2) If a Corporation Official who is also a Clear Channel Official is offered, or acquires knowledge, of a potential transaction or business opportunity that is or may be a corporate opportunity for any Corporation Entity in any manner, such Corporation Official shall have no duty to communicate or present such potential transaction or business opportunity to the Corporation or any Corporation Affiliate and shall, to the fullest extent permitted by law, not be liable to any Corporation Entity, or its stockholders, for breach of any fiduciary duty as a Corporation Official including without limitation by reason of the fact that any one or more of the Clear Channel Entities pursues or acquires such potential transaction or business opportunity for itself, directs such potential transaction or business opportunity to another person or entity, or otherwise does not communicate information regarding such potential transaction or business opportunity to the Corporation or any Corporation Affiliate.

(3) Notwithstanding anything to the contrary in this Section 3, the Corporation does not renounce any interest or expectancy it may have in any corporate opportunity that is expressly offered to any Corporation Official in writing solely in his or her capacity as a Corporation Official.

SECTION 4. No amendment or repeal of this ARTICLE V shall apply to or have any effect on the liability or alleged liability of any Clear Channel Entity or Corporate Official for or with respect to any corporate opportunity that such Clear Channel Entity or Corporate Official was offered, or of which such Clear Channel Entity or Corporate Official acquired knowledge prior to such amendment or repeal.

SECTION 5. In addition to, and notwithstanding the foregoing provisions of this ARTICLE V, a potential transaction or business opportunity (1) that the Corporation Entities are not financially able, contractually permitted or legally able to undertake, or (2) that is, from its nature, not in the line of the Corporation Entities' business, is of no practical advantage to any Corporation Entity or that is one in which no Corporation Entity has any interest or reasonable expectancy, shall not, in any such case, be deemed to constitute a corporate opportunity belonging to the Corporation, or any Corporate Affiliate, and the Corporation, on behalf of itself and each Corporation Affiliate, to the fullest extent permitted by law, hereby renounces any interest therein.

SECTION 6. Anything in this Certificate of Incorporation to the contrary notwithstanding, the provisions of Sections 3, 4 and 5 of this ARTICLE V shall automatically terminate, expire and have no further force and effect from and after the date on which no Corporation Official is also a Clear Channel Official.

ARTICLE VI

BOARD OF DIRECTORS

SECTION 1. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors of the Corporation shall be fixed, and may be increased or decreased from time to time, exclusively by resolution adopted by a majority of the entire Board of Directors.

SECTION 2. Unless and except to the extent that the By-Laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

SECTION 3. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be apportioned, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible and designated Class I, Class II and Class III. Class I shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2007, Class II shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2008, and Class III shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2009. Members of each class shall hold office until their successors are elected and qualified. At each succeeding annual meeting of the stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. In case of any increase or decrease, from time to time, in the number of directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, the number of directors added to or eliminated from each class shall be apportioned so that the number of directors in each class thereafter shall be as nearly equal as possible.

SECTION 4. Except as otherwise provided by a Certificate of Designations, any director or the entire Board of Directors may be removed from office only for cause and only by the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock (as defined in ARTICLE XI).

SECTION 5. Except as otherwise provided by a Certificate of Designations, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by the sole remaining director. Any director so chosen shall hold office until his or her successor shall be elected and qualified and, if the Board of Directors at such time is classified, until the next election of the class for which such director shall have been chosen. No decrease in the number of directors shall shorten the term of any incumbent director.

ARTICLE VII

BY-LAWS

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized and empowered to adopt, amend and repeal the By-Laws of the Corporation at any regular or special meeting of the Board of Directors or by written consent, subject to the power of the stockholders of the Corporation to adopt, amend or repeal any By-Laws. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Certificate of Incorporation or by a Certificate of Designations, the affirmative vote of the holders of a majority of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal any provision of the By-Laws, or to adopt any new By-Law; *provided, however,* that, the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal, or adopt any By-Law inconsistent with, the following provisions of the By-Laws: Sections 2.1, 2.2, 2.4, 2.5, 2.6, 2.8, 2.9 and 2.11 of ARTICLE II; Sections 3.1, 3.2, 3.9 and 3.11 of ARTICLE III; Section 6.9 of ARTICLE VI; and Section 8.1 of ARTICLE VIII, or in each case, any successor provision (including, without limitation, any such article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other By-Law).

ARTICLE VIII

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right at any time from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law. All rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons or entities whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this ARTICLE VIII. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Certificate of Incorporation or by a Certificate of Designations, the affirmative vote of a majority of the total voting power of the Voting Stock, voting together as a single class, shall be required to amend, alter, change, repeal any provision of this Certificate of Incorporation, or to adopt any new provision of this Certificate of Incorporation; *provided, however,* that, the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock, voting together as a single class, shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with, ARTICLE V, ARTICLE VI, ARTICLE VII, ARTICLE IX, ARTICLE X and this sentence of this Certificate of Incorporation, or in each case, any successor provision (including, without limitation, any such article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other provision of this Certificate of Incorporation). Any repeal

or modification of ARTICLE V or ARTICLE IX shall not adversely affect any right or protection of any person existing thereunder with respect to any act or omission occurring prior to such repeal or modification.

ARTICLE IX

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. Elimination of Certain Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation, or its stockholders, for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists at the time of the alleged breach.

SECTION 2. Indemnification and Insurance.

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation, or while a director or officer of the Corporation is or was serving, at the request of the Corporation, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director or officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Section shall be a contract right. The Corporation may, by action of the Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of director and officers.

(b) Non-Exclusivity of Rights. The right to indemnification conferred in this Section shall not be exclusive of any other right that any person may have or hereafter acquire under any

statute, provision of this Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

(c) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

ARTICLE X

STOCKHOLDER ACTION

Except as otherwise provided by a Certificate of Designations, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting.

Except as otherwise required by law or provided by a Certificate of Designations, special meetings of stockholders of the Corporation may be called only by the Chairman of the Board of Directors or the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors and any other power of stockholders to call a special meeting is specifically denied. No business other than that stated in the notice of a special meeting of stockholders shall be transacted at such special meeting.

ARTICLE XI

CERTAIN DEFINITIONS

For purposes of this Certificate of Incorporation:

(1) The terms “beneficial owner” and “beneficial ownership” shall have the meaning ascribed to such terms in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, and shall be determined in accordance with such rule;

(2) the term “Certificate of Designations” shall mean the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series of Preferred Stock and the Certificate of Designations filed by the Corporation with respect thereto;

(3) the term “Clear Channel” shall mean Clear Channel Communications, Inc., a Texas corporation;

(4) the term “Clear Channel Affiliate” shall mean, other than the Corporation or any Corporation Affiliate, (a) any corporation, partnership, limited liability company, joint venture, association or other entity of which Clear Channel is the beneficial owner (directly or indirectly) of 20% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or (b) any other

corporation, partnership, joint venture, association or other entity that is controlled by Clear Channel, controls Clear Channel or is under common control with Clear Channel;

(5) the term "Clear Channel Entity" shall mean any one or more of Clear Channel and the Clear Channel Affiliates;

(6) the term "Clear Channel Official" shall mean each person who is a director or an officer (or both) of Clear Channel and/or one or more Clear Channel Affiliates;

(7) the term "corporate opportunity" shall include, but not be limited to, business opportunities that (a) the Corporation or any Corporation Affiliate is financially able to undertake, (b) are, from their nature, in the line of the Corporation's or any Corporation Affiliate's business, and (c) are of practical advantage to the Corporation or any Corporation Affiliate and ones in which the Corporation or any Corporation Affiliate, but for the provisions of this ARTICLE V, would have an interest or a reasonable expectancy;

(8) the term "Corporation Affiliate" shall mean (a) any corporation, partnership, limited liability company, joint venture, association or other entity of which the Corporation is the beneficial owner (directly or indirectly) of 20% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or (b) any other corporation, partnership, joint venture, association or other entity that is controlled by the Corporation;

(9) the term "Corporation Entity" shall mean any one or more of the Corporation and the Corporation Affiliates;

(10) the term "Corporation Official" shall mean each person who is a director or an officer (or both) of the Corporation and/or one or more Corporation Affiliates; and

(11) the term "Voting Stock" shall mean all classes of the then outstanding capital stock of the Corporation entitled to vote generally in the election of directors.

For purpose of the foregoing definitions, the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

IN WITNESS WHEREOF, CCE Spinco, Inc. has caused this Amended and Restated Certificate of Incorporation to be executed by [ ], its [ ], this [ ] day of [ ], 2005.

_____

[Name]
[Title]

Exhibit 3.2

AMENDED AND RESTATED

BY-LAWS

OF

CCE SPINCO, INC.

Incorporated under the Laws of the State of Delaware

ARTICLE I

OFFICES AND RECORDS

SECTION 1.1 **Offices**. The Corporation may have such offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

SECTION 1.2 **Books and Records**. The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

SECTION 2.1 **Annual Meeting**. The annual meeting of the stockholders of the Corporation shall be held on such date and at such place and time as may be fixed by resolution of the Board of Directors.

SECTION 2.2 **Special Meeting**. Except as otherwise required by law or provided by the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series of Preferred Stock and the Certificate of Designations filed by the Corporation with respect thereto (collectively, a "Certificate of Designations"), and except as set forth in the Corporation's Certificate of Incorporation, as amended or restated (the "Certificate of Incorporation"), special meetings of the stockholders may be called only by the Chairman of the Board of Directors (the "Chairman of the Board") or by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors.

SECTION 2.3 **Place of Meeting**. The Board of Directors or the Chairman of the Board, as the case may be, may designate the place of meeting for any annual meeting or for any special meeting of the stockholders called by the Board of Directors or the Chairman of the Board. If no designation is so made, the place of meeting shall be the principal executive office of the Corporation.

SECTION 2.4 **Notice of Meeting**. Written or printed notice, stating the place, if any, date and time of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by mail or by other lawful means, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his or her address as it appears on the stock transfer books of the Corporation. Such further notice shall be given as may be required by law. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 6.6 of these By-Laws. Any previously scheduled meeting of the stockholders may be postponed, and, unless the Certificate of Incorporation otherwise provides, any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

SECTION 2.5 **Quorum and Adjournment**. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the total voting power of all classes of the then-outstanding capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a separate class or series, the holders of a majority of the then-outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. Attendance of a person at a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened shall not constitute the presence of such person for the purposes of determining whether a quorum exists. The chairman of the meeting or the holders of shares representing a majority of the votes entitled to be cast by the holders of Voting Stock so present may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of the time and place of adjourned meetings need be given except as required by law; *provided, however*, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting shall be given in conformity herewith. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.6 **Conduct of Business**. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time.

SECTION 2.7 **Proxies**. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the General Corporation Law of the State of Delaware) by the stockholder, or by his or her duly authorized attorney-in-fact. Such

proxy must be filed with the Secretary or his or her representative at or before the time of the meeting at which such proxy will be voted. No proxy shall be valid after eleven (11) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law.

SECTION 2.8 **Notice of Stockholder Business and Nominations**.

(A) *Annual Meetings of Stockholders*.

(1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the Corporation's notice of meeting, who is entitled to vote at the meeting and who complies with the notice procedures set forth in paragraph (A)(2) of this Section 2.8.

(2) For nominations of persons for election to the Board of Directors or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 2.8, the stockholder must give timely notice thereof in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the close of business on the 120th day, nor later than the close of business on the 90th day, prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of any annual meeting is more than thirty (30) days before or more than thirty (30) days after such anniversary date, notice by the stockholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (a) the close of business on the 90th day prior to such annual meeting and (b) the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. Except as provided in Section 2.5 of these By-Laws, the public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (x) as to each person who the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in a solicitation of proxies for the election of directors in an election contest, or that is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such nominated person's written consent to serve as a director if elected; (y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of Voting Stock that are owned beneficially and of record by such stockholder and by any such beneficial owner. For purposes of these By-Laws, the term "beneficial owner" and "beneficial

ownership" shall have the meaning ascribed to such terms in Rule 13d-3 under the Exchange Act, and shall be determined in accordance with such rule.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 2.8 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the Corporation's nominees for director or specifying the size of the increased Board of Directors at least 120 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice pursuant to this Section 2.8 shall also be considered timely, but only with respect to nominees for any new seats on the Board of Directors created by such increase, if it is delivered to the Secretary at the principal executive office of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) *Special Meetings of Stockholders.* No business other than that stated in the Corporation's notice of a special meeting of stockholders shall be transacted at such special meeting. If the business stated in the Corporation's notice of a special meeting of stockholders includes electing one or more directors to the Board of Directors, nominations of persons for election to the Board of Directors at such special meeting may be made (1) by or at the direction of the Board of Directors or (2) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the Corporation's notice of meeting, who is entitled to vote at the meeting and who gives timely notice thereof in writing to the Secretary. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of (a) the close of business on the 90th day prior to such special meeting and (b) the close of business on the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Such stockholder's notice shall set forth (x) as to each person who the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in a solicitation of proxies for the election of directors in an election contest, or that is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, and such nominated person's written consent to serve as a director if elected; and (y) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of Voting Stock that are owned beneficially and of record by such stockholder and by any such beneficial owner. Except as provided in Section 2.5 of these By-Laws, the public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(C) *General.*

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.8 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.8. Except as otherwise

provided by law, the Certificate of Incorporation or these By-Laws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.8 and, if any proposed nomination or business was not made or proposed in compliance with this Section 2.8, to declare that such non-compliant proposal or nomination be disregarded.

(2) For purposes of this Section 2.8, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.8, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the nomination of persons for election to the Board of Directors or the proposal of business to be considered by the stockholders at a meeting of stockholders. Nothing in this Section 2.8 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

SECTION 2.9 **Procedure for Election of Directors; Required Vote**. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, a plurality of the votes cast thereat shall elect directors. Except as otherwise provided by law, the Certificate of Incorporation, any Certificate of Designations or these By-Laws, in all matters other than the election of directors, the affirmative vote of the holders of at least a majority of the total voting power of the Voting Stock actually present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. No stockholder shall be entitled to exercise any right of cumulative voting. Every reference in these By-Laws to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of Voting Stock (or any one or more classes or series of Voting Stock) shall refer to such majority or other proportion of the votes to which such shares of Voting Stock entitle their holders to cast as provided in the Certificate of Incorporation.

SECTION 2.10 **Inspectors of Elections; Opening and Closing the Polls**. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

SECTION 2.11 **No Stockholder Action by Written Consent**. Except as otherwise provided by a Certificate of Designations, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting.

SECTION 2.12 **Stock List**. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law. The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1 **General Powers**. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. In addition to the powers and authorities expressly conferred upon the Board of Directors by these By-Laws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation or these By-Laws required to be exercised or done by the stockholders.

SECTION 3.2 **Number, Tenure and Qualifications**. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed, and may be increased or decreased from time to time, exclusively by a resolution adopted by a majority of the entire Board of Directors. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be apportioned, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is possible and designated Class I, Class II and Class III. Class I shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2007, Class II shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2008, and Class III shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2009. Members of each class shall hold office until their successors are elected and qualified. At each succeeding annual meeting of the stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. In case of any increase or decrease, from time to time, in the number of directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, the number of

directors added to or eliminated from each class shall be apportioned so that the number of directors in each class thereafter shall be as nearly equal as possible.

SECTION 3.3 **Regular Meetings**. Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

SECTION 3.4 **Special Meetings**. Special meetings of the Board of Directors shall be called by the Chairman of the Board, the Chief Executive Officer or a majority of the Board of Directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

SECTION 3.5 **Notice**. Notice of any special meeting of directors shall be given to each director at his or her business or residence (as he or she may specify) in writing by hand delivery, first-class mail, overnight mail or courier service, confirmed facsimile transmission or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mail so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If given by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If given by telephone, hand delivery or confirmed facsimile transmission or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least twenty-four (24) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these By-Laws, as provided under Section 8.1. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 6.6 of these By-Laws.

SECTION 3.6 **Action by Consent of Board of Directors**. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 3.7 **Conference Telephone Meetings**. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors, or such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.8 **Quorum; Voting**. Subject to Section 3.9, at all meetings of the Board of Directors, the presence of a majority of the total number of directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, the directors present thereat may adjourn the meeting from time to time

without further notice. Attendance of a director at a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened shall not constitute the presence of such director for the purposes of determining whether a quorum exists. The act of a majority of directors present at a meeting at which there is a quorum shall be the act of the Board of Directors.

SECTION 3.9 **Vacancies**. Except as otherwise provided by a Certificate of Designations, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by the sole remaining director. Any director so chosen shall hold office until his or her successor shall be elected and qualified and, if the Board of Directors at such time is classified, until the next election of the class for which such director shall have been chosen. No decrease in the number of directors shall shorten the term of any incumbent director.

SECTION 3.10 **Committees of the Board of Directors**. The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present.

No committee shall have the power or authority in reference to any of the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by General Corporation Law of the State of Delaware to be submitted to stockholders for approval or (b) altering, amending or repealing any By-Law, or adopting any new By-Law.

SECTION 3.11 **Removal**. Except as otherwise provided by a Certificate of Designations, any director or the entire Board of Directors may be removed from office only for cause and only by the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock.

SECTION 3.12 **Records**. The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board of Directors, and of any committee thereof, and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

SECTION 3.13 **Compensation**. The Board of Directors shall have authority to determine from time to time the amount of compensation, if any, that shall be paid to its members for their services as directors and as members of standing or special committees of the Board of Directors. The Board of Directors shall also have power, in its discretion, to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. Nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

OFFICERS

SECTION 4.1 **Elected Officers**. The elected officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers (including, without limitation, one or more Vice Presidents, a Chief Operating Officer and a Chief Financial Officer) as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. The Board of Directors, or any committee thereof, may from time to time elect, or the Chairman of the Board or Chief Executive Officer may appoint, such other officers (including one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these By-Laws or as may be prescribed by the Board of Directors, or such committee, or by the Chairman of the Board or Chief Executive Officer, as the case may be.

SECTION 4.2 **Election and Term of Office**. The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after the annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign, but any officer may be removed from office at any time by the affirmative vote of a majority of the members of the Board of Directors or, except in the case of an officer or agent elected by the Board, by the Chairman of the Board or Chief Executive Officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

SECTION 4.3 **Chairman of the Board**. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall have such other powers and duties as may from time to time be prescribed by the Board of Directors, upon written directions given to him pursuant to resolutions duly adopted by the Board of Directors.

SECTION 4.4 **Chief Executive Officer**. The Chief Executive Officer, subject to the control of the Board of Directors, shall act in a general executive capacity and shall control the business and affairs of the Corporation. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the Board of Directors and of the stockholders. He or she may also preside at any such meeting attended by the Chairman of the Board if he or she is so designated by the Chairman. The Chief Executive Officer shall have the power to appoint and remove subordinate officers, agents and employees, except those elected by the Board of Directors. The Chief Executive Officer shall keep the Board of Directors fully informed and shall consult with them concerning the business of the Corporation.

SECTION 4.5 **President**. The President shall have general supervision over strategic planning and implementation, administration and the accounting and finance operations of the Corporation, and shall see that all resolutions of the board of directors are carried into effect. The President shall have such other duties as may be determined from time to time by resolution of the Board of Directors not inconsistent with these By-Laws. The President, in the absence or incapacity of the Chief Executive Officer, shall also perform the duties of that office. He or she may sign with the Secretary or any other officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation and any deeds, bonds, mortgages, contracts, checks, notes, drafts or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof has been expressly delegated by these By-Laws or by the Board of Directors to some other officer or agent of the Corporation, or shall be required by law to be otherwise executed. He or she shall vote, or give a proxy to any other officer of the Corporation to vote, all shares of stock of any other corporation standing in the name of the Corporation and in general he or she shall perform all other duties normally incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 4.6 **Vice-Presidents**. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him by the Board of Directors.

SECTION 4.7 **Chief Operating Officer**. The Chief Operating Officer, if one is elected, shall report to the Chief Executive Officer, in the event that he or she is also the President, or to the Chief Executive Officer and the President, in the event that he or she is not also the President, and shall have general supervision of the day-to-day operation of the activities of the Corporation and shall perform such duties, and shall have such other authority and powers, as the President (in the event that he or she is not also the Chief Executive Officer), the Chief Executive Officer or the Board of Directors may from time to time prescribe. The Chief Operating Officer, with the approval of either the Chief Executive Officer or the President, shall have authority to execute instruments, documents, agreements and contracts, in the name of the Corporation, to the same extent as the President or any Vice President.

SECTION 4.8 **Chief Financial Officer**. The Chief Financial Officer, if any, shall act in an executive financial capacity. He or she shall assist the Chairman of the Board and the Chief Executive Officer in the general supervision of the Corporation's financial policies and affairs.

SECTION 4.9 **Treasurer**. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board of Directors, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board of Directors. He or she shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 4.10 **Secretary**. The Secretary shall keep, or cause to be kept, in one or more books provided for that purpose, the minutes of all meetings of the Board of Directors, the committees of the Board of Directors and the stockholders; he or she shall see that all notices are duly given in accordance with the provisions of the Certificate of Incorporation, these By-Laws and as required by law; he or she shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he or she shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he or she shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 4.11 **Removal**. Any officer elected, or agent appointed, by the Board of Directors may be removed by the affirmative vote of a majority of the entire Board of Directors whenever, in their judgment, the best interests of the Corporation would be served thereby. Any officer or agent appointed by the Chairman of the Board or the Chief Executive Officer may be removed by him whenever, in his or her judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his or her successor or his or her death, resignation or removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

SECTION 4.12 **Vacancies**. Any newly created elected office and any vacancy in any elected office because of death, resignation or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors. Any vacancy in an office appointed by the Chairman of the Board or the Chief Executive Officer because of death, resignation or removal may be filled by the Chairman of the Board or the Chief Executive Officer.

ARTICLE V

STOCK

SECTION 5.1 **Stock Certificates and Transfers**. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe. Subject to the satisfaction of any additional requirements specified in the Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation by the holder thereof in person or by his or her attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require.

The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

SECTION 5.2 **Record Date**. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as described above; *provided, however,* that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 5.3 **Lost, Stolen or Destroyed Certificates**. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and

on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors, or any financial officer of the Corporation, may in its, or his or her, discretion require.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1 **Fiscal Year**. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

SECTION 6.2 **Dividends**. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation.

SECTION 6.3 **Seal**. The corporate seal shall have inscribed thereon the words "Corporate Seal," the year of incorporation and around the margin thereof the words "**[_____]**, Inc."

SECTION 6.4 **Facsimile Signatures**. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-Laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or any committee thereof.

SECTION 6.5 **Reliance upon Books, Reports and Records**. The Board of Directors, each committee thereof, each member of the Board of Directors and such committees and each officer of the Corporation shall, in the performance of its, his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or documents presented to it or them by any of the Corporation's officers or employees, by any committee of the Board of Directors or by any other person as to matters that the Board, such committee, such member or such officer reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 6.6 **Waiver of Notice**. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the General Corporation Law of the State of Delaware, the Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6.7 **Audits**. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant

selected by the Board of Directors, or a committee thereof, and it shall be the duty of the Board of Directors, or such committee, to cause such audit to be done annually.

SECTION 6.8 **Resignations**. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the Chief Executive Officer or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

SECTION 6.9 **Indemnification and Insurance**.

(A) Each person who was or is made a party, or is threatened to be made a party to, or is involved, in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, limited liability company, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; *provided, however*, that except as provided in paragraph (C) of this Section 6.9, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Section 6.9 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; *provided, however*, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it

shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section 6.9 or otherwise.

(B) To obtain indemnification under this Section 6.9, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this paragraph (B), a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting solely of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two (2) years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a "Change in Control," in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten (10) days after such determination.

(C) If a claim under paragraph (A) of this Section 6.9 is not paid in full by the Corporation within thirty (30) days after a written claim pursuant to paragraph (B) of this Section 6.9 has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct that makes it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to make a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(D) If a determination is made pursuant to paragraph (B) of this Section 6.9 that the claimant is entitled to indemnification, the Corporation shall be bound by such

determination in any judicial proceeding commenced pursuant to paragraph (C) of this Section 6.9.

(E) The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to paragraph (C) of this Section 6.9 that the procedures and presumptions of this Section 6.9 are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Section 6.9.

(F) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 6.9 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these By-Laws, any agreement or vote of stockholders or Disinterested Directors, or otherwise. No repeal or modification of this Section 6.9 shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(G) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (H) of this Section 6.9, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

(H) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Section 6.9 with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(I) If any provision or provisions of this Section 6.9 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Section 6.9 (including, without limitation, each portion of any paragraph of this Section 6.9 containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Section 6.9 (including, without limitation, each such portion of any paragraph of this Section 6.9 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(J) For purposes of this Section 6.9:

(1) "Change in Control" means any of the following events:

(i) The acquisition in one or more transactions by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act), other than the Clear Channel Entities, of beneficial ownership of shares representing at least a majority of the total voting power of the Voting Stock; or

(ii) Consummation by the Corporation, in a single transaction or series of related transactions, of (A) a merger or consolidation involving the Corporation if the stockholders of the Corporation immediately prior to such merger or consolidation do not own, directly or indirectly, immediately following such merger or consolidation, at least a majority of the total voting power of the outstanding voting securities of the entity resulting from such merger or consolidation or (B) a sale, conveyance, lease, license, exchange or transfer (for cash, shares of stock, securities or other consideration) of a majority or more of the assets or earning power of the Corporation.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to occur solely because a majority or more of the total voting power of the Voting Stock is acquired by (a) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Corporation or any of its subsidiaries or (b) any corporation that, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Corporation in the same proportion as their ownership of stock in the Corporation immediately prior to such acquisition.

(2) "Disinterested Director" means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(3) "Independent Counsel" means a law firm, a member of a law firm, or an independent legal practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under this Section 6.9.

(K) Any notice, request or other communication required or permitted to be given to the Corporation under this Section 6.9 shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary and shall be effective only upon receipt by the Secretary.

ARTICLE VII

CONTRACTS, PROXIES, ETC.

SECTION 7.1 **Contracts**. Except as otherwise required by law, the Certificate of Incorporation or these By-Laws, any contracts or other instruments may be executed and

delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time specify. Such authority may be general or confined to specific instances as the Board of Directors may determine. The Chairman of the Board, the Chief Executive Officer or such other persons as the Board of Directors may authorize may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the Chief Executive Officer or such other persons as the Board of Directors may authorize may delegate contractual powers to others under his or her jurisdiction, it being understood, however, that any such delegation of power shall not relieve such person of responsibility with respect to the exercise of such delegated power.

SECTION 7.2 **Proxies**. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes that the Corporation may be entitled to cast as the holder of stock or other securities in any other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed, in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

ARTICLE VIII

AMENDMENTS

SECTION 8.1 **Amendments**. These By-Laws may be altered, amended or repealed at any meeting of the Board of Directors or of the stockholders, provided that notice of the proposed change was given in the notice of the meeting; *provided, however,* that, in the case of amendments by the Board of Directors, notwithstanding any other provisions of these By-Laws or any provision of law that might otherwise permit a lesser vote or no vote, the affirmative vote of a majority of the members of the Board of Directors shall be required to alter, amend or repeal any provision of the By-Laws, or to adopt any new By-Law. Notwithstanding any other provision of these By-Laws or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Certificate of Incorporation or by a Certificate of Designations, the affirmative vote of the holders of a majority of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal any provision of the By-Laws, or to adopt any new By-Law; *provided, however,* that the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal, or adopt any By-Law inconsistent with, the following provisions of these By-Laws: Sections 2.1, 2.2, 2.4, 2.5, 2.6, 2.8, 2.9 and 2.11 of ARTICLE II; Sections 3.1, 3.2, 3.9 and 3.11 of ARTICLE III; Section 6.9 of ARTICLE VI; and this Section 8.1 of ARTICLE VIII, or in each case, any successor provision (including, without limitation, any such

article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other By-Law).

Exhibit 4.2

[CCE SPINCO], INC.

AND

THE BANK OF NEW YORK

Rights Agreement

Dated as of _____ __, 2005

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RIGHTS AGREEMENT

This Rights Agreement, dated as of _____ ___, 2005 (this "Agreement"), is by and between [CCE Spinco], Inc., a Delaware corporation (the "Company"), and The Bank of New York, as rights agent (the "Rights Agent").

The Board of Directors of the Company has authorized and declared a dividend of one preferred share purchase right (a "Right") for each whole share of Common Stock, $.01 par value per share, of the Company (the "Common Stock") outstanding as of the Close of Business on _____ ___, 2005 (the "Record Date"), each Right representing the right to purchase one one-hundredth of a Preferred Share (as hereinafter defined), upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right with respect to each share of Common Stock that becomes outstanding between the Record Date and the earliest of the Distribution Time, the Redemption Time and the Final Expiration Time (as such terms are hereinafter defined).

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" means any Person who or that becomes the Beneficial Owner of 15% or more of the shares of Common Stock then outstanding, but shall not include any Excluded Person.

Notwithstanding the foregoing, no Person shall become an "Acquiring Person" as the result of an acquisition of shares of Common Stock by the Company that, by reducing the number of shares of Common Stock outstanding, increases the proportionate number of shares of Common Stock Beneficially Owned by such Person to 15% or more of the shares of Common Stock then outstanding; *provided, however,* that, if a Person shall become the Beneficial Owner of 15% or more of the shares of Common Stock then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the Beneficial Owner of any additional shares of Common Stock, then such Person shall be deemed to be an "Acquiring Person."

Notwithstanding the foregoing, if (i) the Board of Directors of the Company determines in good faith that a Person has become an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a), inadvertently (including, without limitation, because (A) such Person was unaware that it Beneficially Owned a percentage of Common Stock that would cause such Person to be an "Acquiring Person" or (B) such Person was aware of the extent of its Beneficial Ownership of Common Stock but had no actual knowledge of the consequences of such Beneficial Ownership under this Agreement) and without any intention of changing control of the Company, (ii) such Person (or its Affiliates and Associates) divests a sufficient number of shares of Common Stock so that such Person would no longer be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a), and (iii) such determination is made and such divestment is completed prior to the time when the first

Right is distributed by the Rights Agent pursuant to Section 3(d), then such Person shall be deemed to not be an "Acquiring Person," and to never have become an "Acquiring Person," for all purposes of this Agreement (meaning, without limitation, that no Distribution Time shall occur and no adjustment pursuant to Section 11(a)(ii) or Section 13 shall be made in respect thereof); *provided, however,* that if such Person, after such determination and divestment, becomes the Beneficial Owner of 15% or more of the shares of Common Stock then outstanding by reason of becoming the Beneficial Owner of any additional shares of Common Stock, then such Person shall be deemed to be an "Acquiring Person" unless a subsequent such determination and divestment is made.

(b) "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act as in effect on the date of this Agreement.

(c) "Agreement" shall have the meaning set forth in the first paragraph hereof.

(d) "Associate," when used to indicate a relationship with any Person, means each, any and all of the following:

(i) any firm, corporation, limited liability company, partnership, joint venture, bank, trust or other entity of which such Person (A) is an officer or partner or (B) is, directly or indirectly, the Beneficial Owner of 10% or more of any class of equity securities; *provided, however,* that a firm, corporation, limited liability company, partnership, joint venture, bank, trust or other entity shall not be an "Associate" of a Person if such Person has reported Beneficial Ownership of the Common Stock of such firm, corporation, limited liability company, partnership, joint venture, bank, trust or other entity on Schedule 13G under the Exchange Act, but only if and for so long as: (1) such Person is the Beneficial Owner of less than 20% of such shares of Common Stock then outstanding, (2) such Person satisfies the criteria set forth in both Rule 13d-1(b)(1)(i) and Rule 13d-1(b)(1)(ii) of the General Rules and Regulations under the Exchange Act and (3) such Person has not reported and is not required to report such ownership on Schedule 13D under the Exchange Act;

(ii) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and

(iii) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

(e) A Person shall be deemed the "Beneficial Owner" of, to "Beneficially Own" and have "Beneficial Ownership" of, any securities:

(i) that such Person, or any of such Person's Affiliates or Associates, beneficially owns, directly or indirectly;

(ii) that such Person, or any of such Person's Affiliates or Associates, has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time or the satisfaction of other conditions) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and

selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; *provided, however,* that a Person shall not be deemed the Beneficial Owner of, to Beneficially Own, or have "Beneficial Ownership" of, any securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (B) the right to vote pursuant to any agreement, arrangement or understanding; *provided, however,* that a Person shall not be deemed the Beneficial Owner of, to Beneficially Own, or have "Beneficial Ownership" of, any security if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report under or pursuant to the federal securities laws); or

(iii) that are beneficially owned, directly or indirectly, by any other Person with which such Person, or any of such Person's Affiliates or Associates, has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring (except to the extent contemplated by the proviso to Section 1(d)(ii)(A)), holding, voting (except to the extent contemplated by the proviso to Section 1(d)(ii)(B)) or disposing of any securities of the Company.

Notwithstanding anything in this definition of "Beneficial Owner" to the contrary, the phrase "then outstanding," when used with reference to a Person's Beneficial Ownership of securities of the Company, means the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding that such Person would be deemed to own beneficially hereunder.

(f) "Business Day" means any day other than a Saturday, a Sunday, or a day on which banking institutions in the States of New York or Texas are authorized or obligated by law or executive order to close.

(g) "Close of Business," on any given day, means 5:00 P.M., local time in San Antonio, Texas, on such day; *provided, however,* that, if such day is not a Business Day, it shall mean 5:00 P.M., local time in San Antonio, Texas, on the next succeeding Business Day.

(h) "Common Stock" shall have the meaning set forth in the second paragraph hereof.

(i) "Company" shall have the meaning set forth in the first paragraph hereof.

(j) "Company Entity" means, as the context may require, each, any and all of the following:

(i) the Company;

(ii) any Subsidiary of the Company;

(iii) any employee benefit plan of the Company or of any Subsidiary of the Company; or

(iv) any entity holding shares of Common Stock for or pursuant to the terms of any such employee benefit plan.

(k) "Distribution Time" means the Close of Business on the earlier of the following dates (including any such date that is after the Record Date and prior to the issuance of the Rights):

(i) the tenth day after the first date of public announcement (which, for purposes of this definition, includes, without limitation, a report filed pursuant to Section 13(d) under the Exchange Act) by the Company or an Acquiring Person (or any Affiliate or Associate of an Acquiring Person) (A) that a Person has become an "Acquiring Person" for purposes of this Agreement or (B) of the facts relating to the Beneficial Ownership of any securities by any Person that caused any Person to become an "Acquiring Person" for purposes of this Agreement; and

(ii) the tenth Business Day (or such later date as may be determined by action of the Board of Directors of the Company prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than a Company Entity) of a tender or exchange offer, the consummation of which would result in any Person becoming an Acquiring Person.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Exchange Ratio" shall have the meaning set forth in Section 24(a).

(n) "Excluded Person" means, as the context may require, each, any and all of the following:

(i) each Company Entity; and

(ii) any Person who or that has reported Beneficial Ownership of Common Stock on Schedule 13G under the Exchange Act, but only if and for so long as: (A) such Person is the Beneficial Owner of less than 20% of the shares of Common Stock then outstanding, (B) such Person satisfies the criteria set forth in both Rule 13d-1(b)(1)(i) and Rule 13d-1(b)(1)(ii) of the General Rules and Regulations under the Exchange Act and (C) such Person has not reported and is not required to report such ownership on Schedule 13D under the Exchange Act.

(o) "Final Expiration Time" means the Close of Business on _____ ___, 2015.

(p) "Flip Over Event" means the occurrence of any one or more of the following events, directly or indirectly, at any time after a Person has become an Acquiring Person: (i) the Company consolidates with, or merges with and into, any other Person, (ii) any Person consolidates with the Company, or merges with and into the Company and the Company is the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the shares of Common Stock are changed into or exchanged for stock or other securities

of any other Person (or the Company) or cash or any other property, or (iii) the Company (or one or more of its Subsidiaries) sells or otherwise transfers, in one or more transactions, assets or earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any Person, other than a sale or transfer to the Company, to one or more of its wholly-owned Subsidiaries or to the Company and one or more of its wholly-owned Subsidiaries.

(q) "Flip Over Successor" means, as applicable, (i) the Person (which may be the Company) that is the issuer of the stock or other securities into which all or part of the shares of Common Stock are changed, or for which all or part of the shares of Common Stock are exchanged, in a merger or consolidation described in clause (i) of the definition of "Flip Over Event" or (ii) the Person to whom the assets or earning power of the Company (or one or more of its Subsidiaries) are sold or transferred in any one or more transactions described in clause (ii) of the definition of "Flip Over Event."

(r) "NYSE" means the New York Stock Exchange.

(s) "NASDAQ" means the National Association of Securities Dealers, Inc. Automated Quotation System.

(t) "Person" means any individual, firm, corporation, limited liability company, partnership, joint venture, bank, trust or other entity, and includes any successor (by merger or otherwise) of such entity.

(u) "Preferred Shares" means shares of Series A Junior Participating Preferred Stock, par value $.01 per share, of the Company having the rights and preferences set forth in the Form of Certificate of Designation attached to this Agreement as *Annex A*.

(v) "Purchase Price" shall have the meaning set forth in Section 3(d).

(w) "Reclassified Shares" shall have the meaning set forth in Section 11(a)(i).

(x) "Record Date" shall have the meaning set forth in the second paragraph hereof.

(y) "Redemption Price" shall have the meaning set forth in Section 23(a).

(z) "Redemption Time" means the time at which the Rights are redeemed as provided in Section 23.

(aa) "Reduced Threshold" shall have the meaning set forth in Section 27.

(bb) "Right" shall have the meaning set forth in the second paragraph hereof.

(cc) "Right Certificate" shall have the meaning set forth in Section 3(d).

(dd) "Rights Agent" shall have the meaning set forth in the first paragraph hereof.

(ee) "Security" shall have the meaning set forth in Section 11(d)(i).

(ff) "Subsidiary" of any Person means any corporation, limited liability company, partnership, joint venture, bank, trust or other entity of which a majority of the voting power of the voting equity securities or equity interests is owned, directly or indirectly, by such Person.

(gg) "Trading Day" shall have the meaning set forth in Section 11(d)(ii).

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the registered holders of the Rights (who, in accordance with Section 3(a), shall, prior to the Distribution Time, be the record holders of the shares of Common Stock) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

Section 3. Issue of Right Certificates.

(a) Until the Distribution Time, each Right shall be evidenced solely by the Common Stock certificate that, from time to time, represents the share of Common Stock upon which the dividend of such Right was declared and paid, and not by a separate Right Certificate, and such Right shall be registered in the name of the record holder of such Common Stock certificate. Until the Distribution Time, (i) each Right shall be transferable only in connection with the transfer of the share of Common Stock upon which the dividend of such Right was declared and paid and (ii) the surrender for transfer of the certificate evidencing such share of Common Stock, and evidencing such Right, shall also constitute the surrender for transfer of such Right. Any reference hereinafter to a Right that is "associated with" a share of Common Stock (or any similar reference) refers to the Right that (A) was declared and paid as a dividend on such share of Common Stock and (B) is evidenced by the Common Stock certificate that represents such share of Common Stock.

(b) All certificates for shares of Common Stock that are issued by the Company on or after the Record Date but prior to the earliest of the Distribution Time, the Redemption Time or the Final Expiration Time shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

> This certificate also evidences and entitles the record holder hereof to certain rights as set forth in a Rights Agreement between [CCE Spinco], Inc. and The Bank of New York, dated as of _____ ___, 2005, as it may be amended from time to time (the "Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of [CCE Spinco], Inc. Under certain circumstances, as set forth in the Agreement, such Rights (as defined in the Agreement) will be evidenced by separate certificates and will no longer be evidenced by this certificate. [CCE Spinco], Inc. will mail to the record holder of this certificate a copy of the Agreement without charge after receipt of a written request therefor. As set forth in the Agreement, Rights Beneficially Owned by any Person who becomes an Acquiring Person, or by any Affiliate or Associate of such Acquiring Person, become immediately null and void (all such capitalized terms having the meanings ascribed thereto in the Agreement).

(c) In the event that the Company purchases, acquires or redeems any shares of Common Stock after the Record Date but prior to the Distribution Time, any Rights associated with such shares of Common Stock shall be deemed cancelled and retired so that no Person shall be entitled to exercise any Rights associated with shares of Common Stock that are no longer outstanding.

(d) As soon as practicable after the Distribution Time, a Right Certificate, in the form described in Section 4 (a "Right Certificate"), shall be prepared, executed and countersigned in accordance with Section 5 and delivered by the Rights Agent to each record holder of shares of Common Stock as of the Distribution Time, each Right Certificate evidencing one Right for each share of Common Stock held of record by such record holder as of such time. From and after the Distribution Time, each Right shall be evidenced solely by a Right Certificate and shall not thereafter be evidenced by the certificate representing the share of Common Stock that was theretofore associated with such Right or by any other Common Stock certificate or otherwise. Subject to the provisions of Section 6, from and after the Distribution Time, the Rights, and the Right Certificates evidencing the Rights, shall be separately transferable without regard to the transfer of the share of Common Stock that was theretofore associated with such Right or the Common Stock certificate representing such share. Subject to the provisions of Section 7, each Right Certificate shall entitle the registered holder thereof to exercise the Rights represented thereby to purchase such number of one one-hundredths of a Preferred Share as shall be set forth therein at the price per one one-hundredth of a Preferred Share set forth therein (the "Purchase Price"), but the number and class of securities receivable upon exercise and the Purchase Price shall be subject to adjustment as provided herein.

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase Preferred Shares and of assignment to be printed on the reverse thereof) shall be substantially the same as *Annex B* hereto, and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any applicable rule or regulation made pursuant thereto or with any applicable rule or regulation of any stock exchange or the National Association of Securities Dealers, Inc., or to conform to usage.

Section 5. Countersignature and Registration. Each Right Certificate to be issued, or reissued, pursuant to this Agreement shall be executed on behalf of the Company by its Chairman of the Board, its Chief Executive Officer, its President, any of its Vice Presidents or its Treasurer, either manually or by facsimile signature, shall have affixed thereto the Company's seal (if any) or a facsimile thereof, and shall be attested by the Secretary or any Assistant Secretary of the Company, either manually or by facsimile signature. Each such Right Certificate shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who signs any of the Right Certificates ceases to be such officer of the Company before countersignature by the Rights Agent, such Right Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the individual who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any individual who, at the actual date of the execution of such Right Certificate, is a proper officer of the Company to sign such

Right Certificate, although any such individual was not such an officer at the date of the execution of this Agreement.

Following the Distribution Time, the Rights Agent shall keep or cause to be kept, at its office designated for such purposes, books or electronic records for registration of ownership and transfer of the Right Certificates issued hereunder. Such books or electronic records shall show the names and addresses of the respective registered holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Lost, Stolen, Destroyed or Mutilated Right Certificates .

(a) Subject to the provisions of Section 14(a), at any time and from time to time prior to the earlier of the Redemption Time and the Final Expiration Time, any Right Certificate may be transferred, split up, combined with or exchanged for another Right Certificate or Right Certificates evidencing, in the aggregate, a like number of Rights as the Right Certificate or Right Certificates surrendered; *provided*, *however*, that any such reissued Right Certificate or Right Certificates shall not evidence any Rights that have become null and void pursuant to Section 11(a)(ii) or that have been exchanged pursuant to Section 24. Any registered holder of a Right Certificate desiring to transfer, split up, combine or exchange such Right Certificate shall (i) properly complete and duly execute the certificate contained in the form of assignment on the reverse side of such Right Certificate, (ii) surrender such Right Certificate to the Rights Agent, at the office of the Rights Agent designated for such purpose, together with a written request specifying the transfer, split up, combination or exchange that such registered holder desires, (iii) pay, by certified check, cashier's check or money order payable to the order of the Company, an amount equal to any applicable transfer tax required to be paid by the registered holder of such Right Certificate in accordance with Section 9(b) and (iv) provide the Company and the Rights Agent with such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) of the Rights evidenced by such Right Certificate, or the Affiliates or Associates thereof, as the Company or the Rights Agent may reasonably request. Thereupon, the new Right Certificate or Right Certificates, as the case may be, to be issued upon such transfer, split up, combination or exchange shall be prepared, executed and countersigned in accordance with Section 5 and delivered by the Rights Agent to the Person or Persons entitled thereto, as so requested.

(b) Any time and from time to time prior to the earlier of the Redemption Time and the Final Expiration Time, any Right Certificate that is lost, stolen, destroyed or mutilated may be replaced by another Right Certificate of like tenor; *provided*, *however*, that any such replacement Right Certificate shall not evidence any Rights that have become null and void pursuant to Section 11(a)(ii) or that have been exchanged pursuant to Section 24. Any registered holder desiring to so replace any such Right Certificate shall deliver to the Rights Agent, at the office of the Rights Agent designated for such purpose, and the Company (i) evidence reasonably satisfactory to each of them of the loss, theft, destruction or mutilation of such Right Certificate, (ii) in case of loss, theft or destruction, such indemnity or security as may be reasonably satisfactory to each of them, (iii) in case of mutilation, the Right Certificate so mutilated (which shall thereupon be cancelled by the Rights Agent), (iv) at the Company's request, reimbursement

to the Company and the Rights Agent of all reasonable expenses incidental to the issuance of such replacement Right Certificate and (v) such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) of the Rights evidenced by such lost, stolen, destroyed or mutilated Right Certificate, or the Affiliates or Associates thereof, as the Company or the Rights Agent may reasonably request. Thereupon, the replacement Right Certificate shall be prepared, executed and countersigned in accordance with Section 5 and delivered by the Rights Agent to the registered holder thereof.

Section 7. Exercise of Rights; Purchase Price.

(a) At any time after the distribution of Right Certificates pursuant to Section 3(d) and prior to the earlier of the Redemption Time and the Final Expiration Time, any registered holder of a Right Certificate may exercise all or any portion of the Rights represented thereby other than Rights that have become null and void pursuant to Section 11(a)(ii) or that have been exchanged pursuant to Section 24. Any registered holder desiring to exercise all or any portion of the valid and exercisable Rights evidenced by any such Right Certificate shall (i) properly complete and duly execute the form of election to purchase on the reverse side of such Right Certificate, (ii) surrender such Right Certificate to the Rights Agent, at the office of the Rights Agent designated for such purpose, (iii) pay, by certified check, cashier's check or money order payable to the order of the Company, the Purchase Price for the securities as to which such Rights are being exercised together with an amount equal to any applicable transfer tax required to be paid by the registered holder of such Right Certificate in accordance with Section 9(b) and (iv) provide the Company and the Rights Agent with such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) of the Rights evidenced by such Right Certificate, or the Affiliates or Associates thereof, as the Company or the Rights Agent may reasonably request.

(b) The Purchase Price for each one one-hundredth of a Preferred Share purchasable pursuant to the exercise of a Right shall initially be $___, and shall be subject to adjustment from time to time as provided in Section 11 and 13, and shall be payable in lawful money of the United States of America in accordance with Section 7(c).

(c) Upon the full satisfaction by a registered holder of a Right Certificate of the requirements set forth in Section 7(a), the Rights Agent shall promptly (i) as appropriate, (A) requisition from any transfer agent of the Preferred Shares certificates for the number of Preferred Shares to be purchased, and the Company hereby irrevocably authorizes any such transfer agent to comply with all such requests, (B) requisition from the depositary agent depositary receipts representing such number of one one-hundredths of a Preferred Share as are to be purchased (in which case certificates for the Preferred Shares represented by such receipts shall be deposited by the transfer agent of the Preferred Shares with such depositary agent), and the Company hereby directs such depositary agent to comply with all such requests; or (C) requisition from any transfer agent of any other securities that may be issuable upon exercise of the Rights (pursuant to Section 11 or Section 13) certificates for the number of such securities to be purchased, and the Company hereby irrevocably authorizes any such transfer agent to comply with all such requests; (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14; (iii) promptly after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in the name of such Person

or Persons as may be designated by such holder; and (iv) promptly after receipt of such cash to be paid in lieu of issuance of fractional shares, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate.

(d) If the registered holder of any Right Certificate exercises less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be prepared, executed and countersigned in accordance with Section 5 and delivered by the Rights Agent to the registered holder thereof.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered to the Company or to any of its agents for the purpose of exercise, transfer, split up, combination, exchange or replacement shall be delivered to the Rights Agent for cancellation and all such Right Certificates surrendered to the Rights Agent in cancelled form shall be cancelled by it, and no Right Certificates shall be issued in substitution therefor except as expressly permitted by Section 6 or Section 7(d). The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company. The Rights Agent shall deliver all cancelled Right Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Right Certificates, and, in such case, shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation of Shares; Taxes.

(a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued Preferred Shares (or other securities issuable upon exercise of Rights), or Preferred Shares (or such other securities) held in its treasury, the number of Preferred Shares (or such other securities) that will be sufficient to permit the exercise in full of all outstanding Rights in accordance with Section 7. The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Preferred Shares or other securities delivered upon exercise of Rights shall, at the time of delivery of the certificates therefor (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

(b) The Company further covenants and agrees that it will pay, when due and payable, any and all federal and state transfer taxes and charges that may be payable in respect of the issuance or delivery of the Right Certificates following the Distribution Time or the issuance and delivery of the certificates or depositary receipts for Preferred Shares, or other securities or property, issuable upon exercise of the Rights. The Company shall not, however, be required to pay any transfer tax that may be payable in respect of any transfer or delivery of any such Right Certificate, certificate or depositary receipt for Preferred Shares or other security or property to, or in the name of, any Person other than the registered holder of the Right Certificate surrendered for such transfer or exercise. Until any such tax is paid to the Company (any such tax being payable by the registered holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due, the Company shall have no obligation to, and shall not, issue or deliver any such Right Certificate or any such certificates or depositary receipts for Preferred Shares or other securities or property issuable upon the exercise of any Rights.

Section 10. Shares Record Date. Each Person in whose name any certificate for Preferred Shares (or other securities for which the Rights may be exercisable) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Shares (or such other securities) represented thereby on, and such certificate shall be dated, the date on which the Right Certificate evidencing the Rights so exercised was duly surrendered and payment of the Purchase Price therefor (and any applicable transfer taxes) was made; *provided, however,* that, if the date of such surrender and payment is a date on which the stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the stock transfer books of the Company are open.

Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number and kind of shares of capital stock issuable upon the exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) If the Company, at any time after the Record Date, declares a dividend on the Preferred Shares payable in Preferred Shares or subdivides the outstanding Preferred Shares into a larger number of Preferred Shares, the Purchase Price shall be proportionately decreased and the number of Preferred Shares that shall be issued upon the exercise of a Right pursuant to Section 7 shall be proportionately increased. If the Company, at any time after the Record Date, combines the outstanding Preferred Shares into a small number of Preferred Shares, the Purchase Price shall be proportionately increased and the number of Preferred Shares that shall be issued upon the exercise of a Right pursuant to Section 7 shall be proportionately decreased. Such adjustments shall be effective as of the record date for any such dividend or as of the effective time of any such subdivision or combination.

If the Company, at any time after the Record Date, issues any shares of its capital stock in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), each Right shall thereafter entitle its holder to purchase (in lieu of Preferred Shares, or any fraction of a Preferred Share, or any other securities that such Right previously entitled its holder to purchase), upon the exercise of such right pursuant to Section 7, the number of such shares of capital stock issued in such reclassification as a holder of the number of Preferred Shares (or fraction of a Preferred Share) for which such Right entitled its holder to purchase immediately prior to such reclassification would have received in respect of such Preferred Shares in the reclassification (the "Reclassified Shares") and the Purchase Price payable for each such Reclassified Share, upon the exercise of a Right pursuant to Section 7, shall thereafter be adjusted to be an amount equal to the aggregate Purchase Price payable upon the full exercise of such Right immediately prior to such reclassification divided by the aggregate number of Reclassified Shares for which such Right entitles its holder to purchase immediately following such adjustment pursuant to this Section 11(a)(i).

Notwithstanding anything to the contrary in this Section 11(a)(i), in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon the exercise of one Right.

(ii) If, at any time after the Record Date, any Person becomes an Acquiring Person, each Right (other than a Right that has become null and void pursuant to the second paragraph hereof) shall thereafter entitle its holder to purchase (in lieu of Preferred Shares, or any fraction of a Preferred Share, or any other securities that such Right previously entitled its holder to purchase), upon the exercise of such right pursuant to Section 7, the number of shares of Common Stock that equals the result obtained by dividing (a) the aggregate Purchase Price payable upon the full exercise of such Right immediately prior to such Person becoming an Acquiring Person by (b) 50% of the current per share market price of the Common Stock (determined pursuant to Section 11(d)) on the date on which such Person became an Acquiring Person, and the Purchase Price payable for each such share of Common Stock, upon the exercise of a Right pursuant to Section 7, shall thereafter be adjusted to be an amount equal to the aggregate Purchase Price payable upon the full exercise of such Right immediately prior to such Person becoming an Acquiring Person divided by the aggregate number of shares of Common Stock for which such Right entitles its holder to purchase immediately following such adjustment pursuant to this Section 11(a)(ii). Except as otherwise provided in Section 23, in the event that any Person becomes an Acquiring Person and the Rights are then outstanding, the Company shall not take any action that would eliminate or diminish the benefits intended to be afforded by the Rights.

From and after the time that any Person becomes an Acquiring Person, all Rights that are Beneficially Owned, and all Rights that may thereafter be acquired or Beneficially Owned, by such Acquiring Person (or any Associate or Affiliate of such Acquiring Person) shall be null and void without any further action on the part of the Company or any other Person. Neither such Acquiring Person, nor any Associate or Affiliate of such Acquiring Person, nor any other subsequent holder of such nullified and voided Rights shall thereafter have any right to exercise such nullified and voided Rights under any provision of this Agreement. No Right Certificate shall be issued, or re-issued, pursuant to any provision of this Agreement evidencing any such nullified and voided Rights. The Rights Agent shall cancel any Right Certificate delivered to it for any purpose to the extent that such Right Certificate evidences such nullified and voided Rights. The Rights Agent shall cancel any Right Certificate delivered to it for transfer to the extent that the Rights evidenced thereby are requested to be transferred to any Acquiring Person (or any Associate or Affiliate of an Acquiring Person).

(iii) In the event that there are not sufficient shares of Common Stock issued that are either issued but not outstanding or authorized but not issued to permit the exercise in full of the Rights following any adjustment pursuant to Section 11(a)(ii), the Company shall take all such action as may be necessary to authorize such number of additional shares of Common Stock to provide for the full issuance of shares of Common Stock required to be issued upon the exercise of all of the Rights. In the event the Company, after good faith effort, is unable to take all such action as may be necessary to authorize such additional shares of Common Stock, the Company shall substitute, for each share of Common Stock that would otherwise be issuable upon exercise of a Right, such number of Preferred Shares (or such fraction of a Preferred Share) as shall have a current per share market price equal to the current per share market price of one share of Common Stock as of the date of issuance of such Preferred Shares (or such fraction of a Preferred Share).

(b) In case the Company fixes a record date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Shares (or shares having the same rights, privileges and preferences as the Preferred Shares ("equivalent preferred shares")) or securities convertible into Preferred Shares or equivalent preferred shares at a price per Preferred Share or equivalent preferred share (or having a conversion price per share, if a security convertible into Preferred Shares or equivalent preferred shares) less than the then current per share market price of the Preferred Shares (as defined in Section 11(d)) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares that the aggregate offering price of the total number of Preferred Shares and/or equivalent preferred shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or equivalent preferred shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); *provided, however,* that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights. Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and, in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price that would then be in effect if such record date had not been fixed.

(c) In case the Company fixes a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then-current per share market price of the Preferred Shares on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one Preferred Share and the denominator of which shall be such then-current per share market price of the Preferred Shares on such record date; *provided, however,* that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed;

and, in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price that would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, the "current per share market price" of any security (each, a "Security" for the purpose of this Section 11(d)), on any date shall be deemed to be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days immediately prior to such date.

In the event that (1) the current per share market price of any Security is determined following the announcement by the issuer of such Security of (x) a dividend or distribution on such Security payable in shares of such Security or Securities convertible into such shares or (y) any subdivision, combination or reclassification of such Security, and (2) the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, is a Trading Day on which the closing price per share of such Security is used for purposes of any calculation of "current per share market price" under this Section 11(d), then, and in each such case, the "current per share market price" shall be appropriately adjusted to reflect the current market price per share equivalent of such Security.

(ii) For any Trading Day, the closing price of a Security that is listed or admitted to trading on any national securities exchange shall be the last sale price, regular way, reported at or prior to 4:00 P.M. Eastern time on such Trading Day or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, reported as of 4:00 P.M. Eastern time on such Trading Day. Such last sale price or such closing bid and asked prices, as applicable, shall be (a) if the Security is listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system for the NYSE and (b) if the Security is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system for the principal national securities exchange on which the Security is listed or admitted to trading.

For any Trading Day, the closing price of a Security that is not listed or admitted to trading on any national securities exchange and that is quoted by NASDAQ, or such other system then in use, shall be the last quoted price reported at or prior to 4:00 P.M. Eastern time on such Trading Date by NASDAQ, or such other system, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, reported as of 4:00 P.M. Eastern time on such Trading Day by NASDAQ, or such other system.

For any Trading Day, the closing price of a Security that is neither listed or admitted to trading on any national securities exchange nor quoted by NASDAQ, or such other system then in use, shall be (x) the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security, such market maker as selected by the Board of Directors of the Company, or (y) if on any such date no such market maker is making a market in the Securities, the fair value of such Security on such date as determined in good faith by the Board of Directors of the Company.

The term "Trading Day" means a day on which the principal national securities exchange on which the Securities are listed or admitted to trading is open for the transaction of business,

or, if the Securities are not listed or admitted to trading on any national securities exchange, a Business Day.

(iii) If the Preferred Shares are publicly traded, the "current per share market price" of the Preferred Shares shall be determined in accordance with the method set forth in Section 11(d)(i) and Section 11(d)(ii).

If the Preferred Shares are not publicly traded, the "current per share market price" of the Preferred Shares shall be conclusively deemed to be the product of the current per share market price of the shares of Common Stock, as determined pursuant to Section 11(d)(i) and Section 11(d)(ii), multiplied by the Market Value Ratio. The "Market Value Ratio" shall initially be one hundred (100) and shall be adjusted, in the event that the Company at any time declares or pays any dividend on the Common Stock payable in shares of Common Stock, or effects a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, by multiplying the Market Value Ratio theretofore in effect by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

If neither the shares of Common Stock nor the Preferred Shares are publicly held or so listed or traded, "current per share market price" means the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; *provided, however,* that any adjustments that by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one one-millionth of a Preferred Share or one ten-thousandth of any other share or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction or event that requires such adjustment and (ii) the Expiration Time.

(f) If, as a result of an adjustment made pursuant to Section 11(a), the holder of any Right becomes entitled to receive, upon exercise of such Right, any shares of capital stock of the Company other than Preferred Shares (or a fraction of a Preferred Share), thereafter the number of such other shares so receivable upon exercise of such Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Shares contained in Section 11(a) through (c), inclusive, and the provisions of Sections 7, 9, 10 and 13 with respect to the Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company after any adjustment made to the Purchase Price hereunder, or after any adjustment in the number of one one-hundredths of a

Preferred Share or other securities issuable upon the exercise of the Rights, shall evidence the right to purchase, at the adjusted Purchase Price, such adjusted number of one one-hundredths of a Preferred Share or other securities that are purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Irrespective of any adjustment or change in the Purchase Price or in the number of one one-hundredths of a Preferred Share or other securities issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price and the number of one one-hundredths of a Preferred Share that were expressed in the initial Right Certificates issued hereunder.

(i) The Company may elect, on or after the date of any adjustment of the Purchase Price, to adjust the number of Rights in substitution for any adjustment in the number of one one-hundredths of a Preferred Share purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-hundredths of a Preferred Share for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein, and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Unless the Company exercises its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and Section 11(c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-hundredths of a Preferred Share (calculated to the nearest one one-millionth of a Preferred Share) obtained by (A) multiplying (x) the number of one one-hundredths of a share covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (B) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below the aggregate par value, if any, of the securities issuable upon the exercise of one Right, the Company shall take any corporate action that may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable Preferred Shares or other securities at such adjusted Purchase Price.

(l) In any case in which this Section 11 requires that an adjustment in the Purchase Price, or the number of one one-hundredths of a Preferred Share or other securities issuable upon the exercise of the Rights, be made effective as of a record date for a specified event, the Company may elect to defer, until the occurrence of the event requiring such adjustment, the issuance to the holder of any Right exercised after such record date of the number of one one-hundredths of a Preferred Share or other securities, if any, issuable upon such exercise over and above the number of one one-hundredths of a Preferred Share or other securities, if any, issuable upon such exercise immediately prior to such adjustment; *provided, however,* that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to reduce the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that the Company, in its sole discretion, determines is advisable such that any consolidation or subdivision of the Preferred Shares, issuance wholly for cash of any Preferred Shares at less than the current market price, issuance wholly for cash of Preferred Shares or securities that by their terms are convertible into or exchangeable for Preferred Shares, dividends on Preferred Shares payable in Preferred Shares or issuance of rights, options or warrants referred to in Section 11(b), hereafter made by the Company to holders of the Preferred Shares shall not be taxable to such stockholders.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made, or any event affecting the Rights or their exercisability (including, without limitation, any event that causes any Rights to become null and void) occurs, as provided in Section 11 or Section 13, the Company shall promptly (a) prepare a certificate setting forth such adjustment, if any, and a brief statement describing the facts accounting for any such adjustment or relating to any such event, (b) file a copy of such certificate with the Rights Agent, the Securities and Exchange Commission and each transfer agent for the shares of Common Stock, for the Preferred Shares and for any other class or series of securities that would be issuable upon any exercise of the Rights and (c) if such adjustment occurs at any time after the Distribution Time, mail a brief summary thereof to each registered holder of a Right Certificate in accordance with Section 25. Notwithstanding the foregoing sentence, the failure of the Company to prepare such certificate, to file such certificate as and when required or to provide a summary of such certificate to each registered holder of a Right Certificate shall not affect the validity of any such adjustment or the force or effect of the requirement for such adjustment or affect, or relieve any Person from, the consequences of any such event pursuant to the terms of this Agreement. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment or statement contained therein and shall have no duty or liability with respect to, and shall not be deemed to have knowledge of, such adjustment or event unless and until it receives such certificate.

Section 13. Flip Over Events. From and after the effective time of any Flip-Over Event, (a) each Right (other than a Right that has become null and void pursuant to Section 11(a)(ii) or that has been exchanged pursuant to Section 24) shall thereafter represent the right to purchase, when exercisable pursuant to Section 7 and upon payment of the aggregate Purchase Price theretofore payable upon the full exercise of such Right and in lieu of the number of Preferred Shares, or fraction of a Preferred Share, for which such Right was previously exercisable, such number of shares of Common Stock of the Flip Over Successor that equals the result obtained by dividing such aggregate Purchase Price by 50% of the current per share market price of the Common Stock of such Flip Over Successor (determined pursuant to Section 11(d)) on the date of consummation of the Flip Over Event; (b) the Flip Over Successor shall thereafter be liable for, and shall assume, by virtue of consummated such Flip Over Event, all the obligations and duties of the Company pursuant to this Agreement; (c) the term "Company" shall thereafter be deemed to refer to the Flip Over Successor; and (d) the Flip Over Successor shall take such actions (including, but not limited to, the reservation of a sufficient number of its shares of Common Stock in accordance with Section 9 and Section 11(f)) in connection with the consummation of such Flip Over Event as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of Common Stock of the Flip Over Successor thereafter deliverable upon the exercise of the Rights. The Company shall not consummate any Flip Over Event unless, prior thereto, the Company and the Person that becomes the Flip Over Successor have executed and delivered to the Rights Agent a supplemental agreement providing for, and legally binding such Flip Over Successor to take, the actions required by clause (d) of the preceding sentence. The Company shall not consummate any Flip Over Event (or enter into any binding agreement with respect thereto) at any time when rights, warrants, instruments or securities are outstanding, or any agreements or arrangements are in force, that would eliminate or substantially diminish the benefits intended to be afforded by the Rights upon the consummation of such Flip Over Event. The provisions of this Section 13 shall similarly apply to successive Flip Over Events.

Section 14. Fractional Rights and Fractional Shares.

(a) Each Right Certificate distributed by the Company, or re-issued by the Company pursuant to Section 6 or Section 7(d), shall evidence solely a whole Right or a whole number of Rights. In lieu of any fraction of a Right that would otherwise be evidenced by a Right Certificate, the Company shall pay to the registered holder of such Right Certificate an amount, in cash, equal to such fraction multiplied by the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights (as determined pursuant to Section 11(d)) for the Trading Day immediately prior to the date on which the Right Certificate that would otherwise have evidenced such fraction of a Right was issued.

(b) The number of Preferred Shares to be issued by the Company to any Person upon the exercise of any Rights, if not an integral multiple of one one-hundredth of a Preferred Share, shall be rounded down to the nearest one one-hundredth of a Preferred Share. In lieu of any fraction of a Preferred Share that would otherwise be issued by the Company upon the exercise of any Rights, the Company shall pay to the registered holder of the Right Certificate evidencing such Rights an amount, in cash, equal to such fraction multiplied by the current market value of a whole Preferred Share. For the purposes of this Section 14(b), the current market value of a

whole Preferred Share shall be the closing price of a whole Preferred Share (as determined pursuant to Section 11(d)) for the Trading Day immediately prior to the date of such exercise.

(c) Fractions of Preferred Shares in integral multiples of one one-hundredth of a Preferred Share may, at the election of the Company, be evidenced by depositary receipts pursuant to an appropriate agreement between the Company and a depositary selected by it; provided that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as Beneficial Owners of the Preferred Shares represented by such depositary receipts.

(d) The holder of a Right, by the acceptance of such Right, expressly waives such holder's right to receive a Right Certificate evidencing any fraction of a Right or a fraction of a Preferred Share, other than an integral multiple of one one-hundredth of a Preferred Share, upon the exercise of any Right.

Section 15. Rights of Action. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent hereunder, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Time, the respective record holders of the shares of Common Stock). Any registered holder of a Right Certificate (or, prior to the Distribution Time, any record holder of a share of Common Stock), without the consent of the Rights Agent or any other registered holder of a Right Certificate (or, prior to the Distribution Time, any other record holder of a share of Common Stock), may, on such holder's own behalf and for such holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company or the Rights Agent to enforce, or otherwise act in respect of, such holder's right to exercise the Rights (whether or not then exercisable) evidenced by such Right Certificate (or, prior to the Distribution Time, by such share of Common Stock) in the manner provided in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, the Company and the Rights Agent specifically acknowledge that each holder of Rights would not have an adequate remedy at law for any breach by the Company or the Rights Agent of this Agreement, and shall be entitled to specific performance of the obligations of the Company and the Rights Agents under this Agreement, and injunctive relief against actual or threatened violations thereof.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Time, the Rights will be transferable only in connection with the transfer of the respective shares of Common Stock to which they are associated;

(b) after the Distribution Time, the Rights will be represented solely by Right Certificates and such Right Certificates will be transferable only on the registry books of the Rights Agent and only following full compliance by the registered holder thereof with the provisions of Section 6(a); and

(c) the Company and the Rights Agent may deem and treat the registered holder of any Right Certificate (or, prior to the Distribution Time, any certificate representing a share of

Common Stock) as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or other writing on any such Right Certificate or Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Rights Holder Not Deemed a Stockholder. No holder of any Right or Rights (whether evidenced by a Right Certificate or, prior to the Distribution Time, a certificate representing shares of Common Stock), as such, shall be entitled to vote, receive dividends or be deemed for any purpose to be the holder of the Preferred Shares or any other securities of the Company that may at any time be issuable upon the exercise of such Right or Rights, nor shall anything contained herein or in any Right Certificate be construed to confer upon any such holder of any Right or Rights, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25), or to receive dividends or subscription rights, or otherwise, until such Right or Rights have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder, and, on demand of the Rights Agent from time to time, its reasonable expenses, counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company agrees to also indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense incurred by the Rights Agent, without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted to be done by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim made hereunder or with respect hereto.

The Rights Agent shall be protected and shall incur no liability for, or in respect of any action taken, suffered or omitted to be taken by it in connection with, its administration of this Agreement in reliance upon any Right Certificate, certificate for the Preferred Shares, Common Stock or other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons, or otherwise upon the advice of counsel as set forth in Section 20.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any Person succeeding to the stock transfer business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such Person is then eligible for appointment as a successor Rights Agent under the provisions of Section 21. In case at the time such successor

Rights Agent succeeds to the agency created by this Agreement, any of the Right Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and, in case at that time any of the Right Certificates have not been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in its own name as the successor Rights Agent; and, in all such cases, such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement. In case at any time the name of the Rights Agent is changed, any of the Right Certificates have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver such Right Certificates so countersigned; and, in case at that time any of the Right Certificates have not been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and, in all such cases, such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes to perform only the duties and obligations expressly imposed by this Agreement (and no implied duties or obligations) and only upon the following terms and conditions, by all of which the Company and the holders of Rights, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted to be taken by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to the Rights Agent taking, suffering to be taken or omitting to take any action hereunder, such fact or matter (unless other evidence in respect thereof is herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent to take, suffer to be taken or omit to take such action under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except the countersignature by the Rights Agent thereof); nor shall it be responsible for any breach by the

Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii)) or any adjustment in the terms of the Rights (including the form by which the Rights are evidenced, the manner or method of exercising the Rights, the exercise price thereof, or the securities or other property for which the Rights may be exercised or for which they may be redeemed or into which they may be exchanged, as the case may be) provided for in Sections 3, 11, 13, 23 or 24, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after receipt by the Rights Agent of a certificate furnished pursuant to Section 12 describing such change or adjustment, upon which the Rights Agent may rely); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares (or, if applicable, shares of Common Stock or other securities) to be issued pursuant to this Agreement or any Right Certificate or as to whether any Preferred Shares (or, if applicable, shares of Common Stock or other securities) will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken, suffered or omitted to be taken by the Rights Agent under this Agreement and the date on and/or after which such action shall be taken or suffered or such omission shall be effective. The Rights Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any officer of the Company actually receives such application, unless any such officer consents in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent receives written instructions in response to such application reasonably specifying the action to be taken, suffered or omitted.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided that reasonable care was exercised in the selection and continued employment thereof.

(j) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise, transfer, split up, combination or exchange, the registered holder thereof fails to properly complete and duly exercise the form of election to purchase or the form of assignment on the reverse side of such Right Certificate or such registered holder fails to comply in any other respect with the requirements set forth in Section 7 with respect to the exercise of Rights or the requirements set forth in Section 6 with respect to the transfer, split up, combination, exchange or replacement of Right Certificates, the Rights Agent shall not take any further action with respect to such request for exercise, transfer, split up, combination, exchange or replacement, without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign, and be discharged from its duties under this Agreement, upon 30 days' prior notice in writing mailed to the Company and to each transfer agent for the shares of Common Stock, for the Preferred Shares and for any other class or series of securities that would be issuable upon any exercise of the Rights by registered or certified mail, and to each holder of a Right by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' prior notice in writing, mailed to the Rights Agent or any such successor Rights Agent, as the case may be, and to each transfer agent for the shares of Common Stock, for the Preferred Shares and for any other class or series of securities that would be issuable upon any exercise of the Rights by registered or certified mail, and to each holder of a Right by first-class mail. If the Rights Agent resigns or is removed or otherwise becomes incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company fails to make such appointment within 30 days after giving the Rights Agent notice of such removal or after the Company has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by any holder of a Right (which registered holder shall, with such notice, submit all Right Certificates held by such holder (or, prior to the Distribution Time, all certificates representing shares of Common Stock held by such holder)) for inspection by the Company), then any holder of a Right may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a (i) Person organized, in good standing and doing business under the laws of the United States or any state of the United States that is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and that has, at the time of its appointment as Rights Agent, a combined capital and surplus of at least $50 million or (ii) an Affiliate of such Person. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent

and each transfer agent for the shares of Common Stock, for the Preferred Shares and for any other class or series of securities that would be issuable upon any exercise of the Rights, and mail a notice thereof in writing to each holder of a Right. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by the Board of Directors of the Company to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement.

Section 23. Redemption.

(a) The Board of Directors of the Company may, at its option, at any time prior to the Distribution Time, redeem all, but not less than all, of the then outstanding Rights at a redemption price of $.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"). The redemption of the Rights by the Board of Directors of the Company may be made effective at such time, on such basis and with such conditions as the Board of Directors of the Company, in its sole discretion, may establish.

(b) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights pursuant to Section 23(a), and without any further action and without any notice, the right to exercise the Rights shall terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; *provided, however,* that the failure to give, or any defect in, such notice shall not affect the legality or validity of such redemption. Within 10 days after such action of the Board of Directors of the Company ordering the redemption of the Rights, the Company shall mail a notice of redemption to all of the holders of the then outstanding Rights. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than (i) as specifically set forth in this Section 23 or in Section 24, or (ii) as a consequence of the purchase, prior to the Distribution Time, of shares of Common Stock associated with such Rights.

Section 24. Exchange.

(a) Subject to the applicable laws, rules and regulations, and subject to Section 24(c) below, the Company may, at its option, by action of the Board of Directors, at any time after any Person becomes an Acquiring Person, exchange all or any portion of the then outstanding and exercisable Rights (which shall not include Rights that have become null and void pursuant to the provisions of Section 11(a)(ii)) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any adjustment in the number of Rights pursuant to Section 11(i) (such exchange ratio being hereinafter referred to as

the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors of the Company shall not be empowered to effect any such exchange at any time after any Person (other than a Company Entity), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the shares of Common Stock then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to Section 24(a), and without any further action and without any notice, the right to exercise the Rights that are to be exchanged shall terminate and the only right thereafter of the holders of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company promptly shall give public notice of any such exchange and the Company promptly shall mail a notice of any such exchange to all of the holders of such Rights; *provided*, *however*, that the failure of the Company to promptly give, or any defect in, any such notice shall not affect the legality or validity of such exchange. Each such notice of exchange mailed to the holders of such Rights will state the method by which the exchange of the shares of Common Stock for Rights will be effected, and, in the event of any partial exchange, the percentage of the total Rights, and the number of such holder's Rights, that will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights that have become null and void pursuant to the provisions of Section 11(a)(ii)) held by each holder of Rights.

(c) In the event that there are not sufficient shares of Common Stock that are either issued but not outstanding or authorized but not issued to permit the exchange of all of the Rights ordered by the Board of Directors to be exchanged in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize such number of additional shares of Common Stock to provide for the full issuance of shares of Common Stock required to be issued upon exchange of such Rights. In the event the Company, after good faith effort, is unable to take all such action as may be necessary to authorize such additional shares of Common Stock, the Company shall substitute, for each share of Common Stock that would otherwise be issuable upon exchange of a Right, such number of Preferred Shares (or such fraction of a Preferred Share) as shall have a current per share market price equal to the current per share market price of one share of Common Stock as of the date of issuance of such Preferred Shares (or such fraction of a Preferred Share).

(d) The Company shall not be required to issue fractions of a share of Common Stock upon any exchange of the Rights, or to distribute certificates that evidence fractional shares of Common Stock. In lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of the Rights with regard to which such fractional shares of Common Stock would otherwise be issuable at the time such Rights are exchanged as herein provided an amount in cash equal to the same fraction of the current market value of a whole share of Common Stock. For the purposes of this Section 24(d), the current market value of a whole share of Common Stock shall be the closing price of a share of Common Stock (as determined pursuant to Section 11(d)) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

Section 25. Notice of Certain Events.

(a) In case the Company, at any time after the Distribution Time, proposes to (i) pay any dividend payable in stock of any class to the holders of the Preferred Shares or to make any other distribution to the holders of the Preferred Shares (other than a regular quarterly cash dividend), (ii) offer to the holders of the Preferred Shares rights or warrants to subscribe for or to purchase any additional Preferred Shares or shares of stock of any class or any other securities, rights or options, (iii) effect any reclassification of the Preferred Shares (other than a reclassification involving only the subdivision of outstanding Preferred Shares), (iv) effect any consolidation or merger into or with, or effect any sale or other transfer (or permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, (v) effect the liquidation, dissolution or winding up of the Company, or (vi) declare or pay any dividend on the shares of Common Stock payable in shares of Common Stock or to effect a subdivision, combination or consolidation of the shares of Common Stock (by reclassification or otherwise than by payment of dividends in shares of Common Stock), then, in each such case, the Company shall give to each registered holder of a Right Certificate, in accordance with Section 26, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the shares of Common Stock and/or Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 20 days prior to the record date for determining holders of the Preferred Shares for purposes of such action, and, in the case of any such other action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the shares of Common Stock and/or Preferred Shares, whichever is earlier.

(b) In case the event set forth in Section 11(a)(ii) occurs, the Company shall, as soon as practicable thereafter, give to the Rights Agent and to each registered holder of a Right Certificate, in accordance with Section 26, a notice of the occurrence of such event, which notice shall describe such event and the consequences of such event to holders of Rights under Section 11(a)(ii).

Section 26. Notices. Except as otherwise provided in Section 21, all notices and demands authorized by this Agreement to be given or made by the Rights Agent or the holder of any Right to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing by the Company with the Rights Agent) or by facsimile transmission as follows:

[CCE Spinco], Inc.

_____

Houston, Texas ___
Attention: Corporate Secretary
Facsimile No.: (___) ___-___

Except as otherwise provided in Section 21, all notices and demands authorized by this Agreement to be given or made by the Company or the holder of any Right to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing by the Rights Agent with the Company) or by facsimile transmission as follows:

_____

_____

_____

Facsimile No.: (___) ___-___
Attention:_____

with a copy to:

_____

_____

_____

Facsimile No.: (___) ___-___
Attention: _____

Notices, demands or certificates (including Right Certificates) authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right (whether as the record holder of a share of Common Stock prior to the Distribution Time or as the registered holder of a Right Certificate from and after the Distribution Time) shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at their last addresses as they appear upon the registry books of the Rights Agent (or, if prior to the Distribution Time or in connection with the distribution of Right Certificates immediately following the Distribution Time, at their last addresses as they appear upon the registry books of the transfer agent for the shares of Common Stock). Any notice that is mailed to a holder of a Right in the manner herein provided shall be deemed given, whether or not such holder actually receives such notice.

Section 27. Supplements and Amendments. The Company may from time to time supplement or amend this Agreement without the approval of any holder of Rights, subject to the other terms and conditions of this Agreement, in order to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provision or provisions herein, to shorten or lengthen any time period hereunder or to make, amend or delete any other provisions with respect to the Rights that the Company may deem necessary or desirable, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent; *provided, however,* that, from and after such time as any Person becomes an Acquiring Person, this Agreement shall not be amended in any manner that would adversely affect the interests of the holders of Rights. Without limiting the foregoing, the Company may, at any time prior to such time as any Person becomes an Acquiring Person, amend this Agreement to (A) make the provisions of this Agreement inapplicable to a particular transaction by which a Person would otherwise become an Acquiring Person or to otherwise alter the terms and conditions of this Agreement as they may apply with respect to any such transaction, or (B) lower the thresholds set forth in Section 1(a) and Section 3(a) to not less than

10% or more of the shares of Common Stock then outstanding (the "Reduced Threshold"); *provided, however,* that no Person who Beneficially Owns a number of shares of Common Stock equal to or greater than the Reduced Threshold shall become an Acquiring Person because of such Amendment unless such Person, after the public announcement of the Reduced Threshold, purchases one or more additional shares of Common Stock such that its Beneficial Ownership of the then outstanding shares of Common Stock is equal to or greater than the greater of (x) the Reduced Threshold or (y) the lowest Beneficial Ownership of such Person as a percentage of the shares of Common Stock outstanding as of any date on or after the date of the public announcement of such Reduced Threshold. Upon delivery of a certificate from an appropriate officer of the Company and, if requested by the Rights Agent, an opinion of counsel, that states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment. Notwithstanding anything contained in this Agreement to the contrary, the Rights Agent may, but shall not be obligated to, enter into any supplement or amendment that affects the Rights Agent's own rights, duties, obligations or immunities under this Agreement. Prior to the Distribution Time, the interests of the holders of the Rights shall be deemed coincident with the interests of the holders of Common Stock.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Time, the record holders of shares of Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Time, the record holders of shares of Common Stock).

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 31. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such state applicable to contracts to be made and performed entirely within such state.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings; References. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the

meaning or construction of any of the provisions hereof. Except as otherwise specifically provided, any reference to any section or annex will be deemed to refer to such section of or annex to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and attested, all as of the day and year first above written.

Attest:

By: _____
Name:
Title:

[CCE SPINCO], INC.

By: _____
Name:
Title:

Attest:

By: _____
Name:
Title:

_____

By: _____
Name:
Title:

Exhibit 4.3

Annex A

CERTIFICATE OF DESIGNATION

OF

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

OF

[CCE SPINCO], INC.

(Pursuant to Section 151 of the Delaware General Corporation Law)

[CCE Spinco], Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that, as required by Section 151 of the General Corporation Law, the following resolution was adopted on _____ ___, 2005, by the Board of Directors of the Corporation.

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock, par value $.01 per share, of the Corporation (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be _____. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value $.01 per share, of the Corporation, and of any other junior stock, shall

be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation at any time declares or pays any dividend on the Common Stock payable in shares of Common Stock, or effects a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation at any time declares or pays any dividend on the Common Stock payable in shares of Common Stock, or effects a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding are paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem,

purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, determines in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation at any time declares or pays any dividend on the Common Stock payable in shares of Common Stock, or effects a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event

and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation at any time enters into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation at any time declares or pays any dividend on the Common Stock payable in shares of Common Stock, or effects a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner that would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Chairman of the Board and attested by its Secretary this ___ day of ___, 2005.

Attest:

Secretary:	Chairman of the Board

Exhibit 4.4

Annex B

Form of Right Certificate

Certificate No. R-_____ **_____Rights**

NOT EXERCISABLE AFTER _____ __, 2015 OR EARLIER IF

REDEMPTION OR EXCHANGE OCCURS. THE RIGHTS ARE

SUBJECT TO REDEMPTION AT $.01 PER RIGHT AND TO EXCHANGE

ON THE TERMS SET FORTH IN THE AGREEMENT.

Right Certificate

[CCE SPINCO], INC.

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Agreement, dated as of _____ ___, 2005 (the "Agreement"), between [CCE Spinco], Inc., a Delaware corporation (the "Company"), and The Bank of New York (the "Rights Agent"), to purchase from the Company at any time after the Distribution Time (as such term is defined in the Agreement) and prior to 5:00 P.M., local time in San Antonio, Texas, on ___ ___, 2015 at the office of the Rights Agent designated for such purpose, or at the office of its successor as Rights Agent, one one-hundredth of a fully paid non-assessable share of Series A Junior Participating Preferred Stock, par value $.01 per share, of the Company (the "Preferred Shares"), at a purchase price of $ per one one-hundredth of a Preferred Share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase, properly completed and duly executed. The number of Rights evidenced by this Right Certificate (and the number of one one-hundredths of a Preferred Share that may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are such number and Purchase Price as of _____ ___, 20___, based on the Preferred Shares as constituted at such date. As provided in the Agreement, the Purchase Price and the number and type of securities that may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Agreement are on file at the principal executive offices of the Company and the offices of the Rights Agent.

This Right Certificate, with or without other Right Certificates, upon surrender at the office of the Rights Agent designated for such purpose, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Preferred Shares as the Rights evidenced by the Right Certificate or Right Certificates surrendered entitle such holder to purchase. If this Right

Certificate is exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Agreement, the Rights evidenced by this Right Certificate (i) may be redeemed by the Company at a redemption price of $.01 per Right or (ii) may be exchanged in whole or in part for Preferred Shares or shares of the Company's Common Stock, par value $.01 per share.

No fractional Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions that are integral multiples of one one-hundredth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts), but, in lieu thereof, a cash payment will be made, as provided in the Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company that may at any time be issuable on the exercise hereof, nor shall anything contained in the Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate have been exercised as provided in the Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____ ___, 20___.

ATTEST:

By: _____
Name:
Title:

[CCE SPINCO], INC.

By: _____
Name:
Title:

Countersigned:

_____

By: _____
Name:
Title:

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

_____

_____

(Please print name and address of transferee)

_____

_____

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated:_____

_____

Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) that is a participant in the Securities Transfer Agents Medallion Program ("STAMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP"), or the Stock Exchanges Medallion Program ("SEMP") and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not Beneficially Owned by an Acquiring Person (as such terms are defined in the Agreement).

_____

Signature

Form of Reverse Side of Right Certificate – continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise Rights represented by the Right Certificate.)

To: [CCE SPINCO], INC.

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the Preferred Shares or other securities then issuable upon the exercise of such Rights and requests that certificates for such Preferred Shares or such other securities be issued in the name of:

Please insert social security
or other identifying number

(Please print name and address)

If such number of Rights are not all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security
or other identifying number

(Please print name and address)

Dated:_____

_____
Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) that is a participant in the Securities Transfer Agents Medallion Program ("STAMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP"), or the Stock Exchanges Medallion Program ("SEMP") and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not Beneficially Owned by an Acquiring Person (as defined in the Agreement).

_____

Signature

NOTICE

The signature in the Form of Assignment or Form of Election to Purchase, as the case may be, must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, the Company and the Rights Agent will deem the Beneficial Owner of the Rights evidenced by this Right Certificate to be an Acquiring Person (as defined in the Agreement) and such Assignment or Election to Purchase will not be honored.

Exhibit 10.1

TRANSITION SERVICES AGREEMENT

DATED [_____], 2005

BETWEEN

CLEAR CHANNEL MANAGEMENT SERVICES, L.P.

AND

CCE SPINCO, INC.

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated to be effective as of **[_____]**, 2005 (this "Agreement"), is made by and between Clear Channel Management Services, L.P., a Texas limited partnership ("Management Services"), and _____, Inc., a Delaware corporation ("Entertainment"). Management Services is indirectly wholly-owned by Clear Channel Communications, Inc., a Texas corporation ("CCU"), and as of the date hereof, Entertainment is a wholly-owned subsidiary of CCU. Certain capitalized terms used in this Agreement are defined in Section 1.1 and the definitions of the other capitalized terms used in this Agreement are cross-referenced in Section 1.2.

W I T N E S S E T H:

WHEREAS, CCU and Entertainment have entered into a Master Separation and Distribution Agreement, dated as of [_____], 2005 (the "Master Agreement"), pursuant to which, among other things, CCU will separate its live entertainment and related businesses and operations from the other businesses and operations of CCU by contributing, assigning and transferring such businesses, operations and related assets and liabilities to Entertainment and its Subsidiaries, as set forth in the Master Agreement;

WHEREAS, after the separation of the live entertainment and related businesses and operations from CCU by contribution, transfer and assignment to the Entertainment Group, CCU intends to divest its ownership interest in Entertainment through a distribution of such outstanding shares of Entertainment common stock to the shareholders of CCU, without any consideration being paid by the CCU shareholders;

WHEREAS, after such separation and distribution, both Entertainment and CCU desire for Management Services to provide certain transition administrative and support services to the Entertainment Group in accordance with the terms and subject to the conditions set forth herein, and Management Services desires to provide, or cause to be provided by other members of the CCU Group, such transition services and assistance to the Entertainment Group; and

WHEREAS, because of the parent-subsidiary relationships among CCU, Entertainment and Management Services, the terms and conditions set forth herein have not resulted from arms length negotiations between the parties, and accordingly, such terms may be in some respects less favorable to Entertainment than those it could obtain from unaffiliated third parties;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Defined Terms.

The following capitalized terms used in this Agreement will have the meanings set forth below:

"Information Systems" means computing, telecommunications or other digital operating or processing systems or environments, including, without limitation, computer programs, data, databases, computers, computer libraries, communications equipment, networks and systems. When referenced in connection with Services, Information Systems will mean the Information Systems accessed and/or used in connection with the Services.

"Intellectual Property" means all of the following, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction: (i) patents, patent applications (along with all patents issuing thereon), statutory invention registrations, divisions, continuations, continuations-in-part, substitute applications of the foregoing and any extensions, reissues, restorations and reexaminations thereof, and all rights therein provided by international treaties or conventions; (ii) copyrights, mask work rights, database rights and design rights, whether or not registered, published or unpublished, and registrations and applications for registration thereof, and all rights therein whether provided by international treaties or conventions or otherwise; (iii) trademarks, service marks, trade dress, logos and other identifiers of source, including all goodwill associated therewith and all common law rights, registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing; (iv) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations and URLs; (v) trade secrets; (vi) intellectual property rights arising from or in respect of Technology; and (vii) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) through (vi) above.

"Provider" means Management Services or another member of the CCU Group that is providing a Service pursuant to this Agreement.

"Recipient" means Entertainment or another member of the Entertainment Group to whom a Service pursuant to this Agreement is being provided.

"Representative" of a Person means any director, officer, employee, agent, consultant, accountant, auditor, financing source, attorney, investment banker or other representative of such Person.

"Service Termination Date" means the effective date of the termination of this Agreement pursuant to Section 8.1 or such earlier scheduled termination date as may be specified in Schedules A and B in respect of any specified Service.

"Software" means the object and source code versions of computer programs and any associated documentation therefor.

"Tax Matters Agreement" means the Tax Matters Agreement entered into pursuant to the Master Agreement and in substantially the form of Exhibit B to the Master Agreement.

"Technology" means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, know-how, software, programs, models, routines, confidential and proprietary information, databases, tools, inventions, invention disclosures, creations, improvements, works of authorship, and all recordings, graphs, drawings, reports, analyses, other writings, and any other embodiment of the above, in any form, whether or not specifically listed herein.

Section 1.2 Other Terms.

For purposes of this Agreement, the following terms have the meanings set forth in the sections or agreements indicated.

Term	Section
Affiliate	Master Agreement
Agreement	Preamble
Breaching Party	Section 8.1(b)
CCU	Preamble
CCU Confidential Information	Master Agreement
CCU Group	Master Agreement
CCU Services Manager	Section 2.3
Consents	Section 4.2
Conversion Costs	Section 4.3
Distribution Date	Master Agreement
Electronic Materials	Section 2.2(c)
Entertainment	Preamble
Entertainment Business	Master Agreement
Entertainment Confidential Information	Master Agreement
Entertainment Group	Master Agreement
Entertainment Services Manager	Section 2.3
Force Majeure	Master Agreement
Groups	Master Agreement
Laws	Master Agreement
Liabilities	Master Agreement
Management Services	Preamble
Master Agreement	Recitals
Non-Breaching Party	Section 8.1(b)
Other Costs	Section 4.1(a)
Person	Master Agreement
Provider Indemnified Party	Section 6.1
Recipient Indemnified Party	Section 6.2
Service Charges	Section 4.1(a)
Services	Section 2.1(a)
Standard for Services	Section 5.1
Substitute Services	Section 2.1(a)
Taxes	Master Agreement

ARTICLE II
SERVICES AND TERMS

Section 2.1 Services; Scope.

(a) During the period commencing on the Distribution Date and continuing until the earlier of the termination of this Agreement or an individual Service pursuant to Section 8.1, subject to the terms and conditions set forth in this Agreement, Management Services will provide, or will cause to be provided to the Entertainment Group, finance, information technology, human resources and legal services and other general services of an administrative and/or advisory nature with respect to the Entertainment Business, as set forth on Schedules A and B (collectively, the "Services"), and Entertainment will, and will cause the other members of the Entertainment Group to, utilize such Services in the conduct of their respective businesses. The "Services" also will include (1) any Services to be provided by the CCU Group to the Entertainment Group as agreed pursuant to Section 9.3(a), and (2) any Substitute Service; provided, however, that (i) the scope of each Service will be substantially the same as the scope of such service provided by the CCU Group to the Entertainment Group on the last day prior to the Distribution in the ordinary course; (ii) the use of each Service by the Entertainment Group will include use by the Entertainment Group's contractors in substantially the same manner as used by the contractors of the Entertainment Group prior to the Distribution; and (iii) nothing in this Agreement will require that any Service be provided other than for use in, or in connection with the Entertainment Business. Nothing in the preceding sentence or elsewhere in this Agreement will be deemed to restrict or otherwise limit the volume or quantity of any Service, provided, that, certain volume or quantity changes with respect to a Service may require the parties to negotiate in good faith and use their commercially reasonable efforts to agree upon a price change with respect to such Service. If, for any reason, Management Services is unable to provide any Service pursuant to the terms of this Agreement, Management Services will provide to the Entertainment Group a substantially equivalent service (a "Substitute Service") at or below the cost for the substituted Service as set forth in Schedules A and B and otherwise in accordance with the terms of this Agreement, including the Standard for Services.

(b) The Services will include, and the Service Charges reflect charges for, such maintenance, support, error correction, training, updates and enhancements normally and customarily provided by CCU Group members to other CCU Group members that receive such services. If Entertainment requests that Management Services provide a custom modification in connection with any Service, Entertainment will be responsible for the cost of such custom modification. The Services will include all functions, responsibilities, activities and tasks, and the materials, documentation, resources, rights and licenses to be used, granted or provided by the CCU Group that are not specifically described in this Agreement as a part of the Services, but are incidental to, and would normally be considered an inherent part of, or necessary subpart included within, the Services or are otherwise necessary for the CCU Group to provide, or the Entertainment Group to receive, the Services.

(c) This Agreement will not assign any rights to Technology or Intellectual Property between the parties, other than as specifically set forth herein. Any upgrades, updates or other modifications to Software or other electronic content made available or delivered to the Entertainment Group pursuant to this Agreement will be deemed to be Intellectual Property of

the CCU Group and licensed to the Entertainment Group, notwithstanding that such upgrades, updates or other modifications (i) were not used, held for use or contemplated to be used by the Entertainment Group as of the Distribution Date, (ii) were not controlled by any member of the CCU Group as of the Distribution Date, or (iii) may constitute improvements made after the Distribution Date.

(d) Throughout the term of this Agreement, the Provider and the Recipient of any Service will cooperate with one another and use their good faith, commercially reasonable efforts to effect the efficient, timely and seamless provision and receipt of such Service.

(e) Any Software delivered by a Provider hereunder will be delivered, at the election of the Provider, either (i) with the assistance of the Provider, through electronic transmission or downloaded by the Recipient from the applicable intranet, or (ii) by installation by the Provider on the relevant equipment, with retention by the Provider of all tangible media on which such Software resides. The Provider and the Recipient acknowledge and agree that no tangible medium containing such Software (including any enhancements, upgrades or updates) will be transferred to the Recipient at any time for any reason under the terms of this Agreement, and that the Provider will, at all times, retain possession and control of any such tangible medium used or consumed by the Provider in the performance of this Agreement. Each party will comply with all reasonable security measures implemented by the other party in connection with the delivery of Software.

Section 2.2 Support Services.

During the term of this Agreement, Management Services will provide, or will cause to be provided, the following support, which support will be in addition to the Services described in Schedules A and B, at charges to be mutually agreed to by the CCU Services Manager and the Entertainment Services Manager, plus out-of-pocket costs and expenses incurred in connection with such support services:

(a) Management Services will provide, or will cause to be provided, current and reasonably available historical data related to the Services as reasonably required by Entertainment in a manner and within a time period as mutually agreed by the parties;

(b) Management Services will make the Services reasonably available to the Entertainment Group employees and contractors whose assistance, expertise or presence is necessary to assist the Entertainment Group's transition team in establishing a fully functioning stand-alone environment for the Entertainment Business prior to the Service Termination Date; and

(c) with respect to any Software or other electronic content ("Electronic Materials") licensed to any member of the Entertainment Group and used to provide a Service, Management Services will make available or deliver to the appropriate member of the Entertainment Group a copy of such Software or Electronic Materials that are in existence and current as of the Service Termination Date for such Service, including any upgrades, updates and other modifications made to such Software and Electronic Materials since the Distribution Date. Any upgrades, updates or other modifications to Software and Electronic Materials made available or delivered

to the Entertainment Group pursuant to this Section 2.2(c) will be deemed to be Intellectual Property of the CCU Group and licensed to the Entertainment Group, notwithstanding that such upgrades, updates or other modifications (i) were not used, held for use or contemplated to be used by the Entertainment Group as of the Distribution Date, (ii) were not controlled by any member of the CCU Group as of the Distribution Date, or (iii) may constitute improvements made after the Distribution Date.

Section 2.3 Services Managers.

Management Services will designate a dedicated services account manager (the "CCU Services Manager") who will be directly responsible for coordinating and managing the delivery of the Services and will have authority to act on the CCU Group's behalf with respect to the Services. Entertainment will designate a dedicated services account manager (the "Entertainment Services Manager") who will be directly responsible for coordinating and managing the receipt of the Services by the Entertainment Group and will have authority to act on the Entertainment Group's behalf with respect to the Services. The CCU Services Manager and the Entertainment Services Manager will work together to address the parties' relationship and issues under this Agreement.

Section 2.4 Performance and Receipt of Services.

Each of Management Services and Entertainment will, and will cause its respective Groups to, comply with the following provisions with respect to the Services:

(a) Each Provider and Recipient will at all times comply with its own then in-force security guidelines and policies applicable to the performance, access and/or use of the Services and Information Systems.

(b) Each Provider and Recipient will take commercially reasonable measures to ensure that no computer viruses or similar items are coded or introduced into the Services or Information Systems. If a computer virus is found to have been introduced into the Services or Information Systems, the parties hereto will use their commercially reasonable efforts to cooperate and to diligently work together to eliminate the effects of such computer virus.

(c) Each Provider and Recipient will exercise reasonable care in providing and receiving the Services to (i) prevent access to the Services or Information Systems by unauthorized Persons, and (ii) not damage, disrupt or interrupt the Services or Information Systems.

Section 2.5 WARRANTIES.

THIS IS A SERVICE AGREEMENT. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, THERE ARE NO EXPRESS WARRANTIES OR GUARANTIES, AND THERE ARE NO IMPLIED WARRANTIES OR GUARANTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE III
ADDITIONAL AGREEMENTS

Section 3.1 Leases.

(a) Management Services and Entertainment agree that each lease or sublease listed on Schedule C, pursuant to which any member of the Entertainment Group leases or subleases real property from any member of the CCU Group, will remain in full force and effect pursuant to its terms unless otherwise agreed to in writing by the parties.

(b) Management Services and Entertainment agree that each lease or sublease listed on Schedule D, pursuant to which any member of the CCU Group leases or subleases real property from any member of the Entertainment Group, will remain in full force and effect pursuant to its terms unless otherwise agreed to in writing by the parties.

Section 3.2 Computer-Based Resources.

(a) Management Services and Entertainment agree that after the Distribution Date, the Entertainment Group will not have access to all or any part of the Information Systems of the CCU Group, except to the extent necessary for the Entertainment Group to receive the Services (subject to the Entertainment Group complying with all reasonable security measures implemented by the CCU Group as deemed necessary by the CCU Group to protect its Information Systems; provided, that, the Entertainment Group has had a commercially reasonable period of time in which to comply with such security measures).

(b) Management Services and Entertainment agree that after the Distribution Date, the CCU Group will not have access to all or any part of the Information Systems of the Entertainment Group, except to the extent necessary for the CCU Group to perform the Services (subject to the CCU Group complying with all reasonable security measures implemented by the Entertainment Group as deemed necessary by the Entertainment Group to protect its Information Systems; provided, that, the CCU Group has had a commercially reasonable period of time in which to comply with such security measures).

Section 3.3 Access.

Entertainment will allow the CCU Group and its Representatives reasonable access to the facilities of the Entertainment Group necessary for the performance of the Services and to enable the CCU Group to fulfill its obligations under this Agreement.

ARTICLE IV
COSTS AND DISBURSEMENTS; PAYMENTS

Section 4.1 Service Charges.

(a) Schedules A and B set forth with respect to each Service a description of the charges for such Service or the basis for the determination thereof (the "Service Charges"). Further, in connection with performance of the Services, the Provider will make payments for the benefit of, and on behalf of, the Recipient and will incur out-of-pocket costs and expenses

(collectively, the "Other Costs"), which will be reimbursed to the Provider by the Recipient; provided, that, any Other Costs will only be payable by the Recipient if it receives from the Provider reasonably detailed data and other documentation sufficient to support the calculation of amounts due to the Provider as a result of such Other Costs.

(b) The Provider will deliver an invoice to the Recipient on a monthly basis (or at such other frequency as is set forth in the applicable Schedule A or B) in arrears for the Service Charges and any Other Costs. The Recipient will pay the amount of such invoice to the Provider in U.S. dollars within 30 days of the date of such invoice, provided, that, to the extent consistent with past practice with respect to Services rendered outside the United States, payments may be made in local currency. If the Recipient fails to pay such amount (excluding any amount contested in good faith) by such date, the Recipient will be obligated to pay to the Provider, in addition to the amount due, interest on such amount at the lesser of (i) the three month London Interbank Offered Rate (LIBOR) plus 100 basis points or (ii) the maximum rate of interest allowed by applicable law, from the date the payment was due through the date of payment. As soon as practicable after receipt by the Provider of any reasonable written request by the Recipient, the Provider will provide the Recipient with reasonably detailed data and documentation sufficient to support the calculation of any amount due to the Provider under this Agreement for the purpose of verifying the accuracy of such calculation. If, after reviewing such data and documentation, the Recipient disputes the Provider's calculation of any amount due to the Provider, then the dispute will be resolved pursuant to Section 7.2.

Section 4.2 Consents.

Management Services and Entertainment acknowledge and agree that certain Software and other licenses, consents, approvals, notices, registrations, recordings, filings and other actions (collectively, "Consents") may be required by Management Services, Entertainment or members of their respective Groups in connection with the provision of the Services. With respect to each Service, the Recipient will, after consultation with the Provider, either directly pay the out-of-pocket expenses incurred to obtain, perform or otherwise satisfy each such Consent or after any such Consent is obtained, performed or otherwise satisfied, reimburse the Provider for all actual, out-of-pocket costs incurred by the Provider and related to such Consent. Prior to payment of, or reimbursement for, such out-of-pocket expenses, the Provider will provide the Recipient with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the out-of-pocket expenses for which the Provider is seeking payment or reimbursement. Upon receipt of such invoice and data and documentation, the Recipient will either pay the amount of such invoice directly in accordance with its general payment terms with vendors or reimburse the Provider for its payment of the invoice within 30 days of the date of its receipt of such invoice. If the Recipient disputes the invoiced amount, then the parties will work together to resolve such dispute. If the parties are unable to resolve such dispute, the dispute will be resolved pursuant to Section 7.2. Management Services and Entertainment acknowledge and agree that no prior approval of the Recipient will be required for the Provider to seek any reimbursement pursuant to this Section 4.2.

Section 4.3 Conversion Costs.

Management Services and Entertainment acknowledge and agree that in connection with the implementation, provision, receipt and transition of the Services, there will be certain nonrecurring, out-of-pocket conversion costs incurred by Management Services, Entertainment and their respective Groups ("Conversion Costs"). With respect to each Service, the Recipient of the Service will either reimburse the Provider as incurred for all actual, out-of-pocket Conversion Costs incurred by the Provider and related to such Service or, after consultation with the Provider, pay such Conversion Costs directly on an as-incurred basis, in either case regardless of whether the Recipient replaces such Service with the same application, system, vendor or other means of effecting the Service. Prior to payment of, or reimbursement for, such actual out-of-pocket Conversion Costs, the Provider will provide the Recipient with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the out-of-pocket expenses for which the Provider is seeking payment or reimbursement. Upon receipt of such invoice and data and documentation, the Recipient will either pay the amount of such invoice directly in accordance with its general payment terms with vendors or reimburse the Provider for its payment of the invoice within 30 days of the date of its receipt of such invoice. If the Recipient disputes the invoiced amount, then the dispute will be resolved pursuant to Section 7.2. Management Services and Entertainment acknowledge and agree that no prior approval will be required from the Recipient for the Provider to seek any reimbursement for Conversion Costs pursuant to this Section 4.3.

ARTICLE V
STANDARD FOR SERVICE; COMPLIANCE WITH LAWS

Section 5.1 Standard for Service.

Except as otherwise provided in this Agreement (including in Schedules A and B), Management Services agrees that the Provider will perform the Services such that the nature, quality, standard of care and the service levels at which such Services are performed are no less than the nature, quality, standard of care and service levels at which the substantially same services were provided to the members of the Entertainment Group by or on behalf of the Provider on the last day prior to the Distribution Date in the ordinary course (the "Standard for Services").

Section 5.2 Compliance with Laws.

Each of Management Services and Entertainment will be responsible for its, and its respective Group's, compliance with any and all Laws applicable to its performance under this Agreement; provided, however, that each of Management Services and Entertainment will, subject to reimbursement of out-of-pocket expenses by the requesting party, use commercially reasonable efforts to cooperate and provide the other party with all reasonably requested assistance (including, without limitation, the execution of documents and the provision of relevant information) to ensure compliance with all applicable Laws in connection with any regulatory action, requirement, inquiry or examination related to this Agreement or the Services.

ARTICLE VI
INDEMNIFICATION; LIMITATION ON LIABILITY

Section 6.1 Limited Liability of a Provider.

Notwithstanding the provisions of Section 5.1, none of Management Services, any other member of the CCU Group, their respective Affiliates or any of their respective directors, officers or employees, or any of the heirs, executors, successors or assigns of any of the foregoing (each, a "Provider Indemnified Party"), will have any liability in contract, tort or otherwise, including for any such party's ordinary or contributory negligence, to the Recipient or its Affiliates or Representatives for or in connection with (i) any Services rendered or to be rendered by any Provider Indemnified Party pursuant to this Agreement, (ii) the transactions contemplated by this Agreement, or (iii) any Provider Indemnified Party's actions or inactions in connection with any such Services or transactions; provided, however, that such limitation on liability will not extend to or otherwise limit any Liabilities that have resulted directly from such Provider Indemnified Party's (a) gross negligence or willful misconduct, (b) improper use or disclosure of information of, or regarding, a customer or potential customer of a Recipient Indemnified Party, or (c) violation of applicable Law.

Section 6.2 Indemnification by Each Provider.

Management Services will, and will cause each Provider to, indemnify, defend and hold harmless each relevant Recipient and each of its Subsidiaries and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (each, a "Recipient Indemnified Party"), from and against any and all Liabilities of the Recipient Indemnified Parties relating to, arising out of, or resulting from (a) the gross negligence or willful misconduct of a Provider Indemnified Party in connection with such Provider Indemnified Party's provision of the Services, (b) the improper use or improper disclosure of information of, or regarding, a customer or potential customer of a Recipient Indemnified Party in connection with the transactions contemplated by this Agreement or such Provider Indemnified Party's provision of the Services, or (c) any violation of applicable Law by a Provider Indemnified Party in connection with the transactions contemplated by this Agreement or such Provider Indemnified Party's provision of the Services; provided, that, the aggregate liability of the CCU Group as Providers pursuant to this Article VI will in no event exceed an amount equal to the aggregate payments made by the Recipients to the Providers for Services pursuant to this Agreement for the 12 month period preceding the date of such event giving rise to indemnification hereunder.

Section 6.3 Indemnification by Each Recipient.

Entertainment will, and will cause each member of the Entertainment Group to, indemnify, defend and hold harmless each relevant Provider Indemnified Party from and against any and all Liabilities of the Provider Indemnified Parties relating to, arising out of, or resulting from the provision of the Services by any Provider or any of its Affiliates, except for (a) any Liabilities that result from a Provider Indemnified Party's gross negligence in connection with the provision of the Services, or (b) any Liabilities that result from a Provider Indemnified Party's material breach of this Agreement.

Section 6.4 Indemnification Matters; Exclusivity.

The indemnification provisions set forth in Sections 6.5 through 6.7 of the Master Agreement are hereby incorporated into, and made a part of, this Article VI and as otherwise applicable to this Agreement. The provisions of this Article VI will constitute the sole and exclusive remedy for Liabilities arising under this Agreement.

Section 6.5 Limitation on Liability.

Notwithstanding any other provision contained in this Agreement, Entertainment and Management Services agree on their behalf, and on behalf of their respective Groups, that no member of the CCU Group on the one hand, and no member of the Entertainment Group, on the other hand, will be liable to any member of the other Group, whether based on contract, tort (including negligence), warranty or any other legal or equitable grounds, for any special, indirect, punitive, incidental or consequential losses, damages or expenses of the other Group, including, without limitation, loss of data, loss of profits, interest or revenue, or use or interruption of business, arising from any claim relating to breach of this Agreement or otherwise relating to any of the Services provided hereunder. For clarification purposes only, the parties hereto agree that the limitation on liability contained in this Section 6.5 will not apply to (a) damages awarded to a third party pursuant to a third party claim for which a Provider is required to indemnify, defend and hold harmless any Recipient Indemnified Party under Section 6.2; and (b) damages awarded to a third party pursuant to a third party claim for which a Recipient is required to indemnify, defend and hold harmless any Provider Indemnified Party under Section 6.3.

Section 6.6 Liability for Payment Obligations.

Nothing in this Article VI will be deemed to eliminate or limit, in any respect, any member of the CCU Group's or any member of the Entertainment Group's express obligation in this Agreement to pay or reimburse, as applicable, for (a) Service Charges; (b) Other Costs; (c) amounts payable or reimbursable with respect to any custom modification provided pursuant to Section 2.1(b); (d) any amounts payable or reimbursable pursuant to the terms of the leases referred to in Section 3.1; (e) any amounts payable or reimbursable in respect of Consents pursuant to Section 4.2; (f) amounts payable or reimbursable in respect of Conversion Costs pursuant to Section 4.3; (g) amounts payable or reimbursable pursuant to Section 5.2 with respect to compliance with Laws; (h) amounts payable or reimbursable pursuant to Section 9.3(b) with respect to books and records; and (i) amounts payable or reimbursable pursuant to Section 9.6 with respect to Taxes.

ARTICLE VII
DISPUTE RESOLUTION

Section 7.1 Applicable Law.

This Agreement will be governed by, and construed and interpreted in accordance with, the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might require the application of the laws of another jurisdiction.

Section 7.2 Dispute Resolution.

To the extent not resolved through discussions between the CCU Services Manager and the Entertainment Services Manager, any dispute, controversy or claim arising out of, or relating to, this Agreement will be resolved in accordance with Article VIII of the Master Agreement, which dispute resolution provisions are hereby incorporated into, and made a part of, this Section 7.2.

ARTICLE VIII
TERMINATION

Section 8.1 Termination.

(a) This Agreement will terminate on the first date on which neither Management Services nor any other member of the CCU Group has any further obligations to provide any Services pursuant to this Agreement; provided, however, this Agreement may be terminated earlier in accordance with any of the following:

(i) upon mutual written agreement of Management Services and Entertainment;

(ii) by either Entertainment or Management Services, upon written notice to the other party, if such other party receiving notice has become insolvent or made an assignment for the benefit of creditors, or was placed in receivorship, reorganization, liquidation or bankruptcy;

(iii) by Management Services, upon written notice to Entertainment, if, for any reason, the ownership or control of Entertainment or any of Entertainment's operations, becomes vested in, or is made subject to the control or direction of, any direct competitor of CCU; or

(iv) by Entertainment, upon written notice to Management Services, if for any reason, the ownership or control of CCU or any of CCU's operations becomes vested in, or is made subject to the control or direction of, any direct competitor of Entertainment.

(b) The applicable scheduled termination dates for specific Services are set forth in Schedule A and B, and Entertainment may not terminate any such individual Service, in whole or in part, prior to the applicable scheduled termination date except (i) with the prior written consent of Management Services or (ii) with respect to Services described on Schedule A only, by providing Management Services with prior written notice specifying the effective date of termination (A) at least 120 days prior to the effective date of termination with respect to "Payroll Tax Management" and "Corporate Tax" Services, each as described on Schedule A, and (B) at least 90 days prior to the effective date of termination of any other Service described on Schedule A. Notwithstanding the foregoing, either Entertainment or Management Services (the "Non-Breaching Party") may terminate this Agreement with respect to any individual Service, in whole but not in part, at any time upon prior written notice by the Non-Breaching Party to the other party (the "Breaching Party") if the Breaching Party (including any member of its respective Group) has failed to perform any of its material obligations under this Agreement relating to such particular Service, and such failure will have continued without cure for a period

of 60 days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party seeking to terminate such Service; provided, however, that no Service may be so terminated until the parties have completed the dispute resolution process set forth in Section 7.2 with respect to such Service. Management Services and Entertainment may otherwise from time to time mutually agree to terminate any individual Service, in whole but not in part, provided, that, any such agreement to terminate a Service will comply with Section 9.10 and include all terms and conditions applicable to termination of the Service to be terminated. Any such termination of an individual Service will not in any way affect the obligations of the party terminating such Service to continue to receive all other Services not so terminated and to continue to provide Services as required by this Agreement.

(c) In addition to and not in limitation of the rights and obligations set forth inSections 2.1(d) and 2.2(b), upon the request of the Recipient of a Service, the Provider of such Service will cooperate with the Recipient and use its good faith, commercially reasonable efforts to assist the transition of such Service to the Recipient (or Affiliate of the Recipient or such third-party vendor designated by the Recipient) by the Service Termination Date for such Service.

Section 8.2 Effect of Termination.

Upon termination or expiration of any Service pursuant to this Agreement, the relevant Provider will have no further obligation to provide the terminated Service, and the relevant Recipient will have no obligation to pay any future Service Charges or Other Costs relating to any such Service (other than for or in respect of Services provided in accordance with the terms of this Agreement and received by such Recipient prior to such termination). Upon termination of this Agreement in accordance with its terms, no Provider will have any further obligation to provide any Service, and no Recipient will have any obligation to pay any Service Charges or Other Costs relating to any Service or make any other payments under this Agreement (other than for or in respect of Services received by such Recipient prior to such termination).

Section 8.3 Survival.

Each of Section 3.1 (Leases), Section 3.2 (Computer-Based Resources), Article IV (Costs and Disbursements), Article VI (Indemnification; Limitation on Liability), Article VII (Dispute Resolution), Section 8.2 (Effect of Termination), this Section 8.3 (Survival), and Article IX (General Provisions) will survive the expiration or other termination of this Agreement and remain in full force and effect.

Section 8.4 Force Majeure.

No party hereto (or any member of its Group or any other Person acting on its behalf) will have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A party claiming the benefit of this provision will, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other party of the nature and

extent of any such Force Majeure condition, and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

ARTICLE IX
GENERAL PROVISIONS

Section 9.1 Independent Contractors.

In providing Services hereunder, the Provider will act solely as independent contractor and nothing in this Agreement will constitute or be construed to be or create a partnership, joint venture, or principal/agent relationship between the Provider, on the one hand, and the Recipient, on the other. All Persons employed by the Provider in the performance of its obligations under this Agreement will be the sole responsibility of the Provider.

Section 9.2 Subcontractors.

Any Provider may hire or engage one or more subcontractors to perform any or all of its Services; provided, that, Management Services will in all cases remain responsible for all its obligations under this Agreement, including, without limitation, with respect to the scope of the Services, the Standard for Services and the content of the Services provided to the Recipient. Under no circumstances will any Recipient be responsible for making any payments directly to any subcontractor engaged by a Provider.

Section 9.3 Additional Services; Books and Records.

(a) If, during the term of this Agreement, a party hereto identifies a need for additional or other transition services to be provided by or on behalf of Management Services, the parties hereto agree to negotiate in good faith to provide such requested services (provided that such services are of a type generally provided by the CCU Group at such time) and the applicable service fees, payment procedures, and other rights and obligations with respect thereto. To the extent practicable, such additional or other services will be provided on terms substantially similar to those applicable to Services of similar types and otherwise on terms consistent with those contained in this Agreement.

(b) All books, records and data maintained by a Provider for a Recipient with respect to the provision of a Service will be the exclusive property of such Recipient. The Recipient, at its sole cost and expense, will have the right to inspect, and make copies of, any such books, records and data during regular business hours upon reasonable advance notice to the Provider. At the sole cost and expense of the Provider, upon termination of the provision of any Service, the relevant books, records and data relating to such terminated Service will be delivered by the Provider to the Recipient in a mutually agreed upon format to the address of Entertainment set forth in Section 9.5 or any other mutually agreed upon location; provided, however, that the Provider will be entitled to retain one copy of all such books, records and data relating to such terminated Service for archival purposes and for purposes of responding to any dispute that may arise with respect thereto.

Section 9.4 Confidential Information.

Entertainment agrees to, and will cause the other members of the Entertainment Group to, maintain and safeguard all the CCU Confidential Information pursuant to Section 7.2 of the Master Agreement and Management Services agrees to, and will cause the other members of the CCU Group to, maintain and safeguard all Entertainment Confidential Information pursuant to Section 7.2 of the Master Agreement, and each party hereto agrees that Section 7.2 of the Master Agreement is hereby incorporated by reference into, and made a part of, this Agreement.

Section 9.5 Notices.

All notices, requests, claims, demands and other communications under this Agreement will be in writing and will be given or made (and will be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as will be specified in a notice given in accordance with this Section 9.5):

If to any member of the CCU Group:

Clear Channel Management Services, LP

_____

_____

Attention: _____

Facsimile: _____

If to any member of the Entertainment Group:

_____,Inc.

_____

_____

Attention: _____

Facsimile: _____

Section 9.6 Taxes.

Except as otherwise specifically provided for in the Tax Matters Agreement:

(a) Each party will be responsible for any personal property Taxes on property it owns or leases, for franchise and privilege Taxes on its business, and for Taxes based on its net income or gross receipts.

(b) Each Recipient may report and (as appropriate) pay any sales, use, excise, value-added, services, consumption, and other Taxes directly if the Recipient provides the applicable Provider with a direct pay or exemption certificate.

(c) A Provider will promptly notify the applicable Recipient of, and coordinate with the Recipient the response to and settlement of, any claim for Taxes asserted by applicable taxing authorities for which the Recipient is alleged to be financially responsible hereunder.

(d) Each Recipient will be entitled to receive and to retain any refund of Taxes paid to a Provider related to the provision of Services pursuant to this Agreement. In the event a Provider receives a refund of any such Taxes paid by a Recipient to the Provider, the Provider will promptly pay, or cause the payment of, such refund to the Recipient.

(e) Each of the parties hereto agrees that if reasonably requested by the other party, it will cooperate with such other party to enable the accurate determination of such other party's Tax liability and assist such other party in minimizing its Tax liability to the extent legally permissible. The Provider's invoices will separately state the amounts of any Taxes the Provider is proposing to collect from the Recipient.

Section 9.7 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 9.8 Entire Agreement.

Except as otherwise expressly provided in this Agreement, this Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the parties hereto with respect to the subject matter of this Agreement. The Schedules and Recitals to this Agreement are hereby incorporated by reference into and made part of this Agreement for all purposes.

Section 9.9 Assignment; No Third-Party Beneficiaries.

This Agreement will not be assigned by any party hereto without the prior written consent of the other party hereto; provided, however, Management Services may assign this Agreement in connection with a merger, consolidation, reorganization, sale of all or substantially all of its assets or similar transaction within the CCU Group whether or not Management Services is the surviving entity. Except as provided in Article VI with respect to Provider Indemnified Parties and Recipient Indemnified Parties, this Agreement is for the sole benefit of the parties to this Agreement, the members of their respective Groups and their permitted

successors and assigns and nothing in this Agreement, express or implied, is intended to or will confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. Entertainment will cause each member of the Entertainment Group receiving Services hereunder as a Recipient to abide by the terms and conditions of this Agreement, and Management Services will cause each member of the CCU Group providing Services hereunder as a Provider to abide by the terms and conditions of this Agreement

Section 9.10 Amendment.

No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties to such agreement. No waiver by any party of any provision hereof will be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by either party hereto of a breach of any provision of this Agreement will not operate or be construed as a waiver of any other subsequent breach.

Section 9.11 Rules of Construction.

(a) Interpretation of this Agreement will be governed by the following rules of construction: (i) words in the singular will be held to include the plural and vice versa and words of one gender will be held to include the other gender as the context requires, (ii) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified, (iii) the word "including" and words of similar import will mean "including, without limitation," (iv) provisions will apply, when appropriate, to successive events and transactions, (v) the headings contained herein are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement, (vi) the recitals are and (vii) this Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

(b) Unless specifically stated in the Master Agreement that a particular provision of the Master Agreement should be given effect in lieu of a conflicting provision in this Agreement, to the extent that any provision contained in this Agreement conflicts with, or cannot logically be read in accordance with, any provision of the Master Agreement, the provision contained in this Agreement will prevail.

(c) Unless specifically stated in Schedules A and B, to the extent that any provision contained in this Agreement conflicts with, or cannot logically be read in accordance with, any provision set forth in Schedules A and B, the provision contained in such Schedule A or B will prevail.

Section 9.12 Counterparts.

This Agreement may be executed in one or more counterparts, and by the different parties to each such agreement in separate counterparts, each of which when executed will be deemed to be an original but all of which taken together will constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by

facsimile or electronic mail will be as effective as delivery of a manually executed counterpart of any such Agreement.

Section 9.13 No Right to Set-Off.

Entertainment will, and will cause each other Recipient to, pay the full amount of costs and disbursements, including Other Costs, incurred under this Agreement, and will not set-off, counterclaim or otherwise withhold any other amount owed to a Provider on account of any obligation owed by a Provider to the Recipient.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the parties have caused this Transition Services Agreement to be executed to be effective on the date first written above by their respective duly authorized officers.

CLEAR CHANNEL MANAGEMENT SERVICES, LP

By: _____
its General Partner

By: _____
Name: _____
Title: _____

_____ **, INC.**

By: _____
Name: _____
Title: _____

SCHEDULES

Schedule A	Short Term Service Periods (under 12 months) Services
Schedule B	Long Term Service Periods (over 12 months) Services
Schedule C	Leased Facilities (CCU Group as Lessor)
Schedule D	Leased Facilities (Entertainment Group as Lessor)

Exhibit 10.3

EMPLOYEE MATTERS AGREEMENT

This Employee Matters Agreement, dated as of _____ ___, 2005, is between Clear Channel Communications, Inc. ("Clear Channel"), a Texas corporation, and CCE Spinco, Inc. ("Entertainment"), a Delaware corporation.

RECITALS

WHEREAS, Clear Channel and Entertainment have entered into a Master Separation and Distribution Agreement dated as of _____ ___, 2005 (the "Master Agreement") pursuant to which all of the outstanding shares of Entertainment's common stock will be distributed on a pro rata basis to the holders of Clear Channel's common stock (the "Distribution"); and

WHEREAS, in connection with the Distribution and pursuant to the Master Agreement, Clear Channel and Entertainment desire to enter into this Employee Matters Agreement;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and in the Master Agreement, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below.

1.1 "Clear Channel Entity" means Clear Channel and any subsidiary of Clear Channel which, before the Distribution shall include the Entertainment Entities and, from and after the Distribution, will include no Entertainment Entities.

1.2 "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Part 6 of Subtitle B of Title I of ERISA and at section 4980B of the Code.

1.3 "Code" means the Internal Revenue Code of 1986, as amended.

1.4 "Entertainment Employee" means an employee and, as the context requires, former employee of Entertainment or an Entertainment Entity, as determined by Clear Channel based upon applicable payroll records.

1.5 "Entertainment Entity" means Entertainment, any subsidiary of Entertainment, and any predecessor entity of such subsidiary.

1.6 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.7 "IRS" means the Internal Revenue Service.

1.8 "Plan," when immediately preceded by "Clear Channel," means any "employee benefit plan" within the meaning of Section 3(3) of ERISA and any other plan, policy, program, payroll practice, on-going arrangement, contract, trust, insurance policy or other agreement or

funding vehicle, as amended from time to time, for which the eligible class(es) of participants include employees or former employees of Clear Channel or a Clear Channel Entity, and, when immediately preceded by "Entertainment," means any "employee benefit plan" within the meaning of Section 3(3) of ERISA and any other plan, policy, program, payroll practice, on-going arrangement, contract, trust, insurance policy or other agreement or funding vehicle, to the extent amended from time to time, for which the eligible class(es) of participants are limited to employees or former employees of Entertainment or an Entertainment Entity, but no other Clear Channel Entity.

1.9 "Transferred Employee" means an Entertainment Employee described as such in Section 2.2(a).

1.10 "Welfare Plan" means any "employee welfare benefit plan" as defined in section 3(1) of ERISA, without regard to sections 4(b)(4) or 4(b)(5) of ERISA.

ARTICLE 2
GENERAL

2.1 Assumption/Retention of Liabilities. Except as otherwise explicitly and specifically provided in this Agreement, effective as of the Distribution date, Entertainment shall assume or retain, as the case may be, and pay, perform, fulfill and discharge any and all liabilities or obligations relating to the employment or termination of employment of any current or former Entertainment Employee (including any individual who is or was an independent contractor, temporary employee, temporary service worker, consultant, freelance worker, agency employee, leased employee, on-call worker, or who performs or performed services in any other form of non-employee classification), and their dependents and beneficiaries, regardless of when incurred. No provision in this Agreement relating to Entertainment's responsibility with respect to any specific liabilities or obligations described in the preceding sentence will limit the generality of the preceding sentence with respect to, or otherwise be construed to relieve Entertainment from, the assumption or retention of any other liabilities or obligations described in the preceding sentence.

2.2 Employment Status of Entertainment Employees.

(a) Transferred Employees. Except as otherwise provided in this Agreement, any individual who, immediately prior to the Distribution, is listed on the applicable payroll records of Clear Channel or Entertainment as an employee of an Entertainment Entity, whether such individual is actively at work or absent from work due to vacation, illness, or any other authorized paid or unpaid leave, will continue to be an employee of such Entertainment Entity immediately after the Distribution on the same terms and conditions as in effect immediately before the Distribution, subject in the case of an individual whose employment is covered by a collective bargaining agreement, to the terms and provisions of such agreement. Any individual described in the preceding sentence is considered a "Transferred Employee" for purposes of this Agreement, effective at the time of the Distribution

(b) No Clear Channel Severance Event. No Transferred Employee will be entitled to receive termination or severance payments or benefits from Clear Channel or any

other entity which, immediately following the Distribution, is a Clear Channel Entity as a result of the Distribution or any related circumstance. Entertainment shall be responsible for the satisfaction of any termination or severance obligations owed with respect to Transferred Employees and any other former Entertainment Employees, whether arising before, on or after the Distribution date.

2.3 Termination of Participation in Clear Channel Plans. Except as otherwise specified in this Agreement, each Entertainment Entity which is a participating employer in a Clear Channel Plan shall cease to be a participating employer in such Clear Channel Plan at the time of the Distribution or at such earlier time as Clear Channel, in its discretion, may direct.

2.4 Recognition of Service. Except as otherwise provided in this Agreement, Entertainment will cause each Entertainment Plan to grant full credit to each eligible Transferred Employee for the period of such Transferred Employee's service with the Clear Channel Entities (including, where applicable, service with a predecessor employer credited by a corresponding Clear Channel Plan). Clear Channel service may be disregarded (a) under a new Entertainment Plan adopted after the Distribution date if such Plan is not a successor or replacement plan, and (b) under any Entertainment Plan if and to the extent credit for such service would result in the duplication of benefits.

ARTICLE 3
WELFARE PLANS

3.1 Welfare Plan Participation and Liabilities.

(a) Termination of Group Welfare Plan Participation. Effective at the time of the Distribution, each of the Entertainment Entities shall cease to be a participating employer and all Entertainment Employees will cease to be active participants in any Clear Channel Welfare Plan. Notwithstanding the preceding sentence, Transferred Employees who, immediately before the Distribution, participate in Clear Channel's group medical plan, group dental plan and/or group life insurance plans will be entitled to continue such participation through the last day of the calendar month in which the Distribution occurs. Entertainment will pay Clear Channel the month's FTE or other charges for such participation, and will pay or reimburse Clear Channel for any employee contributions toward that coverage which are due after the Distribution date.

(b) Allocation of Liabilities. Except as otherwise provided in this Agreement, (1) Clear Channel shall be responsible for the payment of benefits with respect to covered liabilities and expenses incurred prior to the Distribution or, if and to the extent applicable under subsection (a) above, prior to the end of the month in which the Distribution occurs; and (2) no Clear Channel Entity shall have any responsibility for the payment of benefits with respect to liabilities and expenses incurred by any such persons after the Distribution or the end of the month in which the Distribution occurs, as the case may be, even though such liabilities or expenses would have been covered by a Clear Channel Welfare Plan if they were incurred before such time. Nothing contained in this subsection is intended to affect the rights of any current or former Entertainment Employee or any of their covered dependents and beneficiaries to receive insurance benefits payable under and in accordance with the provisions of an insurance policy maintained as part of a Clear Channel Welfare Plan.

(c) Entertainment Group Health Plan; COBRA. Prior to the end of the month in which the Distribution occurs and effective as of the first day of the following month, Entertainment will adopt and cause to have in place a group health plan (including medical and dental) for the benefit of Transferred Employees and their eligible dependents. Entertainment shall assume sole responsibility for providing COBRA group health plan continuation coverage to any Entertainment Employees (and their covered dependents) who, at the time of the Distribution, are receiving or entitled to receive COBRA continuation coverage by reason of a qualifying event occurring at or before such time, and to any Transferred Employees (and their covered dependents) who suffer a qualifying event after the Distribution. Clear Channel shall have no responsibility for, and shall be entitled to indemnification by Entertainment with respect to, any COBRA obligations to current or former Entertainment Employees (and their covered dependents) for which Entertainment is responsible, whether by operation of law or in accordance with the terms of this Agreement (including, without limitation, this Section 3.1(c).

3.2 Disability Plans.

(a) Short-Term Disability Benefits. Entertainment shall be responsible for all claims for short-term disability benefits for Entertainment Employees regardless of when made or incurred, except to the extent, if at all, that such claim is covered by insurance under an insured Clear Channel short-term disability plan or arrangement and arises prior to termination of coverage resulting from the Distribution.

(b) Long-Term Disability Benefits. Clear Channel shall continue to be responsible after the Distribution for long-term disability benefits payable with respect to an Entertainment Employee who, at the time of the Distribution, is absent from active employment due to a total disability as defined in the Clear Channel long term disability plan, or who is absent from work due to short term disability which becomes a long term disability, but if (and only if) and to the extent such long-term disability benefits are covered by insurance payable by an insurance company under an insured Clear Channel Welfare Plan.

3.3 Flexible Spending Accounts. Prior to and effective as of the Distribution date, Entertainment shall adopt and have in place a flexible spending account plan in which Transferred Employees shall maintain the account balances and the salary reduction, eligibility, participation and benefit entitlement status they have immediately prior to the Distribution date under Clear Channel's flexible spending account plan. Clear Channel shall pay to Entertainment the net positive balance, if any, of the Transferred Employees' flexible spending accounts at the time of the Distribution, and Entertainment shall pay to Clear Channel the net negative balance, if any, of said accounts. The determination of the net positive or negative balance of the flexible spending accounts will be made and communicated by Clear Channel as soon as practicable after the Distribution date, and payment of the net balance or deficit will be made promptly after the Distribution. Entertainment shall be solely responsible for (a) the payment of all Transferred Employees' claims that are submitted but unpaid under the Clear Channel flexible spending account plan at the time of the Distribution, and (b) the processing and payment of all flexible spending account plan claims submitted by Transferred Employees after the Distribution. Subject to applicable law, Clear Channel shall provide or make available to Entertainment copies of records or statements in support of the claims described in clause (a) of the preceding sentence,

and, if Clear Channel pays any such claims, it shall be entitled to prompt reimbursement of such payment(s) by Entertainment.

3.4 Clear Channel Assets. Except as otherwise provided in the preceding section (relating to the payment of a net positive flexible spending account balance), Clear Channel shall retain all claim reserves, bank accounts, trust funds or other balances maintained as part of or in connection with Clear Channel's Welfare Plans.

3.5 Credit for Amounts Paid. In administering its Welfare Plans for the calendar year in which the Distribution date occurs, Entertainment shall credit participating Transferred Employees with any amounts paid by them under the corresponding Clear Channel Welfare Plans toward satisfaction of applicable deductibles, co-payments, coinsurance and out-of-pocket maximums.

ARTICLE 4
COMPENSATION MATTERS
AND NON-ERISA BENEFIT ARRANGEMENTS

4.1 Assumption of Individual Agreements. Effective on the Distribution date, Entertainment will assume and/or be responsible for satisfying any and all obligations and liabilities (fixed or contingent) of Clear Channel or any Clear Channel Entity incurred or arising under or in connection with any individual employment, retention, separation, consulting, representation or other personal services-related agreements (together with any ancillary trust or other agreements) made directly or indirectly with or for the benefit of (a) any Transferred Employees, or (b) other individuals or personal service entities in connection with the business of any Entertainment Entity; provided, however, that, following the Distribution date, Clear Channel and the other Clear Channel Entities shall retain any rights which it or any of them would have had following the termination of any such agreement, determined as if the agreement terminated immediately prior to the Distribution, except to the extent that the exercise of such rights by Clear Channel and the other Clear Channel Entities following the Distribution date would adversely affect the rights of any Entertainment Entity under such agreement. Entertainment shall indemnify Clear Channel and its subsidiaries and affiliates and hold them and each of them harmless from, against and with respect to any claim, liability or expense asserted or imposed by it or any of them under or in connection with any of the agreements described in the first sentence of this Section 4.1.

4.2 Stock Incentive Plans.

(a) Stockholder Approval of Incentive Plan. Prior to the Distribution date, Clear Channel shall cause Entertainment to adopt and, as Entertainment's sole stockholder, to approve the adoption of a 2005 Stock Incentive Plan for eligible Entertainment employees, directors and other personnel, with terms and conditions substantially similar to the terms and conditions of the Clear Channel Communications, Inc. 2001 Stock Incentive Plan.

(b) Outstanding Clear Channel Stock Options. As authorized by the Compensation Committee of the Board of Directors of Clear Channel pursuant to its authority under the Clear Channel stock incentive plans, the number of Clear Channel shares and the

exercise price per share covered by outstanding *vested* Clear Channel stock options held by Entertainment Employees (or their beneficiaries) at the time of the Distribution will be adjusted after the Distribution such that the ratio of the exercise price per share to the per share value of the stock covered by the option and the aggregate intrinsic value of the option are the same after the adjustment as before the adjustment. The terms and conditions of the vested Clear Channel stock options, as adjusted, will otherwise remain the same. Unless sooner terminated in accordance with their terms, the vested Clear Channel stock options, as adjusted, held by a Transferred Employee will expire if and to the extent they are not exercised within the applicable post-employment exercise period following the Distribution. Non-vested Clear Channel stock options held by Entertainment Employees will terminate in accordance with their terms at the time of the Distribution by reason of the cessation of their employment with a Clear Channel Entity.

(c) Restricted Stock.

(i) Distribution of Entertainment Shares. As authorized by the Compensation Committee of the Board of Directors of Clear Channel pursuant to its authority under the Clear Channel Communications 2001 Stock Incentive Plan, Transferred Employees who, immediately before the Distribution, hold restricted shares of Clear Channel stock, will be entitled to receive a number of fully vested shares of Entertainment stock equal to the number of shares that would be distributable with respect to the same number of outstanding non-restricted shares of Clear Channel stock, subject to such rounding convention as said Compensation Committee may establish.

(ii) Clear Channel Restricted Shares. Restricted Clear Channel shares held by Transferred Employees will be forfeited immediately following the Distribution.

4.3 Clear Channel Employee Stock Purchase Plan. Transferred Employees' payroll deduction contributions under the Clear Channel Communications, Inc. 2000 Employee Stock Purchase Plan ("ESPP") will terminate on the last pay date preceding the Distribution date. On the stock purchase date next following the Distribution date, the amount then credited to each Transferred Employee's ESPP payroll deduction account will be applied toward the purchase of Clear Channel stock. During the 90-day period following the Distribution date, Transferred Employees will be permitted to direct the sale of the shares of Clear Channel and Entertainment stock credited to their accounts and the distribution of the proceeds from such sales. At the end of such 90-day period, each Transferred Employee will be entitled to receive stock certificates for the number of whole shares of Clear Channel and Entertainment stock (if any) that remain credited to such Transferred Employee's ESPP account, together with cash in lieu of any fractional shares, all in full and final satisfaction of the Transferred Employee's interest in the ESPP. Clear Channel will provide or cause to be provided to affected Transferred Employees reasonable notice of the effect of the Distribution on their rights and entitlements under the ESPP.

4.4 Clear Channel Nonqualified Deferred Compensation Plan. In connection with the Distribution, Entertainment shall assume the obligations of Clear Channel and protect and satisfy the rights and entitlements of participating Entertainment Employees under the Clear Channel Communications, Inc. Nonqualified Deferred Compensation Plan. Toward that end, effective as

of the Distribution date, or such earlier or later date as may be determined by Clear Channel and Entertainment, Clear Channel will cause the Clear Channel Communications, Inc. Nonqualified Deferred Compensation Plan and the related trust arrangement, but only as and to the extent they pertain to participating Entertainment Employees, to become a separate plan and trust arrangement maintained for the exclusive benefit of Entertainment Employees, which separate plan will be retained by Entertainment immediately following the Distribution. The account balances and related elections and entitlements of Entertainment Employees under the Entertainment plan immediately after the plan spin-off will be the same as and subject to the same terms and conditions as the corresponding account balances and related elections and entitlements of the Entertainment Employees under the Clear Channel plan immediately prior to the plan spin-off. Clear Channel will cause any assets held in the trust maintained under the Clear Channel plan to be transferred to the trustee of the trust under the Entertainment plan. Following the Distribution, neither Clear Channel nor any Clear Channel Entity nor any of their affiliates will have any liability or obligation in connection with the prior participation of any Transferred Employees and other Entertainment Employees in the Clear Channel Communications, Inc. Nonqualified Deferred Compensation Plan, and Entertainment and its subsidiaries will be solely responsible for all such liabilities and obligations.

4.5 Annual Incentive Compensation.

(a) Clear Channel Plan for 2005. The Compensation Committee of the Board of Directors of Entertainment shall be responsible for making any determinations otherwise required to be made by the committee under the Clear Channel Communications Annual Incentive Plan for the calendar year in which the Distribution date occurs with respect to Transferred Employees, if any, who are "covered employees" within the meaning of Section 162(m) of the Code, including a determination of (a) the extent to which established performance criteria (after taking into account the effects of the Distribution and related capital transactions) have been met, and (b) the payment level for each such Transferred Employee. Entertainment shall assume all liabilities with respect to the payment of annual incentive awards to Entertainment Employees for the calendar year of the Distribution, subject to any deferral elections as are in effect and to the terms and provisions of the applicable incentive plan.

4.6 New Entertainment Plan. Prior to the Distribution date, Clear Channel shall cause Entertainment to adopt and, as Entertainment's sole stockholder, to approve the adoption of, and to have in place an annual performance-based incentive plan for the benefit of designated executive officers and other key employees, on terms and conditions substantially similar to the terms and conditions of the Clear Channel Communications, Inc. 2005 Annual Incentive Plan.

4.7 Workers' Compensation. Except as otherwise specifically provided herein, Entertainment shall be solely responsible for all claims for workers' compensation reported by a Transferred Employee on or after the policy renewal date of November 1, 2005. Unless Clear Channel determines otherwise, Clear Channel shall continue to be responsible after the Distribution date for administering all claims for workers' compensation for injuries to any Entertainment Employee occurring prior to November 1, 2005 and reported timely under the terms of any Clear Channel workers' compensation policy or plan; provided, however, that Entertainment shall reimburse, and shall indemnify Clear Channel for any amounts payable

under such prior programs or for any claims not reported timely and where Clear Channel has been prejudiced by such late reporting.

4.8 Accrued Vacation and other Paid Time Off. Entertainment shall recognize and assume or retain, as the case may be, all liability for all vacation, holiday, flex days and sick days, including banked sick days accrued by Transferred Employees as of the date of the Distribution, on terms and conditions similar to those in effect immediately before such time.

4.9 Leaves of Absence. Entertainment shall honor the terms and conditions of any approved leave of absence of an Entertainment Employee that begins before and continues immediately after the Distribution.

ARTICLE 5
PENSION PLANS

5.1 Entertainment 401(k) Plan.

(a) Continuation of Entertainment 401(k) Plan. Effective as of the Distribution date, Entertainment or another Entertainment Entity designated by Entertainment shall continue sponsorship of the Clear Channel Entertainment, Inc. 401(k) Savings Plan, its stand-alone profit sharing/401(k) plan qualified under Section 401(a) of the Code (the "Entertainment 401(k) Plan"). In addition, Entertainment or another Entertainment Entity designated by Entertainment shall establish its own trust intended to be exempt from tax under section 501(a) of the Code (the "Entertainment 401(k) Trust") effective as of the Distribution date, or such earlier or later date as may be determined by Clear Channel and Entertainment. Effective as of the establishment of the Entertainment 401(k) Trust, Clear Channel and Entertainment shall take such actions as may be necessary to accommodate the transfer of assets relating to the Entertainment 401(k) Plan from the existing Clear Channel Master 401(k) Trust to the Entertainment 401(k) Trust. Entertainment shall assume and thereafter be solely responsible for all then existing or future employer liabilities related to Transferred Employees and other Entertainment Employees under the Entertainment 401(k) Plan and the administration thereof. In addition, Entertainment shall assume and thereafter be solely responsible for all then existing or future employer liabilities related to Transferred Employees and other Entertainment Employees under all other existing or previously sponsored plans of Entertainment as listed on Schedule 5.1(a), Historical Plans Checklist. Included within these assumed Employer liabilities retained by Entertainment shall include all Form 5500 reporting, distributions of summary annual reports, required disclosures to affected employees, participants and beneficiaries, nondiscrimination and coverage testing, annual audit requirements, IRS/DOL audits, 11k filing with the SEC and legislative compliance for Plan years ending on or after the Distribution date.

(b) Employer Stock Funds. A Clear Channel stock fund will be established under the Entertainment 401(k) Plan with respect to the shares of Clear Channel stock held under the Entertainment 401(k) Plan subject to the following conditions: (1) participants may direct the sale of Clear Channel stock credited to their accounts but not the purchase of such stock; and (2) after such time as may be determined by a named fiduciary of the Entertainment 401(k) Plan, any remaining shares of Clear Channel stock shall be sold and the cash proceeds re-invested in accordance with procedures established under the plan. Effective as of the Distribution date, the

Clear Channel Communications, Inc. 401(k) Savings Plan will be amended to include a similar wasting investment fund for shares of Entertainment stock acquired in connection with the Distribution.

ARTICLE 6
GENERAL PROVISIONS

6.1 No Third Party Beneficiaries; Preservation of Rights to Amend. This Agreement shall be binding upon and inure to the benefit only of the parties hereto and their respective successors. Notwithstanding any other provisions to the contrary, except with respect to such successors, this Agreement is not intended and shall not be construed for the benefit of any third party or any person not a signatory hereto. Without limiting the generality of the foregoing: (a) no Transferred Employee or other current or former employee of Clear Channel or Entertainment or any subsidiary or affiliate of either (or his/her spouse, dependent or beneficiary), or any other person not a party to this Agreement, shall be entitled to assert any claim hereunder; (b) except as expressly provided in this Agreement, nothing in this Agreement shall preclude Entertainment or any Entertainment Entity, at any time after the Distribution date, from amending or terminating any Entertainment Plan; and (c) except as expressly provided in this Agreement, nothing in this Agreement shall preclude Clear Channel or any Clear Channel Entity, at any time after the Distribution date, from amending or terminating any Clear Channel Plan.

6.2 Employment Solicitation. For a period of one year following the Distribution date, neither Clear Channel nor Entertainment may, nor will they permit any of their respective subsidiaries, affiliates or agents to, solicit or recruit for employment any employees with a position of vice president or higher currently and then in the employ of the other company or its subsidiaries or affiliates, without the prior written consent of the other company.

6.3 Personnel Records. Subject to applicable law, each party shall furnish or make available to the other copies of such personnel and other documents and records relating to Entertainment Employees as may be reasonably requested by the other in connection with the proper administration of its payroll and Employee Plans or the proper operation of its business or the execution of its rights and obligations under this Agreement.

6.4 Applicability to Subsidiaries. Each of Clear Channel and Entertainment shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by a Clear Channel Entity or an Entertainment Entity, respectively.

6.5 Collective Bargaining Agreements. To the extent any provision of this Agreement is contrary to the provisions of any collective bargaining agreement to which Clear Channel or any Clear Channel Entity is a party, the terms of such collective bargaining agreement shall prevail. Entertainment will indemnify Clear Channel from and against any expenses or claims incurred after the Distribution in connection with any such collective bargaining agreement insofar as it relates to Entertainment Employees.

6.6 Fiduciary Matters. The parties acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under

ERISA or other applicable law. Neither party shall be deemed to be in violation of this Agreement if it fails to comply with any provision of this Agreement based upon its good faith determination that to do so would violate such a fiduciary duty or standard. Each party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other party for any liabilities caused by the failure to satisfy any such responsibility.

6.7 Administrative Complaints/Litigation. As of and after the Distribution date, Entertainment shall assume, and be solely liable for, the handling, administration, investigation, and defense of actions, including, without limitation, ERISA, and any regulations or guidance issued thereunder, the Code and any regulations or guidance issued thereunder to the extent such Code provisions relate to or affect employee benefit matters, occupational safety and health, employment standards, union grievances, wrongful dismissal, discrimination or human rights and unemployment compensation claims, asserted at any time against Clear Channel or Entertainment by any Entertainment Employee or any other person arising out of or relating to employment with Entertainment. Any obligations, losses, expenses and claims arising from such actions shall be deemed to be Entertainment Liabilities and shall be retained or assumed, as the case may be, by Entertainment under and in accordance with the Master Agreement. Clear Channel reserves the right to participate in the investigation, defense or settlement of any matter to the extent it deems reasonably necessary.

6.8 Reimbursement and Indemnification. Each of the parties shall reimburse the other, within 30 days of receipt from the other party of appropriate verification, for all costs and expenses which the other may incur in satisfaction of a liability or obligation which, under this Agreement, is the liability or obligation of such party. All liabilities retained, assumed or indemnified against by Entertainment pursuant to this Agreement shall be deemed Entertainment Liabilities, and all liabilities specifically retained, assumed or indemnified against by Clear Channel pursuant to this Agreement shall be deemed Excluded Liabilities for purposes of the Master Agreement.

6.9 Master Agreement Provisions. The following provisions of the Master Agreement are hereby incorporated herein by reference and, unless otherwise expressly specified herein, shall apply as if fully set forth herein: Article VI (relating to releases and indemnification); the provisions of Articles V and VII relating to exchange of information and confidentiality; Article VIII (relating to resolution of disputes); and Article IX (relating to Miscellaneous).

6.10 Applicable Law. To the extent not preempted by applicable federal law, this Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Texas, without regard to its choice of laws principles, as to all matters, including matters of validity, construction, effect, performance and remedies.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed in their names by a duly authorized officer as of the date first written above.

CLEAR CHANNEL COMMUNICATIONS, INC.

By: _____

Name: _____
Title: _____

CCE SPINCO, INC.

By: _____

Name: _____
Title: _____

Exhibit 10.4

TRADEMARK AND COPYRIGHT LICENSE AGREEMENT

THIS TRADEMARK AND COPYRIGHT LICENSE AGREEMENT (this "Agreement") is made effective as of _____ ___, 2005 (the "Effective Date") by and between Clear Channel Identity, L.P., a Delaware limited partnership ("Licensor"), and CCE Spinco, Inc., a Delaware corporation ("Licensee").

RECITALS:

WHEREAS, Licensee is a wholly owned subsidiary of Licensor and, as such, has been using certain of Licensor's intellectually property pursuant to a license in connection with the production and promotion of live entertainment (the "Business");

WHEREAS, Licensee will cease to be a wholly owned subsidiary of Licensor pursuant to a separate agreement between the parties entitled Master Separation and Distribution Agreement;

WHEREAS, Licensor is the owner of the trademark CLEAR CHANNEL, other marks incorporating the term CLEAR CHANNEL or variations thereof, the mark CC, and other marks used in connection with the Business, and trade dress and other indicia of origin associated with such trademarks (collectively, the "Marks") and is the owner of trademark registrations and applications for the Marks, including, without limitation, those set forth on Exhibit A;

WHEREAS, Licensor is the owner of the copyrights in packaging, labels, signage, marketing, advertising and promotional materials that bear or display the Marks (collectively, the "Copyrights");

WHEREAS, Licensor owns certain Internet domain name registrations that incorporate the Marks, including, without limitation, those set forth on Exhibit B (collectively, the "Domains");

WHEREAS, although certain of the Marks, certain of the Domains and certain of the Copyrights are assets currently used in the Business, Licensee does not own and is not acquiring any rights in the Marks, the Domains or the Copyrights;

WHEREAS, the parties, by this Agreement, desire to establish Licensee's right to continue to use certain of the Marks and certain of the Copyrights in the Licensed Territory (as defined below) for the Business (as defined below), during a transitional period, under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained herein, the parties hereto agree as follows:

AGREEMENT:

1. CERTAIN DEFINITIONS.

The following terms shall have the following meanings as used herein:

(a) "Affiliate" means, with respect to a specified person or entity, any other person or entity or member of a group of persons or entities acting together that, directly or indirectly, through one or more intermediaries, controls, or is controlled by or is under common control with, the specified person or entity.

(b) "Distribution Date" shall mean that certain day defined as such under the Master Separation and Distribution Agreement between the parties, dated ___, 2005.

(c) "Domain Names" shall mean the domain name registrations that incorporate the Marks, including, but not limited to, those set forth in Exhibit B, used in connection with the Business.

(d) "Licensed Copyrighted Works" shall mean all packaging, labels, signage, marketing, advertising and promotional materials bearing or displaying the Licensed Marks including website materials that are used by Licensor for the Business in the Licensed Territory as of the Effective Date of this Agreement, in only the specific form or medium in which they are embodied as of the Effective Date, or in such other form as may be approved by Licensor as provided in Section 2, to the extent that Licensor or one of its Affiliates owns each such work.

(e) "Licensed Marks" shall mean the Marks as and in the form in which they are used by Licensee on or in connection with the Business in the Licensed Territory as of the Effective Date of this Agreement.

(f) "Business" shall mean the business operations, including any services and products, offered or carried out by Licensor in the Licensed Territory as of the Effective Date of this Agreement.

(g) "Licensed Territory" shall mean the world.

(h) "Permitted Third Party Provider" shall mean any third party manufacturer or provider approved by Licensor pursuant to Section 2.11 of this Agreement.

(i) "Trademark Rights" shall mean, collectively, all foreign, federal, state, and common law rights in and to the Licensed Marks.

2. GRANT OF LICENSES; RESERVATION OF RIGHTS

2.1 Trademark License. Upon the terms and conditions set forth in this Agreement, Licensor grants to Licensee a revocable, non-exclusive, royalty-free, non-transferable license to utilize the Licensed Marks solely upon and in connection with the Business in the Licensed Territory during the Term of this Agreement (the "Trademark License").

2.2 Limitations on Trademark License. The Trademark License is limited to the Business, providing the products and services provided in connection with the Business are at least of a quality that is substantially the same as or is higher than the quality of those currently provided or sold by Licensee as of the Effective Date of this Agreement. NO LICENSE IS GRANTED HEREUNDER FOR ANY USE OTHER THAN THAT SPECIFIED, AND NO LICENSE IS GRANTED HEREUNDER FOR ANY COMBINATION OF THE LICENSED MARKS WITH OTHER PRODUCTS SERVICES OR MARKS WITHOUT PRIOR WRITTEN CONSENT OF LICENSOR WHICH SHALL NOT BE UNREASONABLY WITHHELD OR DELAYED.

(a) Licensee may use other marks, including marks owned by third parties, for the Business, in addition to the Licensed Marks, provided Licensee has obtained the necessary rights from the third party, if any. In no event shall the other mark be used in such a manner that, in Licensor's reasonable business judgment, a composite mark is created that includes any of the Licensed Marks and, notwithstanding anything to the contrary in this Agreement, Licensor may reject any proposed use that bears such a composite mark.

(b) It is hereby recognized that Licensee may wish to transition to a new mark or an existing mark owned by Licensee during the course of this Agreement and phase out the use of the Licensed Marks gradually during the Term of this Agreement. In connection with such transition, Licensee may wish to utilize such new or existing mark in connection with the Business in addition to the Licensed Marks. In the event Licensee desires to utilize both the Licensed Marks and a new mark simultaneously during the transition, Licensee shall provide at least thirty (30) calendar days prior written notice to Licensor of such proposed transition, along with a rendering of the proposed transitional usage. Licensor shall have a period of thirty (30) calendar days following receipt of such notice and rendition in which to give or withhold its approval of such transitional usage and Licensor shall be deemed to not have approved such transitional usage if Licensor does not deliver to Licensee its written approval thereof within such thirty (30) calendar day period. Licensor shall not unreasonably withhold or delay its approval, but such approval shall not be deemed to be unreasonable if (i) the proposed usage of the Licensed Marks with such transitional mark creates, in Licensor's reasonable business judgment, a composite mark that includes any of the Licensed Marks, (ii) if the new mark proposed to be used by Licensee in addition to the Licensed Marks is confusingly similar to the Licensed Marks, or (iii) if the proposed usage is derogatory or coveys a negative connotation with respect to Licensor or the Licensed Marks.

2.3 Copyright License. Upon the terms and conditions set forth in this Agreement, including, without limitation, those set forth in this Section 2.3, Licensor, on behalf of itself and its Affiliates, grants to Licensee a revocable, nonexclusive, royalty-free, transferable to the extent provided in Section 9.1, license to use, reproduce, distribute copies of, make derivative works of, publish, distribute, display, broadcast and/or transmit the Licensed Copyrighted Works in the Licensed Territory, through only the media utilized by Licensor as of the Effective Date, for the limited purpose of enabling Licensee to exercise its rights under the Trademark License (the "Copyright License"). By way of example, without limitation, in the case of a print

advertisement appearing in a particular magazine as of the Effective Date, the Copyright License shall permit Licensee to utilize the advertisement in the same magazine. Notwithstanding the foregoing, Licensee shall have the right during the term of this Agreement to modify or create derivative works of the Licensed Copyright Works and to use new media for the publication, distribution, display, broadcast and/or transmission of same, subject to the prior written approval of Licensor, which approval shall not be unreasonably withheld or delayed. In the event Licensee desires to modify, create derivative works of or utilize new media for the publication, distribution, display, broadcast and/or transmission of the Licensed Copyrighted Works in connection with the exercise of its rights under the Trademark License, Licensee shall provide Licensor at least sixty (60) calendar days prior written notice, which notice shall include reasonably sufficient details concerning Licensee's plans, including copies or drafts of the modified or derivative works, and a list and description of the use thereof, including the media through which such works will be published, distributed, displayed, broadcast and/or transmitted. Licensor shall have until the end of such sixty (60) calendar day period in which to give or withhold its written approval for all or a portion of the matters contained in Licensee's notice; provided, that Licensor shall be deemed not to have approved any matter contained in Licensee's notice if Licensor does not deliver to Licensee its written approval thereof within such sixty (60) calendar day period.

(a) Licensee shall cooperate with Licensor in connection with Licensor's review of the matters contained in Licensee's notice, including by providing any additional information or materials that may be requested by Licensor.

(b) Upon Licensor's written approval of any modified or derivative works for use for the Licensed Products such modified or derivative works shall be deemed to be "Licensed Copyrighted Works". In addition, upon approval (or deemed approval) by Licensor any resulting trade dress or trademarks shall be deemed to be "Licensed Marks". If Licensor does not approve in writing any modified or derivative works, or the media through which such works or any other Licensed Copyrighted Works are to be disseminated, then Licensee shall be prohibited from employing same under the terms of this Agreement, including under the Trademark License or the Copyright License. It is hereby expressly understood, however, that the primary purpose of this Agreement is to enable Licensee to transition to a new mark and trade dress for use in the Business. Accordingly, the failure of Licensor to approve modified or derivative works shall not be deemed unreasonable if Licensor, in its sole discretion, considers the proposed works to be a material alteration of the Licensed Marks or Licensed Copyrighted Works as of the Effective Date.

(c) Any modified or derivative works not approved by Licensor hereunder and from which the Licensed Marks are not removed or obliterated shall be promptly destroyed by Licensor, Licensee and, if applicable, by any Permitted Third Party Provider.

2.4 Rights of and Obligations to Third Parties. Notwithstanding any other provisions of this Agreement to the contrary, nothing in this Agreement shall be deemed to be a grant by Licensor of a license, sublicense, or other grant of a right to Licensee to use any copyrights of a third party or any rights under any third-party license that cannot be licensed, sublicensed or

granted without the consent, approval or agreement of another party, unless such consent, approval or agreement is first obtained.

2.5 Reservation of Rights. Notwithstanding anything herein to the contrary, Licensor may utilize (and may license another party to utilize) the Licensed Marks in connection with any business in the Licensed Territory. Further, this Agreement does not restrict or limit Licensor's rights to utilize or license the Licensed Marks in any manner. Notwithstanding anything contained herein to the contrary, Licensor shall have the unrestricted right to utilize (and to license another party to utilize) its copyrights in the Licensed Copyrighted Works.

2.6 Term. Subject to the survival provisions of Section 12.4, the term of this Agreement and the Trademark License and Copyright License granted hereunder shall begin on the Effective Date of this Agreement and shall expire exactly one year from the Distribution Date, unless sooner terminated in accordance with the provisions of this Agreement. This Agreement will not be renewed or extended, absent the execution of a separate document explicitly expressing such, executed by both Licensor and Licensee.

2.7 Domain Names. Licensee acknowledges that Licensor owns the Domain Names. For the term of this Agreement, Licensor agrees to maintain the Domain Names and redirect the "***.com" domain name to a new website included in the New Works (as defined in Section 3.5) that Licensee may create pursuant to this Agreement at a url that Licensee will register and maintain. Licensee shall be responsible for hosting and maintaining the website, whether the website is part of the Licensed Copyrighted Works or New Works (as defined in Section 3.5). Licensor shall not be required to maintain registrations of the Domain Names after expiration or termination of this Agreement, though it may, at its own discretion, do so.

2.8 Corporate Name. Notwithstanding the foregoing license grants, within thirty (30) days of the Distribution Date, Licensee shall and shall cause any of its subsidiaries or Affiliates, if necessary, to change, at its own expense, its corporate name to delete therefrom any Licensed Marks or any words or phrases confusingly similar to the Licensed Marks that may be incorporated therein.

2.9 Permitted Third Party Providers. The parties acknowledge that Licensee may wish to engage a third party manufacturer/service provider in connection with Licensee's exercise of its rights under the Trademark License and the Copyright License. Licensee shall give written notice to Licensor of any proposed third party manufacturer/provider arrangement not less than ninety (90) calendar days prior to Licensee's engaging any third party manufacturer/provider (the "Notice Period"), which notice shall contain the name of any proposed third party provider and a summary of the terms of Licensee's proposed arrangement with same.

(a) During the Notice Period, Licensor shall have sole discretion as to whether to initially approve any proposed third party manufacturer/provider; provided, that such approval shall not be unreasonably withheld or delayed. Licensor shall advise Licensee whether it initially approves the proposed third party manufacturer/provider as soon as practicable during the Notice Period. For purposes of this Agreement, any third party

manufacturer/provider that is approved by Licensor shall be a "Permitted Third Party Provider."

3. DEVELOPMENT OF NEW TRADEMARK RIGHTS AND NEW COPYRIGHTS.

3.1 Development of New Trademark Rights. Except as expressly provided in this Agreement, Licensee shall not develop or acquire new Trademark Rights associated with the Business or otherwise. Except as expressly permitted under Section 2 or as may be in use as of the Effective Date of this Agreement, Licensee is not itself permitted to develop or use any derivative variations of any of the Licensed Marks or to develop or use any variations, forms or stylizations of the Licensed Marks. Trademark Rights that Licensee shall not develop or acquire include, but are not be limited to, any federal, state, or foreign trademark registrations or applications, trademarks, trade dress, trade names, service marks, symbols, slogans, emblems, logos, designs and other indicia of origin or domain names incorporating the Licensed Marks. The parties acknowledge and agree that any and all new Trademark Rights shall be considered included within the definition of "Trademark Rights" for purposes of this entire Agreement. Notwithstanding the foregoing, any new trademarks that are not derivations of, variations upon, or confusingly similar to, the Licensed Marks that are developed by Licensee shall be the sole property of Licensee.

3.2 Objection to New Trademark Rights. In the event that Licensee inadvertently or intentionally develops or acquires new Trademark Rights, Licensee shall give prompt written notice to Licensor of same. As soon as practicable after Licensor becomes aware of any new Trademark Right inadvertently or intentionally developed or acquired by Licensee, Licensor shall have the right to object to the new Trademark Right which it deems, in its sole discretion: (a) to be incompatible or inconsistent with any other Trademark Rights, or with the image of the Licensed Marks; (b) to be in violation of any law; or (c) to be otherwise inappropriate or offensive. Upon Licensor's objection to a new Trademark Right, Licensee shall: (a) promptly modify the new Trademark Right to obviate Licensor's objections, (b) promptly cease usage of the new Trademark Right, and/or (c) withdraw or cancel (as appropriate) any pending trademark application or issued trademark registration pertaining to the new Trademark Right.

3.3 Requirement for Assignment of New Trademark Rights. The parties agree that Licensor shall be deemed the owner of any rights Licensee may have in a new Trademark Right (excluding any new trademarks that are not derivations of, variations on, or confusingly similar to, the Licensed Marks. Upon request, Licensee shall promptly provide a confirmatory assignment of any new Trademark Right to Licensor. Licensor has the right to refuse to license the new Trademark Right to the Licensee for the remainder of the term of this Agreement. Licensor shall have the right to use, and to license others to use, any new Trademark Right after the termination of this Agreement. The decision whether to seek or maintain any federal, foreign, or state registration for any new Trademark Right or any of the Licensed Marks shall be made in the sole discretion of Licensor. Licensee shall fully cooperate with Licensor, including executing any documents and providing any materials that Licensor shall request, to obtain or maintain any such registration. To the extent the Licensed Marks or new Trademark Rights are not the subject of federal or foreign registrations as of the Effective Date, Licensee shall bear the cost of obtaining or maintaining same if Licensor decides to seek registration.

3.4 Modifications to or Derivative Works of the Licensed Copyrighted Works. Except as expressly permitted under this Agreement, Licensee shall not itself develop or use any modified or derivative works of the Licensed Copyrighted Works. Notwithstanding any provision of law that may initially vest ownership of copyrights in modifications or derivative works of the Licensed Copyrighted Works in Licensee or a third party that Licensee may engage in connection therewith, Licensor and Licensee hereby expressly agree that Licensor shall be considered the author and owner of the copyrights in the Licensed Copyrighted Works, including any derivative works or modifications of the original Licensed Copyrighted Works, whether or not any such modified or derivative works are approved by Licensor for use in connection with the Licensed Marks and the Business. To the extent permitted by law, the creation of any modifications or derivative works of the Licensed Copyrighted Works shall be deemed "works made for hire" for Licensor. Licensee shall execute any documents, including assignments, Licensor may determine it requires to vest ownership of the Licensed Copyrighted Works, including any modifications or derivative works of the original Licensed Copyrighted Works, in Licensee. Licensee shall have sole discretion as to whether to seek registration of the Licensed Copyrighted Works, but in no event shall Licensee apply for copyright registration of any of such works in its own name. Licensee shall execute written agreements, in a form acceptable to Licensor, with any independent contractor Licensee engages in connection with the creation of modifications or derivative works of the Licensed Copyrighted Works to ensure that such independent contractor is bound by this Section 3.4 and Section 3.7 to the same extent as Licensor. Notwithstanding the foregoing, Licensee does not assign to Licensor, and Licensee expressly retains the copyrights in all original content added by Licensee (including any new trademarks of Licensee that are not derivations of, variations upon, or confusingly similar to, the Licensed Marks) that is incorporated in such modifications or derivative works of the Licensed Copyrighted Works, to the extent such content does not bear or display any Licensed Marks.

3.5 Creation of New Works. Subject to the terms and conditions of this Agreement, including those set forth in this Section 3.5, Licensee may create new works in the nature of signage, marketing, advertising or promotional materials, including websites that display the Licensed Marks (the "New Works"). At least sixty (60) calendar days prior to the utilization of any of the New Works in connection with Licensee's exercise of its rights under the Trademark License, Licensee shall provide a specimen of the New Work to Licensor and specifics as to the proposed medium or media for the publication, distribution, display, broadcast and/or transmission of same. Upon Licensor's written approval, which shall not be unreasonably withheld or delayed, Licensee may utilize the approved New Work in the approved media to the extent permitted under the Trademark License. Should Licensee desire to utilize a new medium for the publication, distribution, display, broadcast or transmission of a New Work previously approved, Licensee shall give Licensor at least thirty (30) calendar days prior written notice as to the specifics of the proposed new media. Upon Licensor's written approval, which shall not be unreasonably withheld or delayed, Licensee shall be permitted to use the new medium for the New Work to the extent permitted by the Trademark License.

3.6 Ownership of New Works. As between Licensor and Licensee, Licensee shall be deemed the owner of the copyrights in the New Works and shall be permitted to apply for copyright registration of the New Works. Under no circumstances shall ownership rights extend to the Licensed Marks and upon termination of Licensee's rights under the Trademark License,

Licensee shall cease all use of the New Works; provided, however, to the extent that the Licensed Marks can be removed from the New Works, Licensee may continue to use the New Works with the new mark that it will use for the Business.

3.7 Appointment as Attorneys-In-Fact. IN THE EVENT THAT LICENSOR IS UNABLE FOR ANY REASON WHATSOEVER TO SECURE LICENSEE'S SIGNATURE TO ANY ASSIGNMENT DOCUMENT CONTEMPLATED UNDER THIS SECTION 3 OR TO ANY LAWFUL AND NECESSARY DOCUMENT REQUIRED TO APPLY FOR OR EXECUTE ANY TRADEMARK OR COPYRIGHT APPLICATIONS WITH RESPECT TO THE LICENSED MARKS OR THE LICENSED COPYRIGHTED WORKS, LICENSEE HEREBY IRREVOCABLY DESIGNATES AND APPOINTS LICENSOR AND ITS DULY AUTHORIZED OFFICERS AND AGENTS AS LICENSEE'S AGENTS AND ATTORNEYS-IN-FACT TO ACT FOR AND ON LICENSEE'S BEHALF AND INSTEAD OF LICENSEE, TO EXECUTE ANY SUCH ASSIGNMENT AND EXECUTE AND FILE ANY SUCH APPLICATION AND TO DO ALL OTHER LAWFULLY PERMITTED ACTS TO FURTHER THE PROSECUTION AND ISSUANCE OF TRADEMARK OR COPYRIGHT REGISTRATIONS PERTAINING TO THE LICENSED MARKS OR THE LICENSED COPYRIGHTED WORKS WITH THE SAME LEGAL FORCE AND EFFECT AS IF EXECUTED BY LICENSEE.

4. QUALITY CONTROL.

4.1 Acknowledgment of Quality. The parties acknowledge that the Licensed Marks have come to signify a high level of quality to the purchasing public and that Licensor's use of the Licensed Marks before the Effective Date of this Agreement has been in connection with high quality products and services. The parties further agree that it is important to both parties and to the purchasing public that the goodwill in the Licensed Marks be retained and enhanced, and that the sale of quality products and services under the Licensed Marks is the essence of this Agreement.

4.2 Acceptable Level of Quality. Licensee agrees to maintain at all times a minimum level of quality of the products and services sold in connection with the Business operated under the Licensed Marks (hereinafter referred to as "Acceptable Level of Quality"). This Acceptable Level of Quality shall be substantially consistent with or superior to, but in any case must not be inferior in any material respect to, the level of quality maintained by Licensee in the products and services sold in connection with the Business as Licensor's wholly owned subsidiary prior to the separation. Licensee also agrees as part of the Acceptable Level of Quality that the products and services sold in connection with the Business shall be produced, packaged, labeled, promoted, sold, distributed and provided in accordance with all applicable foreign, federal, state and local laws, and governmental orders and regulations as they all may be in effect from time to time, and that the policy of sale, distribution and exploitation by Licensee shall in no manner reflect adversely upon the Licensed Trademarks. Licensee shall have a continuing obligation to immediately notify Licensor within three (3) business days of any conflict of which it becomes aware between any requirement of Licensor, and applicable foreign, federal, state and local laws, and governmental orders and regulations as may be in effect from time to time. Licensee shall be responsible for modifying any Licensed Copyrighted Works (including the costs of any such

modifications) as may be required to comply with applicable foreign, federal, state and local laws, and governmental orders and regulations or with the terms of this Agreement. Any such modification shall be made in accordance with Section 2.3 of this Agreement; provided that Licensor agrees to provide as soon as reasonably practicable any approval that is necessary to authorize Licensee to modify any Licensed Copyrighted Works as may be required to comply with applicable foreign, federal, state and local laws, and governmental orders and regulations. Licensee shall have a further continuing obligation to notify Licensor immediately of any inquiry, investigation, inspection or any other action by any government body or unit thereof, with respect to the production, packaging, promotion, sale or distribution of the products and services sold in connection with the Business by Licensee (or any Permitted Third Party Provider) and the results thereof, or by any of Licensee's customers.

4.3 Inspection of Premises and Licensed Products. Licensor, or its designated representatives, shall have the right, at any time upon reasonable notice to Licensee, to conduct during regular business hours an examination of the products and services sold in connection with the Business offered by Licensee under the Licensed Marks and to inspect and review during regular business hours the business locations of Licensee and any Permitted Third Party Provider, including all manufacturing, packaging, distribution, storage facilities and the like, for the purpose of assuring adherence to the Acceptable Level of Quality, proper use of the Licensed Marks, and compliance with the terms of this Agreement. Licensee and any Permitted Third Party Provider shall comply with all of Licensor's reasonable requests directed to the condition of or conduct of activities at these business locations that may, in Licensor's reasonable business judgment, affect the quality of the products and services offered in connection with the Business and maintenance of an Acceptable Level of Quality. If at any time, under any circumstances, Licensor determines that the products and services offered in connection with the Business fail to be of an Acceptable Level of Quality, Licensor shall so notify Licensee. Licensee and any Permitted Third Party Provider shall immediately make such changes as are required to obtain an Acceptable Level of Quality.

4.4 Provision of Samples. Licensee agrees to furnish to Licensor, or Licensor's designated representative, samples of Licensee's uses of the Licensed Marks, including product, packaging, labels, signage and all forms of advertising, promotional, and marketing materials, as Licensor may request at any time, for the purpose of inspecting to ensure that these uses are of an Acceptable Level of Quality and have been approved by Licensor for use with the Licensed Marks. Licensee agrees to work promptly to correct or remedy uses of the Licensed Marks which may, for any reason, fail in the judgment of Licensor to meet the Acceptable Level of Quality imposed by Licensor, or to violate the terms of this Agreement.

4.5 Maintenance of Reputation and Goodwill. Licensee agrees that neither Licensee nor any Permitted Third Party Provider who is not an Affiliate of Licensor nor any other person or entity which controls, is controlled by, or is under common control with either Licensee or any Permitted Third Party Manufacturer who is not an Affiliate of Licensor, shall, during the term of this Agreement or thereafter, misuse the Licensed Marks or the Trademark Rights, take any action that would bring any of them into public disrepute, or take any action that would reasonably be expected to destroy or diminish Licensor's ownership, value or goodwill in the Licensed Marks, the Licensed Copyrighted Works or the Trademark Rights.

5. OTHER CONDITIONS APPLICABLE TO LICENSED MARKS AND LICENSED COPYRIGHTED WORKS.

5.1 In connection with any and all of its uses of the Licensed Marks, Licensee agrees to identify the licensed use under this Agreement and the proprietary rights of Licensor. Examples of such notices include "CLEAR CHANNEL is a registered mark of Clear Channel Identity, L.P." and "CLEAR CHANNEL is a registered mark used by CCE Spinco, Inc. under license from Clear Channel Identity, L.P."

5.2 In connection with its use of any of the Licensed Marks, Licensee agrees to use commercially reasonable efforts to make proper use of the "®" symbol or other proper notice to indicate a registered mark, and the "™" symbol to indicate an unregistered mark in which Licensor may claim rights and/or which is the subject of a state registration. Upon receiving notice from Licensor that Licensee's use of a registration notice or "™" symbol is incorrect or otherwise deemed unacceptable, Licensee shall promptly modify such uses to obviate Licensor's objections. Licensor shall use commercially reasonable efforts to include a legally sufficient copyright notice on the Licensed Copyrighted Works, including any modification or derivative works of the original Licensed Copyrighted Works. Licensee shall comply with all of Licensor's requests concerning the copyright notice for the Licensed Copyrighted Works.

6. ACKNOWLEDGMENT OF RIGHTS; CESSATION OF USE.

6.1 Goodwill. Licensee acknowledges that all goodwill accruing to Licensee's use of the Licensed Marks and/or Trademark Rights shall inure to the benefit of Licensor.

6.2 Acknowledgment of Licensor's Ownership; Cessation of Use. Licensee expressly recognizes and acknowledges that the use of the Licensed Marks or Licensed Copyrighted Works shall not confer upon Licensee any intellectual property or other proprietary rights. Upon expiration or upon termination of this Agreement, the Trademark License and/or the Copyright License for any reason, Licensee shall immediately cease all use of the Licensed Marks, the Licensed Copyrighted Works and the New Works (except as expressly permitted in this Agreement). Licensee further agrees that, at no time after the expiration or termination of its rights to use the Licensed Marks pursuant to this Agreement, will it make any further use of the Licensed Marks or any other designation, symbol, design, emblem, mark, or name similar to the Licensed Marks even if Licensor does not thereafter use the Licensed Marks, either itself or through another authorized party.

6.3 Agreement Not to Contest. Licensee shall not question, contest or challenge the title or ownership by Licensor of the Licensed Marks or the Licensed Copyrighted Works during the term of this Agreement or thereafter. Licensee will claim no right, title or interest in the Licensed Marks or any other designation, symbol, design, emblem, mark, or name similar thereto or the Licensed Copyrighted Works except the right to use the same pursuant to the terms, provisions and conditions of this Agreement, and will not seek during the term of this Agreement or thereafter to register the same in any jurisdiction or before any agency, regulatory body, or official entity.

6.4 Registration of Domain Names. Licensee agrees that neither Licensee nor any other person or entity which controls, is controlled by, or is under common control with Licensee shall during the term of this Agreement or thereafter register or use any domain name that incorporates the Licensed Marks, or any formative of the Licensed Mark, or any confusingly similar mark, whether in a top level domain name or secondary domain name, or as part of any other uniform resource locator (URL) address.

6.5 Licensor's Right to Protect Trademarks and Copyrights. Nothing in this Agreement shall be construed to bar Licensor from protecting its right to the exclusive use of its trademarks, service marks, names or copyrights against infringement thereof by any party or parties, including Licensee (in the case of its use of any of the foregoing other than pursuant to the Trademark License or the Copyright License), either during the term of this Agreement or thereafter.

7. POLICING OF TRADEMARK RIGHTS AND COPYRIGHTS.

7.1 Duty to Notify of Infringement. Licensee shall promptly notify Licensor in writing in the event it becomes aware of any third party infringing, misusing, or otherwise violating any of Licensor's rights in the Licensed Marks or the Licensed Copyrighted Works, or who Licensee believes is, or may be infringing, diluting, or otherwise derogating the Licensor's rights in the Licensed Marks or the Licensed Copyrighted Works.

7.2 Enforcement Action by Licensor. Licensor may, at its sole discretion, take action against such third party to enforce its interest in the Licensed Marks and the Licensed Copyrighted Works, and in such event shall be entitled to retain all monetary recovery from any such third party by way of judgment, settlement, or otherwise. In the event Licensor elects or takes enforcement action, Licensee agrees to cooperate promptly and fully with any such effort, at Licensee's expense.

8. CONFIDENTIALITY.

8.1 Each of Licensor and Licensee (the "Receiving Party"), on behalf of itself, and on behalf of its Affiliates, agrees to maintain the confidentiality of all data and other proprietary information concerning the other party (the "Disclosing Party") and/or the Disclosing Party's Affiliates that may be made available or disclosed to it during the term of this Agreement (collectively, the "Confidential Information"); provided that Confidential Information will not include any information that: (a) is or becomes generally available to the public other than as a result of a breach of this Agreement by the Receiving Party or its Affiliates; (b) was available to the Receiving Party on a non-confidential basis prior to its disclosure to the Receiving Party by the Disclosing Party; (c) becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party who the Receiving Party reasonably believes is not bound by a legal or contractual obligation not to disclose such Confidential Information; or (d) was independently developed by the Receiving Party without use of or reference to the Confidential Information. Without limiting the foregoing, Licensor and Licensee will utilize the same methods and practices in the protection of the Confidential Information that each utilizes in protecting its own confidential information. Each of Licensor and Licensee, in its capacity as a Receiving Party, agrees that it will not disclose the Confidential Information of the Disclosing

Party without the prior written consent of the Disclosing Party, except for disclosures (a) that may be required by applicable law, rule or regulation, (b) that may be required by the Receiving Party to enforce the rights of the Receiving Party under this Agreement, and (c) to the Receiving Party's Affiliates and other representatives and agents that the Receiving Party reasonably believes need to know such Confidential Information to perform obligations hereunder. Each of Licensor and Licensee, in its capacity as a Receiving Party, will be responsible for any breach of this Section 8.1 by its Affiliates, representatives and agents. Before any disclosure is made pursuant to applicable law, rule or regulation, the party with the disclosure requirement will, if permitted by applicable law, rule or regulation, give advance written notice of such disclosure to the non-disclosing party so that such non-disclosing party may seek a protective order against such disclosure. In the absence or unavailability of any such protective order, the party with the disclosure requirement hereby agrees to take all reasonable and lawful actions to seek confidential treatment for such disclosure and, to the extent practicable, to minimize the extent of such disclosure. The provisions of Section 8.1 shall survive expiration or termination of this Agreement for any reason and shall remain in full force and effect in accordance with its terms, without modification, limitation or impairment of any kind for a period of two (2) years following such expiration or termination.

9. ASSIGNMENT AND SUBLICENSE.

9.1 Restriction on Assignment and Sublicense. Except as otherwise expressly set forth herein, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned, transferred, conveyed or delegated by Licensee in any manner (whether by operation of law pursuant to a change of control or otherwise) without the prior written consent of Licensor, and any purported assignment, transfer, conveyance or delegation in violation hereof will be null and void, provided that Licensee may assign this Agreement and its rights and obligations hereunder to any direct successor to all or substantially all of the Business. This Agreement is not intended to confer any rights or benefits on any person or entity other than the parties hereto, except as expressly provided in Section 10.1. Licensee shall not sublicense any of its rights under this Agreement without the express prior written consent of Licensor, which shall be solely within Licensor's discretion and subject to Licensee's sublicensee's express written agreement to abide by and comply with all of the terms and conditions of this Agreement. Licensor may freely transfer this Agreement and its rights or obligations hereunder or the Licensed Marks or Licensed Copyrighted Works, subject only to Licensee's rights under this Agreement.

9.2 Continuance of Obligations. Any assignment or sublicense of rights of Licensee under this Agreement, even with the prior consent of Licensor, shall not operate to release, limit, impair or suspend any of the obligations of Licensee under this Agreement.

10. WARRANTY DISCLAIMER/INDEMNITY/HOLD HARMLESS.

10.1 Licensee's Indemnification Obligation. Regardless of any inspections conducted by or consents granted by Licensor and regardless of compliance by Licensee (or any Permitted Third Party Provider) with any standards promulgated hereunder, Licensee agrees to indemnify, defend and hold harmless Licensor, its Affiliates (including parent entities), and their respective stockholders, directors, officers, employees, agents and assignees from and against any and all

claims, demands, causes of action, damages, losses, liabilities, judgments, costs, fines, penalties, obligations, together with all reasonable costs and expenses incurred in connection with the foregoing (including, without limitation, court costs, litigation expenses and reasonable attorneys fees) ("Damages") that any of them may suffer or incur (including pursuant to judgment or settlement) as a result of or relating to (a) Licensee's use of the Licensed Marks or the Licensed Copyrighted Works (excluding any Damages that result from any claim, suit or proceeding involving an allegation that, if true, would result in a breach of any representation or warranty by Licensor set forth in Section 2.16 of the Purchase Agreement), (b) Licensee's breach of any of the terms of this Agreement, and (c) the activities or omissions of Licensee or any of its stockholders, directors, officers, employees, agents and assignees; provided, however, that Licensor shall not be entitled to indemnification hereunder to the extent that the Damages being sought were caused by any breach of a representation or warranty of Licensor hereunder or act or omission of Licensor. If in the reasonable good faith judgment of Licensor, the Licensee fails to undertake and continue the defense of any of the foregoing, Licensor shall have the right (but not obligation) to make and continue such defense as it considers appropriate and to settle the underlying matter at the expense of Licensee. Nothing herein shall prevent Licensor from defending, if it so desires in its own discretion, any matter at its own expense through its own counsel, notwithstanding that the defense thereof may have been undertaken by Licensee.

10.2 Warranty. Licensor represents and warrants that it has full right and authority to grant the licenses granted to Licensee hereunder.

10.3 Warranty Disclaimer. EXCEPTING ONLY THE WARRANTY BY LICENSOR IN SECTION 10.2, LICENSEE HEREBY EXPRESSLY ACKNOWLEDGES THAT LICENSOR MAKES NO WARRANTIES OF ANY KIND TO LICENSEE, WHETHER WITH RESPECT TO THE LICENSED MARKS, THE LICENSED COPYRIGHTED WORKS OR OTHERWISE. EXCEPTING ONLY THE WARRANTY BY LICENSOR IN SECTION 10.2, LICENSOR HEREBY EXPRESSLY DISCLAIMS ANY WARRANTY OBLIGATION, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

11. DEFAULT; TERMINATION OF LICENSES.

11.1 Defaults. For purposes of this Agreement, the term "Default" shall mean and include any of the following:

(a) the failure of Licensee or a Permitted Third Party Provider to fully and timely perform any of its obligations under this Agreement (including any failure to maintain an Acceptable Level of Quality), which failure continues for thirty (30) calendar days, in the case of a failure to maintain an Acceptable Level of Quality, or for ninety (90) days, in the case of other failure, after written notice to Licensee from Licensor describing such failure with reasonable specificity;

(b) the failure of any of the warranties or representations of Licensee in this Agreement to be true and correct, which failure is not fully remedied within thirty (30) calendar days of written notice to Licensee from Licensor describing such failure with reasonable specificity.

11.2 This Agreement and the Trademark License and Copyright License granted to Licensee under this Agreement, together with any and all rights of Licensee or any of its assigns or sublicensees, shall terminate upon the first to occur of the following:

(a) Expiration of the Term;

(b) the date specified for termination in a written notice by Licensor to Licensee after the occurrence of the Default;

(c) (i) Licensee files a petition for bankruptcy or is otherwise adjudicated bankrupt, (ii) a petition for bankruptcy is filed against Licensee and such petition is not dismissed within ninety (90) calendar days, or (iii) Licensee becomes insolvent, discontinues its business or voluntarily submits to, or is ordered by a bankruptcy court to undergo, liquidation pursuant to Chapter 7 of the United States Bankruptcy Code (or any successor thereto);

(d) any assignment for the benefit of creditors of Licensee; or

(e) any attachment, execution of judgment or process against any of Licensee's rights under the Trademark License, the Copyright License or otherwise under this Agreement, unless satisfied or released within sixty (60) calendar days.

11.3 Additional Requirements Upon Expiration or Termination. Upon termination or expiration of this Agreement for any reason, all rights granted to Licensee hereunder shall cease, including the Trademark License and the Copyright License.

(a) In addition to requirements upon expiration or termination set forth elsewhere in this Agreement, within ten (10) calendar days of termination or expiration of this Agreement for any reason, Licensee shall return or destroy, all materials (including, without limitation, product, packaging, labels, signage, marketing, advertising or promotional materials) pertaining to use of the Licensed Marks and the Licensed Copyrighted Works that are in Licensee's possession (or in the possession of any third party over which Licensee maintains control with respect to possession of such materials, including any Permitted Third Party Provider).

(b) Upon termination or expiration of this Agreement for any reason, Licensee shall not operate its business in any manner which could suggest to the public that such license is still in force, or that any relationship exists between Licensor and Licensee. Without limitation, it is understood that this Section 12.3(b) shall require Licensee to "de-identify" its facilities, products, services and materials so as to remove any references to any of the Licensed Marks, including from its signage and all advertising, marketing, packaging and promotional materials, and to change the overall appearance of any location to eliminate the use of any trademark or trade dress confusingly similar with those owned by Licensor.

11.4 Survival. In addition to the survival provisions set forth elsewhere in this Agreement, the provisions Sections 1, 2.1(e), 2.1(f), 2.4, 3.1, 3.3, 3.4, 3.7, 4.5, 6, 7.2, 8.1, 9, 10,

11, 12.3, 12.4, 13, 14, 15 and 16 shall survive expiration or termination of this Agreement for any reason and shall remain in full force and effect in accordance with their respective terms, without modification, limitation or impairment of any kind.

12. INJUNCTIVE RELIEF; GOVERNING LAW.

12.1 Injunctive Relief. Licensee acknowledges and agrees that Licensor would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached. Accordingly, Licensee agrees that Licensor shall be entitled to injunctive relief, in addition to an award for damages to prevent breaches of the provisions of this Agreement and to enforce specifically (without posting bond) this Agreement and the terms and provisions hereof.

12.2 Governing Law.

(a) THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW RULE OR PRINCIPLE THAT MIGHT RESULT IN THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

(b) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF TEXAS AND OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF DELAWARE, FOR ANY LITIGATION, CLAIM OR DISPUTE UNDER THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY (AND AGREES NOT TO COMMENCE ANY LITIGATION, CLAIM OR DISPUTE RELATING HERETO EXCEPT IN SUCH COURTS); PROVIDED, THAT THIS SECTION 13.2(B) SHALL NOT PRECLUDE ANY PARTY TO THIS AGREEMENT FROM COMMENCING LITIGATION, CLAIM OR DISPUTE IN ANOTHER JURISDICTION TO SECURE ENFORCEMENT OF ANY JUDGMENT OR AWARD OBTAINED IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, INCLUDING AN AWARD OF SPECIFIC PERFORMANCE. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY LITIGATION, CLAIM OR DISPUTE ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN THE COURTS OF THE STATE OF TEXAS OR THE UNITED STATES OF AMERICA LOCATED IN TEXAS, HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

13. STATUS OF THE PARTIES.

13.1 Employment/Partnership Issues. This Agreement does not create, is not intended to create, and shall not be interpreted or construed as creating a partnership, joint venture, agency, employment, master and servant, or similar relationship between Licensor and Licensee, and no representation to the contrary shall be binding upon either party.

14. NOTICES.

All notices and other communications under this Agreement must be in writing and will be deemed given (a) when delivered personally, (b) on the fifth business day after being mailed by certified mail, return receipt requested, (c) the next business day after delivery to a recognized overnight courier or (d) upon transmission and receipt by the facsimile operator of confirmation of successful transmission, if sent by facsimile, to the parties at the following addresses or facsimile numbers (or to such other address or facsimile number as such party may have specified by notice given to the other party pursuant to this provision):

If to Licensor: with copies to:

Attention: General Counsel
Facsimile:

If to Licensee: with copies to:

Attention:
Facsimile:

15. MISCELLANEOUS.

15.1 Attorneys' Fees and Costs. If attorneys' fees or other costs are incurred to secure performance of any obligations hereunder, or to establish damages for the breach thereof or to obtain any other appropriate relief, whether by way of prosecution or defense, the Prevailing Party (as defined below) will be entitled to recover reasonable attorneys' fees and costs incurred in connection therewith. A party will be considered the "Prevailing Party" if: (a) it initiated the litigation and substantially obtained the relief it sought, either through a judgment or the losing party's voluntary action before trial or judgment; (b) the other party withdraws its action without substantially obtaining the relief it sought; or (c) it did not initiate the litigation and judgment is entered into for any party, but without substantially granting the relief sought by the initiating party or granting more substantial relief to the non-initiating party with respect to any counterclaim asserted by the non-initiating party in connection with such litigation.

15.2 Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile or portable document format (pdf)) for the convenience of the parties hereto, each of which will be deemed an original, but all of which together will constitute one and the same instrument. No signature page to this Agreement evidencing a party's execution

hereof will be deemed to be delivered by such party to any other party hereto until such delivering party has received signature pages from all parties signatory to this Agreement.

15.3 Headings. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and will not in any way affect the meaning or interpretation of this Agreement.

15.4 Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, each of which will remain in full force and effect, so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in a manner materially adverse to any party.

15.5 Binding Effect. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

15.6 Entire Agreement. This Agreement and the related documents contained as Exhibits hereto contain the entire understanding of the parties relating to the subject matter hereof and supersede all prior written or oral and all contemporaneous oral agreements and understandings relating to the subject matter hereof. This Agreement may be amended, supplemented or modified, and any provision hereof may be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement is sought. The recitals to this Agreement are hereby incorporated by reference and made a part of this Agreement for all purposes. To the extent of any conflict between this Agreement and the Master Separation and Distribution Agreement, the provisions of this Agreement shall control.

15.7 Construction. Neither this Agreement nor any provision contained in this Agreement will be interpreted in favor of or against any party hereto because such party or its legal counsel drafted this Agreement or such provision. Whenever the plural form of a word is used in this Agreement, that word will include the singular form of that word. Whenever the singular form of a word is used in this Agreement, that word will include the plural form of that word. The term “and” shall also mean “or” and “or” shall also mean “and” as the context permits or requires to provide the broadest meaning or inclusion of the subject. The term “include” or any derivative of such term does not mean that the items following such term are the only types of such items.

16.8 Effect of Licensor Approvals. The parties recognize that the need for the protection of consumers and of the public is of paramount consideration. Accordingly, the parties agree that in no event will any approval granted by Licensor under this Agreement serve to confirm Licensee’s compliance with, or absolve or otherwise release Licensee of its responsibilities to comply with, the provisions of this Agreement, including those relating to Product quality.

16.9 Time is of the Essence. Time is of the essence of this Agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed in duplicate originals by its duly authorized representatives on the respective dates entered below.

LICENSOR:

CLEAR CHANNEL IDENTITY, L.P.

By _____, its general partner

By: _____
Name:
Title:

LICENSEE:

CCE SPINCO, INC.

By: _____
Name:
Title:

Exhibit 10.5

CCE SPINCO, INC.
2005 STOCK INCENTIVE PLAN

1. Purpose. The purpose of the plan is to facilitate the ability of CCE Spinco, Inc., a Delaware corporation (the "Company") and its subsidiaries to attract, motivate and retain eligible employees, directors and other personnel through the use of equity-based and other incentive compensation opportunities. Awards made under the plan may take the form of options to purchase shares of the Company's common stock, $.01 par value (the "Common Stock") granted pursuant to Section 5, director shares issued pursuant to Section 6, stock appreciation rights granted pursuant to Section 7, restricted stock and deferred stock rights issued or granted pursuant to Section 8, other types of stock-based awards made pursuant to Section 9, and/or performance-based awards made pursuant to Section 10.

2. Administration.

2.1 The Committee. The Plan will be administered by the compensation committee of the Company's board of directors, except the entire board will have sole authority for granting and administering awards to non-employee directors.

2.2 Responsibility and Authority of the Committee. Subject to the provisions of the Plan, the committee, acting in its discretion, will have responsibility and the power and authority to (a) select the persons to whom awards will be made, (b) prescribe the terms and conditions of each award and make amendments thereto, (c) construe, interpret and apply the provisions of the Plan and of any agreement or other document evidencing an award made under the Plan, and (d) make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the Plan. The committee may obtain at the Company's expense such advice, guidance and other assistance from outside compensation consultants and other professional advisers as the committee deems appropriate in connection with the proper administration of the plan.

2.3 Delegation of Authority by Committee. Subject to the requirements of applicable law, the committee may delegate to any person or group or subcommittee of persons (who may, but need not be members of the committee) such Plan-related functions within the scope of its responsibility, power and authority as it deems appropriate. If the committee wishes to delegate a particular function to a subcommittee consisting solely of its own members, it may choose to do so on a de facto basis by limiting the members entitled to vote on matters relating to that function. Reference herein to the committee with respect to functions delegated to another person, group or subcommittee will be deemed to refer to such person, group or subcommittee.

2.4 Committee Actions. A majority of the members of the committee shall constitute a quorum. The committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the committee as to any disputed question arising under the plan or an agreement or other document governing an individual award, including questions of construction, interpretation and administration, shall be final and conclusive on all persons. The committee shall keep a record of

its proceedings and acts and shall keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the plan.

2.5 Indemnification. The Company shall indemnify and hold harmless each member of the board of directors of the committee or of any subcommittee appointed by the board of directors or the committee and any employee of the Company or any of its subsidiaries and affiliates who provides assistance with the administration of the plan or to whom a plan-related responsibility is delegated, from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the board of directors), damage and expense (including reasonable legal fees and other expenses incident thereto and, to the extent permitted by applicable law, advancement of such fees and expenses) arising out of or incurred in connection with the plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

3. Limitations on Company Stock Awards Under the Plan.

3.1 Aggregate Share Limitation. Subject to adjustments required or permitted by the plan, the Company may issue a total of nine million (9,000,000) shares of Common Stock under the plan. For these purposes, the following shares of Common Stock will not be taken into account and will remain available for issuance under the plan: (a) shares covered by awards that expire or are canceled, forfeited, settled in cash or otherwise terminated, (b) shares delivered to the Company and shares withheld by the Company for the payment or satisfaction of purchase price or tax withholding obligations associated with the exercise or settlement of an award, and (c) shares covered by stock-based awards assumed by the Company in connection with the acquisition of another company or business.

3.2 Individual Employee Limitations. In any calendar year, (a) the total number of shares that may be covered by awards made to an individual may not exceed 1,000,000 plus the aggregate amount of such individual's unused annual share limit as of the close of the preceding calendar year, (b) the maximum amount of cash that may be payable to an individual pursuant to performance-based cash awards made under Section 10 of the plan is $5,000,000 plus the aggregate amount of such individual's unused annual dollar limit as of the close of the preceding calendar year.

4. Eligibility to Receive Awards. Awards may be granted under the plan to any present or future director, officer, employee, consultant or adviser of or to the Company or any of its subsidiaries. For purposes of the plan, a subsidiary is any entity in which the Company has a direct or indirect ownership interest of at least 50%.

5. Stock Option Awards.

5.1 General. Stock options granted under the Plan will have such vesting and other terms and conditions as the committee, acting in its discretion in accordance with the Plan, may determine, either at the time the option is granted or, if the holder's rights are not adversely affected, at any subsequent time.

5.2 Minimum Exercise Price. The exercise price per share of Common Stock covered by an option granted under the plan may not be less than 100% of the fair market value

per share on the date the option is granted (110% in the case of "incentive stock options" (within the meaning of Section 422 of the Code) granted to an employee who is a 10% stockholder within the meaning of Section 422(b)(6) of the Code). For purposes of the plan, unless determined otherwise by the committee, the fair market value of a share of Common Stock on any date is the closing sale price per share in consolidated trading of securities listed on the principal national securities exchange or market on which shares of Common Stock are then traded, as reported by a recognized reporting service or, if there is no sale on such date, on the first preceding date on which such shares are traded.

5.3 Limitation on Repricing of Options. Except for adjustments made in accordance with Section 13, the repricing of stock options granted under the plan is prohibited in the absence of stockholder approval.

5.4 Maximum Duration. Unless sooner terminated in accordance with its terms, an option granted under the plan will automatically expire on the tenth anniversary of the date it is granted or, in the case of an "incentive stock option" granted to an employee who is a 10% stockholder, the fifth anniversary of the date it is granted.

5.5 Effect of Termination of Employment or Service. The committee may establish such exercise and other conditions applicable to an option following the termination of the optionee's employment or other service with the Company and its subsidiaries as the committee deems appropriate on a grant-by-grant basis. For purposes of the plan, an individual's employment or service with the Company and its subsidiaries will be deemed to have terminated if such individual is no longer receiving or entitled to receive compensation for providing services to the Company and its subsidiaries.

5.6 Method of Exercise. An outstanding and exercisable option may be exercised by transmitting to the Secretary of the Company (or other person designated for this purpose by the committee) a written notice identifying the option that is being exercised and specifying the number of whole shares to be purchased pursuant to that option, together with payment in full of the exercise price and the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Company have been made for such payment(s). The exercise price may be paid in cash or in any other manner the committee, in its discretion, may permit, including, without limitation, (a) by the delivery of previously-owned shares, (b) by a combination of a cash payment and delivery of previously-owned shares, or (c) pursuant to a cashless exercise program established and made available through a registered broker-dealer in accordance with applicable law. Any shares transferred to the Company (or withheld upon exercise) in connection with the exercise of an option shall be valued at fair market value for purposes of determining the extent to which the exercise price and/or tax withholding obligation is satisfied by such transfer (or withholding) of shares.

5.7 Non-Transferability. No option shall be assignable or transferable except upon the optionee's death to a beneficiary designated by the optionee in a manner prescribed or approved for this purpose by the committee or, if no designated beneficiary shall survive the optionee, pursuant to the optionee's will or by the laws of descent and distribution. During an optionee's lifetime, options may be exercised only by the optionee or the optionee's guardian or

legal representative. Notwithstanding the foregoing, the committee may permit the inter vivos transfer of an option (other than an "incentive stock option") pursuant to a domestic relations order (within the meaning of Rule 16a-12 promulgated under the Exchange Act) in settlement of marital property rights, or by gift to any "family member" (within the meaning of Item A.1.(5) of the General Instructions to Form S-8 or any successor provision), on such terms and conditions as the committee deems appropriate.

5.8 Rights as a Stockholder. No shares of Common Stock shall be issued in respect of the exercise of an option until payment of the exercise price and the applicable tax withholding obligations have been satisfied or provided for to the satisfaction of the Company, and the holder of an option shall have no rights as a stockholder with respect to any shares covered by the option until such shares are duly and validly issued by the Company to or on behalf of such holder.

6. Director Shares.

6.1 The committee may permit non-employee directors to elect to receive all or part of their annual retainers in the form of shares ("Director Shares"). Unless the committee determines otherwise, any such elections may be made during the month a director first becomes a director and during the last month of each calendar quarter thereafter, and shall remain in effect unless and until the end of the calendar quarter in which a new election is made (or, if later, the calendar quarter next following the calendar quarter in which the director first becomes a director). Any such election shall also indicate the percentage of the retainer to be paid in shares and shall contain such other information as the committee or the Board may require.

6.2 The Company shall issue Director Shares on the first trading day of each calendar quarter to all directors on that trading day except any director whose retainer is to be paid entirely in cash. The number of Director Shares issuable to a director on the relevant trading date shall equal:

[% multiplied by (R/4)] divided by P

WHERE:

% = the percentage of the director's retainer that is payable in shares;

R = the director's retainer for the applicable calendar year; and

P = the closing price, as quoted on the principal exchange on which shares are traded, on the date of issuance.

Director Shares shall not include any fractional shares. Fractions shall be rounded to the nearest whole share.

7. Stock Appreciation Rights.

7.1 General. The committee may grant stock appreciation rights ("SARs"), either alone or in connection with the grant of an option, upon such vesting and other terms and

conditions as the committee, acting in its discretion in accordance with the Plan, including, as applicable, Section 5 (relating to options), may determine, either at the time the SARs are granted or, if the holder's rights are not adversely affected, at any subsequent time. Upon exercise, the holder of an SAR shall be entitled to receive a number of whole shares of Common Stock having a fair market value equal to the product of *X* and *Y*, where—

X = the number of whole shares of Common Stock as to which the SAR is being exercised, and

Y = the excess of the fair market value per share of Common Stock on the date of exercise over the fair market value per share of Common Stock on the date the SAR is granted (or such greater base value as the committee may prescribe at the time the SAR is granted).

7.2 Tandem SARs. An SAR granted in tandem with an option shall cover the same shares covered by the option (or such lesser number of shares as the committee may determine) and, unless the committee determines otherwise, shall be subject to the same terms and conditions as the related option. Upon the exercise of an SAR granted in tandem with an option, the option shall be canceled to the extent of the number of shares as to which the SAR is exercised, and, upon the exercise of an option granted in tandem with an SAR, the SAR shall be canceled to the extent of the number of shares as to which the option is exercised.

7.3 Method of Exercise. An outstanding and exercisable SAR may be exercised by transmitting to the Secretary of the Company (or other person designated for this purpose by the committee) a written notice identifying the SAR that is being exercised and specifying the number of shares as to which the SAR is being exercised, together with payment in full of the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Company have been made for such payment. The withholding taxes may be paid in cash or in any other manner the committee, in its discretion, may permit, including, without limitation, (a) by the delivery of previously-owned shares of Common Stock, or (b) by a combination of a cash payment and the delivery of previously-owned shares. The committee may impose such additional or different conditions for exercise of an SAR as it deems appropriate. No fractional shares will be issued in connection with the exercise of an SAR.

7.4 Rights as a Stockholder. No shares of Common Stock shall be issued in respect of the exercise of an SAR until payment of the applicable tax withholding obligations have been satisfied or provided for to the satisfaction of the Company, and the holder of an SAR shall have no rights as a stockholder with respect to any shares issuable upon such exercise until such shares are duly and validly issued by the Company to or on behalf of such holder.

8. Restricted Stock and Deferred Stock Awards.

8.1 General. Under a restricted stock award, shares of Common Stock will be issued by the Company to the recipient at the time of the award. Under a deferred stock award, the recipient will be entitled to receive shares of Common Stock in the future. The shares covered by a restricted stock award and the right to receive shares under a deferred stock award

will be subject to such vesting and other conditions and restrictions as the committee, acting in its discretion in accordance with the plan, may determine.

8.2 Minimum Purchase Price. Unless the committee, acting in accordance with applicable law, determines otherwise, the purchase price payable for shares of Common Stock transferred pursuant to a restricted or deferred stock award must be at least equal to the par value of the shares.

8.3 Issuance of Restricted Stock. Shares of Common Stock issued pursuant to a restricted stock award may be evidenced by book entries on the Company's stock transfer records pending satisfaction of the applicable vesting conditions. If a stock certificate for restricted shares is issued, the certificate will bear an appropriate legend to reflect the nature of the conditions and restrictions applicable to the shares. The Company may require that any or all such stock certificates be held in custody by the Company until the applicable conditions are satisfied and other restrictions lapse. The committee may establish such other conditions as it deems appropriate in connection with the issuance of certificates for restricted shares, including, without limitation, a requirement that the recipient deliver a duly signed stock power, endorsed in blank, for the shares covered by the award.

8.4 Stock Certificates for Vested Stock. The recipient of a restricted or deferred stock award will be entitled to receive a certificate, free and clear of conditions and restrictions (except as may be imposed in order to comply with applicable law), for shares that vest in accordance with the award, subject, however, to the payment or satisfaction of applicable withholding taxes. The delivery of vested shares covered by a deferred stock award may be deferred if and to the extent provided by the terms of the award, subject, however, to the applicable deferral requirements of Section 409A of the Code.

8.5 Rights as a Stockholder. Subject to and except as otherwise provided by the terms of a restricted stock award, the holder of restricted shares of Common Stock will be entitled to receive dividends paid on, and exercise voting rights associated with, such shares as if the shares were fully vested. The holder of a deferred stock award shall no rights as a stockholder with respect to shares covered by a deferred stock award unless and until the award vests and the shares are issued; provided, however, that the committee, in its discretion, may provide for the payment of dividend equivalents on shares covered by a deferred stock award.

8.6 Nontransferability. Neither a restricted or deferred stock award nor restricted shares of Common Stock issued pursuant to any such award may be sold, assigned, transferred, disposed of, pledged or otherwise hypothecated other than to the Company or its designee in accordance with the terms of the award or of the plan, and any attempt to do so shall be null and void and, unless the committee determines otherwise, shall result in the immediate forfeiture of the award or the restricted shares, as the case may be.

8.7 Termination of Service Before Vesting; Forfeiture. Unless the committee determines otherwise, shares of restricted stock and non-vested deferred stock awards will be forfeited upon the recipient's termination of employment or other service with the Company and its subsidiaries. If shares of restricted stock are forfeited, any certificate representing such shares will be canceled on the books of the Company and the recipient will be entitled to receive from

the Company an amount equal to any cash purchase price previously paid for such shares. If a non-vested deferred stock award is forfeited, the recipient will have no further right to receive the shares of Common Stock covered by the non-vested award.

9. Other Equity-Based Awards. The committee may grant dividend equivalent payment rights, phantom shares, bonus shares and other forms of equity-based awards to eligible persons, subject to such terms and conditions as it may establish. Awards made pursuant to this section may entail the transfer of shares of Common Stock to the recipient or the payment in cash or otherwise of amounts based on the value of shares of Common Stock and may include, without limitation, awards designed to comply with or take advantage of applicable tax and/or other laws, provided, that the terms and conditions of any award that is treated as non-qualified deferred compensation must satisfy the applicable deferral requirements of Section 409A of the Code.

10. Performance Awards.

10.1 General. The committee may condition the grant, exercise, vesting or settlement of equity-based awards under the Plan (whether settled in shares of Common Stock or cash or other property) on the achievement of specified performance goals in accordance with this section.

10.2 Objective Performance Goals. A performance goal established in connection with an award covered by this section must be (a) objective, so that a third party having knowledge of the relevant facts could determine whether the goal is met; (b) prescribed in writing by the committee at a time when the outcome is substantially uncertain, but in no event later than the first to occur of (1) the 90th day of the applicable performance period, or (2) the date on which 25% of the performance period has elapsed; and (c) based on any one or more of the following business criteria, applied to an individual, a subsidiary, a business unit or division, the Company and any one or more of its subsidiaries, or such other operating unit(s) as the committee may designate (in each case, subject to the conditions of the performance-based compensation exemption from Section 162(m) of the Code):

(i) earnings per share,

(ii) share price or total shareholder return,

(iii) pre-tax profits,

(iv) net earnings,

(v) return on equity or assets,

(vi) revenues,

(vii) operating income before depreciation, amortization and non-cash compensation expense,

(viii) market share or market penetration, or

(ix) any combination of the foregoing.

The applicable performance goals may be expressed in absolute or relative terms, and must include an objective formula or standard for computing the amount of compensation payable to an employee if the goal is attained. A formula or standard is objective if a third party having knowledge of the relevant performance results could calculate the amount to be paid to the employee. The formula or standard may provide for the payment of a higher or lower amount depending upon whether and the extent to which a performance goal is attained. The committee may not use its discretion to increase the amount of compensation payable that would otherwise be due upon attainment of a performance goal; provided that, subject to the requirements for exemption under Section 162(m) of the Code, the committee may make appropriate adjustments to an award in order to equitably reflect changes in accounting rules, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar types of events or circumstances occurring during the applicable performance period.

10.3 Determination of Amount Payable. Following the expiration of the performance period applicable to an award made under this section, the committee shall determine whether and the extent to which the performance goals have been attained and the amount of compensation, if any, that is payable as a result. The committee must certify in writing prior to payment of the compensation that the performance goals and any other material terms of the award were in fact satisfied. Compensation otherwise payable pursuant to a performance-based award made under this section will be subject to the individual limitations set forth in section 3.2.

11. Capital Changes, Reorganization or Sale of the Company.

11.1 Adjustments Upon Changes in Capitalization. The aggregate number and class of shares issuable under the plan, the total number and class of shares with respect to which awards may be granted to any individual in any calendar year, the number and class of shares and the exercise price per share covered by each outstanding option, the number and class of shares and the base price per share covered by each outstanding SAR, and the number and class of shares covered by each outstanding deferred stock award or other-equity-based award, and any per-share base or purchase price or target market price included in the terms of any such award, and related terms shall be subject to adjustment in order to equitably reflect the effect on issued shares of Common Stock resulting from a split-up, spin-off, recapitalization, consolidation of shares or any similar capital adjustment, and/or to reflect a change in the character or class of shares covered by the plan and an award. For the avoidance of doubt, no adjustments will be required or made under this section in respect of the spin-off of the Company by Clear Channel Communications, Inc.

11.2 Cash, Stock or Other Property for Stock. Except as otherwise provided in this Section, in the event of an Exchange Transaction (as defined below), all option holders shall be permitted to exercise their outstanding options and SARs in whole or in part (whether or not otherwise exercisable) immediately prior to such Exchange Transaction, and any outstanding options and SARs which are not exercised before the Exchange Transaction shall thereupon terminate. Notwithstanding the preceding sentence, if, as part of an Exchange Transaction, the stockholders of the Company receive capital stock of another corporation ("Exchange Stock") in exchange for their shares of Common Stock (whether or not such Exchange Stock is the sole consideration), and if the Company's board of directors, in its sole discretion, so directs, then all

options and SARs for Common Stock that are outstanding at the time of the Exchange Transaction shall be converted into options or SARs (as the case may be) for shares of Exchange Stock. The number of shares of Exchange Stock and the exercise price per share under a converted option will be adjusted such that (a) the ratio of the exercise price per share to the value per share at the time of the conversion (which value will be equal to the consideration payable for each share of Common Stock in the Exchange Transaction) is the same as the ratio of the per share exercise price to the value of per share of Common Stock under the original option; and (b) the aggregate difference between the value of the shares of Exchange Stock and the exercise price under the converted option immediately after the Exchange Transaction is the same as the aggregate difference between the value of the shares of Common Stock and the exercise price under the original option immediately before the Exchange Transaction. Similar adjustments will be made to the number of shares of Exchange Stock and the base value per share covered by SARs that are converted. Unless the Company's board of directors determines otherwise, the vesting and other terms and conditions of the converted options and SARs shall be substantially the same as the vesting and corresponding other terms and conditions of the original options and SARs. The Company' board of directors, acting in its discretion, may accelerate vesting of other non-vested awards, and cause cash settlements and/or other adjustments to be made to any outstanding awards (including, without limitation, options and SARs) as it deems appropriate in the context of an Exchange Transaction, taking into account with respect to other awards the manner in which outstanding options and SARs are being treated.

11.3 Definition of Exchange Transaction. For purposes of the plan, the term "Exchange Transaction" means a merger (other than a merger of the Company in which the holders of Common Stock immediately prior to the merger have the same proportionate ownership of Common Stock in the surviving corporation immediately after the merger), consolidation, acquisition or disposition of property or stock, separation, reorganization (other than a mere reincorporation or the creation of a holding company), liquidation of the Company or any other similar transaction or event so designated by the Company's board of directors in its sole discretion, as a result of which the stockholders of the Company receive cash, stock or other property in exchange for or in connection with their shares of Common Stock.

11.4 Fractional Shares. In the event of any adjustment in the number of shares covered by any award pursuant to the provisions hereof, any fractional shares resulting from such adjustment shall be disregarded, and each such award shall cover only the number of full shares resulting from the adjustment.

11.5 Determination of Board to be Final. All adjustments under this Section shall be made by the Company's board of directors, and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

12. Termination and Amendment of the Plan. The board of directors of the Company may terminate the plan at any time or amend the plan at any time and from time to time; provided, however, that:

(a) no such action shall impair or adversely alter any awards theretofore granted under the plan, except with the consent of the recipient or holder, nor shall

any such action deprive any such person of any shares which he or she may have acquired through or as a result of the plan; and

(b) to the extent necessary under applicable law or the requirements of any stock exchange or market upon which the shares of Common Stock may then be listed, no amendment shall be effective unless approved by the stockholders of the Company in accordance with applicable law.

Notwithstanding the foregoing, no incentive stock options may be granted subsequent to the tenth anniversary of the date the plan is adopted. The plan does not have a fixed termination date.

(c) Limitation of Rights. Nothing contained in the plan or in any award agreement shall confer upon any recipient of an award any right with respect to the continuation of his or her employment or other service with the Company or a subsidiary or other affiliate, or interfere in any way with the right of the Company and its subsidiaries and other affiliates at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the compensation and/or other terms and conditions of the recipient's employment or other service.

13. Miscellaneous.

13.1 Governing Law. The plan and the rights of all persons claiming under the plan shall be governed by the laws of the State of Delaware, without giving effect to conflicts of laws principles thereof.

13.2 Shares Issued Under Plan. Shares of Common Stock available for issuance under the plan may be authorized and unissued, held by the Company in its treasury or otherwise acquired for purposes of the plan. No fractional shares of Common Stock will be issued under the plan.

13.3 Compliance with Law. The Company will not be obligated to issue or deliver shares of Common Stock pursuant to the plan unless the issuance and delivery of such shares complies with applicable law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, and the requirements of any stock exchange or market upon which the Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

13.4 Transfer Orders; Placement of Legends. All certificates for shares of Common Stock delivered under the plan shall be subject to such stock-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Common Stock may then be listed, and any applicable federal or state securities law. The Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

13.5 Decisions and Determinations Final. All decisions and determinations made by the Company's board of directors pursuant to the provisions hereof and, except to the extent rights or powers under the Plan are reserved specifically to the discretion of the board of

directors, all decisions and determinations of the committee, shall be final, binding and conclusive on all persons.

13.6 Withholding of Taxes. As a condition to the exercise and/or settlement of any award or the lapse of restrictions on any award or shares, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company or a subsidiary with respect to an award, the Company and/or the subsidiary may (a) deduct or withhold (or cause to be deducted or withheld) from any payment or distribution otherwise payable to the award recipient, whether or not such payment or distribution is covered by the plan, or (b) require the recipient to remit cash (through payroll deduction or otherwise) or make other arrangements permitted by the Company, in each case in an amount or of a nature sufficient in the opinion of the Company to satisfy or provide for the satisfaction of such withholding obligation. If the event giving rise to the withholding obligation involves a transfer of shares of Common Stock, then, at the sole discretion of the committee, the recipient may satisfy the withholding obligations associated with such transfer by electing to have the Company withhold shares of Common Stock or by tendering previously-owned shares of Common Stock, in each case having a fair market value equal to the amount of tax to be withheld.

13.7 Disqualifying Disposition. If a person acquires shares of Common Stock pursuant to the exercise of an incentive stock option and the shares so acquired are sold or otherwise transferred in a "disqualifying disposition" (within the meaning of Section 424(c) of the Code) within two-years from the date the option was granted or one year after the option is exercised, such person shall, within ten days of such disposition, notify the Company thereof, by delivery of written notice to the Company at its principal executive office.

13.8 Effective Date. The plan shall become effective on the date it is initially approved and adopted by the Company's board of directors. However, no awards may be made pursuant to the plan after the date preceding the date of the first annual meeting of the Company's stockholders occurring after December 31, 2006, unless the Company's stockholders approve the plan at such meeting.

Exhibit 10.6

CCE SPINCO, INC.
2006 ANNUAL INCENTIVE PLAN

1. Purpose. The purpose of the plan is to provide performance-based incentive compensation to executive officers and other selected key executives of CCE SPINCO, Inc. (the "Company") and its subsidiaries, which, as applicable, will not be subject to the executive compensation deduction limitations of Section 162(m) of the Internal Revenue Code of 1986 (the "Code").

2. Administration.

2.1 The Committee. The plan will be administered by the compensation committee of the Company's board of directors, or a committee of such other persons as the board of directors may appoint. Unless the board of directors determines otherwise, the members of the committee must be "outside directors" for purposes of 162(m) of the Code.

2.2 Responsibility and Authority of the Committee. Subject to the provisions of the plan, the committee, acting in its discretion, will have responsibility and authority to (a) select the individuals who may participate in the plan, (b) prescribe the terms and conditions of each participant's award and make amendments thereto, (c) determine whether and the extent to which performance goals have been met, (d) construe, interpret and apply the provisions of the plan and of any agreement or other document evidencing an award made under the plan, and (e) make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the plan. In exercising its responsibilities, the committee may obtain at the Company's expense such advice, guidance and other assistance from outside compensation consultants and other professional advisers as it deems appropriate. The decision of the committee regarding any disputed question, including questions of construction, interpretation and administration, shall be final and conclusive on all persons.

2.3 Manner of Exercise of Committee Authority. The Committee may delegate responsibilities with respect to the administration of the Plan to one or more officers of the Company or any of its subsidiaries, to one or more members of the Committee or to one or more members of the Board; provided, however, that the Committee may not delegate its responsibility if and to the extent such delegation would cause an award to fail to constitute "qualified performance-based compensation" under Section 162(m) of the Code. The committee may also appoint agents to assist in the day-to-day administration of the Plan and may delegate the authority to execute documents under the plan to one or more members of the committee or to one or more officers of the Company.

2.4 Indemnification. The Company shall indemnify and hold harmless each member of the board of directors and of the committee or any employee of the Company or any of its subsidiaries and affiliates who provides assistance with the administration of the plan or to whom a plan-related responsibility is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the board of directors), damage and expense (including reasonable legal fees and other expenses incident thereto and, to the extent permitted by applicable law, advancement of such fees and expenses) arising out of or incurred

in connection with the plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

3. Performance-Based Compensation Opportunities.

3.1 General. Each award made under the plan will represent the right to receive incentive compensation upon the achievement of one or more performance objectives that are established by the committee and communicated to the recipient of the award by the 90th day of the applicable performance period or, if earlier, before 25% of the applicable performance period has elapsed. The committee will determine the performance period applicable to an award. Subject to the requirements of the plan and applicable law, each award will contain such other terms and conditions as the committee, acting in its discretion, may prescribe.

3.2 Performance Criteria. Performance objectives may be based upon any one or more of the following criteria: revenue growth, operating income before depreciation and amortization and non-cash compensation expense ("OIBDAN"), OIBDAN growth, funds from operations, funds from operations per share and per share growth, cash available for distribution, cash available for distribution per share and per share growth, operating income and operating income growth, net earnings, earnings per share and per share growth, return on equity, return on assets, share price performance on an absolute basis and relative to an index, improvements in attainment of expense levels, implementing or completion of critical projects, or improvement in cash-flow (before or after tax).

3.3 Performance Objectives. The amount, if any, payable to a participant with respect to an award will depend upon whether and the extent to which the performance objective(s) of the award are achieved during the applicable performance period. Performance objectives may be established on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis and/or with respect to operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. The committee may establish different levels of payment under an award to correspond with different levels of achievement of performance objectives specified in the award. Awards may contain more than one performance objective; and performance objectives may be based upon multiple performance criteria. Multiple performance objectives contained in an award may be aggregated, weighted, expressed in the alternative or otherwise specified by the committee. The level or levels of performance specified with respect to a performance objective may be expressed in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more comparable companies or an index covering multiple companies, or otherwise as the committee may determine. Notwithstanding anything to the contrary contained in the plan, the performance objectives under any award must be objective and must otherwise meet the requirements of Section 162(m) of the Code.

3.4 Adjustments. The committee may reduce or eliminate an award made under the plan for any reason, including, without limitation, changes in the position or duties of a participant during or after a performance period, whether due to termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. In addition, to the extent necessary to preserve the intended economic effects of the plan and individual awards, the committee may make appropriate adjustments to

the performance objectives and other terms of an award to properly reflect (a) a change in corporate capitalization; (b) a material or extraordinary corporate transaction involving the Company or a subsidiary, including, without limitation, a merger, consolidation, reorganization, spin-off, or the sale of a subsidiary or of the assets of a business or division (whether or not such transaction constitutes a reorganization within the meaning of Section 368(a) of the Code); (c) a partial or complete liquidation of the Company or a subsidiary, or (d) a change in accounting or other relevant rules or regulations; provided, however, that no adjustment hereunder shall be authorized or made if and to the extent that the authority to make or the making of such adjustment would cause an award to fail to satisfy the requirements for "qualified performance-based compensation" under Section 162(m) of the Code.

3.5 Certification. Following the completion of the performance period applicable to an award, the committee shall determine and shall certify in writing whether and the extent to which the performance objective(s) under the award have been achieved, as well as the amount, if any, payable to the participant as a result of such achievement(s), which determination(s) and certification(s) shall be subject to and shall be made in accordance with the requirements of Section 162(m) of the Code.

3.6 Payment of Amounts Earned. Subject to such deferral and/or other conditions as may be permitted or required by the committee, amounts earned under an award will be paid or distributed as soon as practicable following the committee's determination and certification of such amounts.

3.7 Maximum Annual Amount Payable to a Participant. Notwithstanding anything to the contrary contained herein, no individual may earn more than $15,000,000 in any calendar year pursuant to an award made to such individual under the plan.

4. Termination of Employment; Death. Unless the committee determines otherwise, no amount will be payable under an award made to a participant whose employment with the Company and its subsidiaries terminates (for any reason other than death) before the payment date of such award. If a participant dies before receiving payment of an amount earned under the plan, such payment will be made to the deceased participant's designated beneficiary, if any, or, if none, to the deceased participant's estate. No beneficiary designation shall be effective unless it is in writing and received by the committee prior to the participant's death, and any such designation will supersede and be deemed a revocation of any prior beneficiary designation made by the participant.

5. Withholding Taxes. All amounts payable pursuant to the settlement of an award made under the plan are subject to applicable tax withholding. The Company and its subsidiaries shall withhold funds (or other property) from the payment of any such award and shall be entitled to take such other action with respect to other amounts that are or may become payable to the participant as may be necessary or appropriate in order to enable the Company and its subsidiaries to satisfy such tax withholding requirements.

6. No Implied Rights Afforded to Participants. No award and nothing contained in the plan or in any document relating to the plan shall confer upon an eligible employee or participant any right to continue as an employee of the Company or a subsidiary or constitute a contract or

agreement of employment, or interfere in any way with the right of the Company and its subsidiaries to reduce such person's compensation, to change the position held by such person or to terminate such person's employment, with or without cause.

7. Non-transferability. No interest in or under an award made or a payment due or to become due under the plan may be assigned, transferred or otherwise alienated other than by will or the laws of descent and distribution, and any attempted assignment, alienation, sale, transfer, pledge, encumbrance, charge or other alienation of any such interest shall be void and unenforceable.

8. Amendment and Termination. The board of directors of the Company or the committee may amend the plan at any time and from time to time. Any such amendment may be made without approval of the Company's stockholders unless and except to the extent such approval is required in order to satisfy the stockholder approval requirements of Section 162(m) of the Code. The Company's board of directors may terminate the plan.

9. Unfunded Status of Awards. The plan is intended to constitute a bonus plan and not a pension other employee benefit plan or purposes of ERISA. The right of a participant (or beneficiary) to receive payment(s) under a plan award will constitute and be equivalent to the right of a general unsecured creditor of the Company (or the subsidiary by whom the participant is or was employed, as the case may be), whether or not a trust is created and funded in order to facilitate the payment of amounts due or to become due under the plan (including, for this purpose, any deferral arrangement made with respect to any such payment).

10. Miscellaneous.

10.1 Governing Law. The plan and any award made under the plan will be subject to and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable federal law.

10.2 Section 162(m) of the Code. It is intended that amounts payable pursuant to awards made under the plan will constitute "qualified performance based compensation" and thus be exempt from the annual $1 million limitation on the deductibility of executive compensation. The plan and each award made under the plan will be interpreted, construed and applied accordingly.

10.3 Effective Date. The plan is effective as of January 1, 2006. The plan will terminate on the date of the first annual meeting of the Company's stockholders following December 31, 2006, unless the plan is approved by the Company's stockholders at such meeting. The performance criteria specified in the plan shall be re-submitted for stockholder approval as and when required by Treasury Department regulations in order to ensure compliance with the stockholder approval requirements of Section 162(m) of the Code on an ongoing basis.

EXHIBIT 99.1

Clear Channel Communications, Inc.
200 East Basse Road
San Antonio, Texas 78209

, 2005

Dear Clear Channel Communications, Inc. Stockholder:

We are pleased to inform you that on , 2005, the Board of Directors of Clear Channel Communications, Inc. approved the spin-off of CCE Spinco, Inc., a wholly-owned subsidiary of Clear Channel Communications, which we believe is one of the world's largest diversified promoters and producers of, and venue operators for, live entertainment events.

The spin-off of CCE Spinco will occur on , 2005 by way of a pro rata dividend to Clear Channel Communications' stockholders. Each Clear Channel Communications stockholder will be entitled to receive a dividend of one share of CCE Spinco common stock (and a related stock purchase right) for every eight shares of Clear Channel Communications common stock held at the close of business on the record date of the spin-off, , 2005. The dividend will be paid in book-entry form, and physical stock certificates will be issued only upon request. No fractional shares of CCE Spinco common stock will be issued. If you would be entitled to a fractional share of CCE Spinco common stock in the distribution, you will receive its net cash value instead.

Stockholder approval of the spin-off is not required, and you are not required to take any action to receive your CCE Spinco common stock.

Following the spin-off, you will own shares in both Clear Channel Communications and CCE Spinco. Clear Channel Communications common stock will continue to trade on the New York Stock Exchange under the symbol "CCU." We have applied to have CCE Spinco's common stock listed on the NYSE under the symbol " ."

The enclosed information statement, which is being mailed to all Clear Channel Communications stockholders, describes the spin-off in detail and contains important information about CCE Spinco, including its financial statements.

We look forward to your continued support as a stockholder in both Clear Channel Communications and CCE Spinco.

Sincerely,

L. Lowry Mays	Mark P. Mays	Randall T. Mays
Chairman	*President and Chief Executive Officer*	*Executive Vice President and Chief Financial Officer*

CCE Spinco, Inc.
9348 Civic Center Drive
Beverly Hills, California 90210

Dear CCE Spinco, Inc. Stockholder:

It is my pleasure to welcome you as a stockholder of our new company, CCE Spinco, Inc. We believe we are one of the world's largest diversified promoters and producers of, and venue operators for, live entertainment events. For the year ended December 31, 2004, we promoted or produced over 28,500 events, including music concerts, theatrical shows, specialized motor sports and other events, with total attendance exceeding 61 million. In addition, we believe we operate one of the largest networks of venues used principally for music concerts and theatrical performances in the United States and Europe. As of September 30, 2005, we owned or operated 117 venues, consisting of 75 domestic and 42 international venues.

As a separate publicly-traded company, CCE Spinco will continue to provide high-quality, customer-oriented live entertainment services to our clients. We plan to continue to focus our energies on producing and promoting compelling live entertainment events.

We have applied to have our common stock listed on the New York Stock Exchange under the symbol " " in connection with the spin-off.

I invite you to learn more about CCE Spinco by reviewing the enclosed information statement. We look forward to our future as a separate publicly-traded company and to your support as a holder of CCE Spinco common stock.

Sincerely,

Randall T. Mays
Chairman of the Board of Directors

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Subject to Completion, dated November 14, 2005

INFORMATION STATEMENT

[LOGO]

CCE Spinco, Inc.

Common Stock

(Par Value $0.01 per share)

This information statement is being furnished in connection with the distribution of all the outstanding shares of CCE Spinco, Inc. common stock by Clear Channel Communications, Inc. to holders of its common stock.

Shares of our common stock will be distributed to holders of Clear Channel Communications common stock of record as of the close of business on , 2005, which will be the record date. These stockholders will be entitled to receive one share of our common stock (and a related stock purchase right) for every eight shares of Clear Channel Communications common stock held on the record date. The distribution will be effective at 11:59 p.m., New York City time, on , 2005. No fractional shares of our common stock will be issued. Any stockholder that would be entitled to fractional shares will receive net cash in lieu of such shares. The distribution is intended to be tax-free to Clear Channel Communications and its stockholders for U.S. federal income tax purposes, except for any cash received in lieu of fractional shares.

No stockholder approval of the distribution is required or sought. We are not asking you for a proxy and you are requested not to send us a proxy. Clear Channel Communications stockholders will not be required to pay for the shares of our common stock to be received by them in the distribution, or to surrender or to exchange shares of Clear Channel Communications common stock in order to receive our common stock or to take any other action in connection with the distribution. There is no current trading market for our common stock. However, we expect that a limited market, commonly known as a "when-issued" trading market, for our common stock will develop on or shortly before the record date for the spin-off, and we expect "regular way" trading of our common stock will begin the first trading day after the spin-off. We have applied to have our common stock listed on the New York Stock Exchange under the symbol " ."

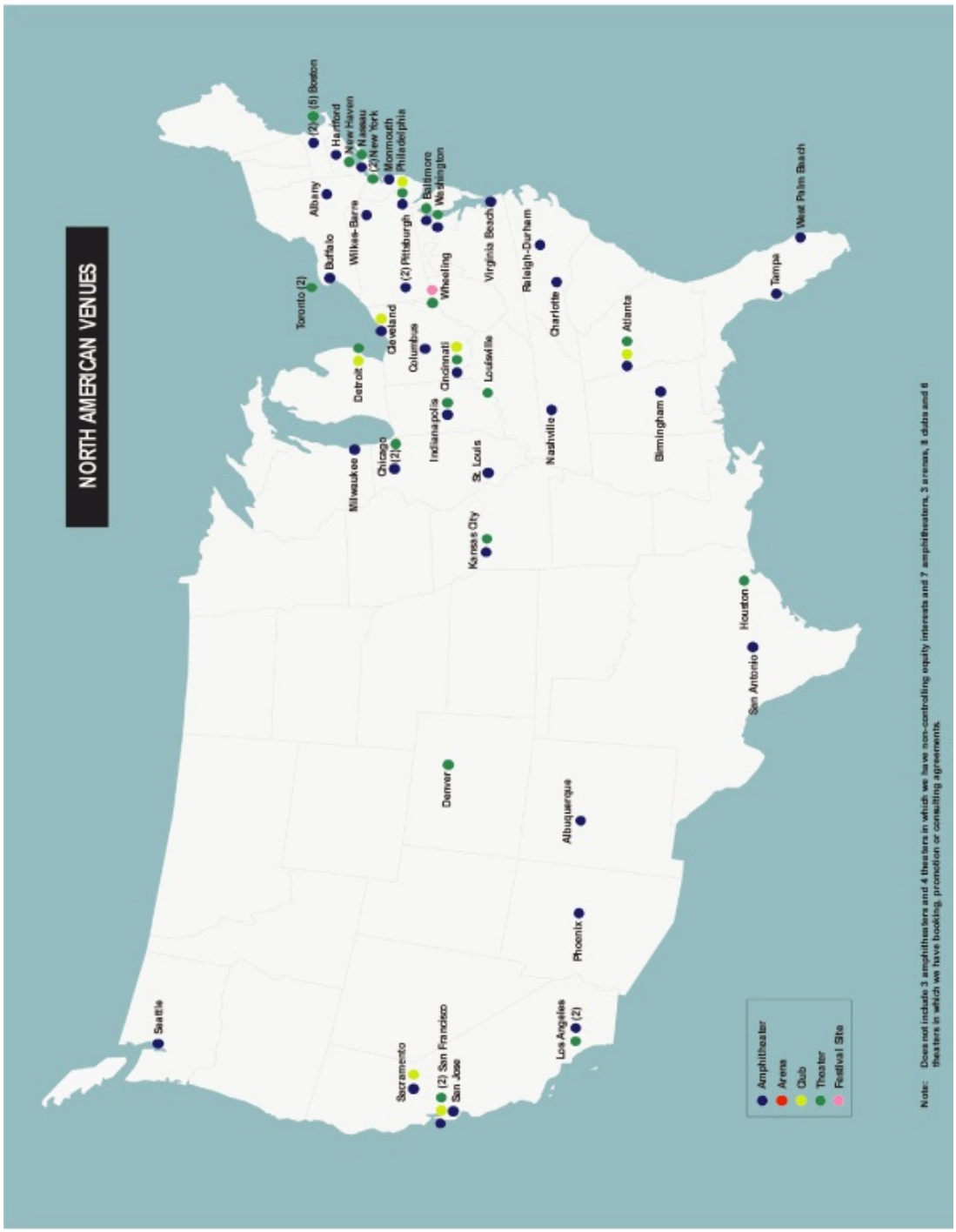
In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 20.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement is not an offer to sell, or a solicitation of an offer to buy, any securities.

The date of this information statement is , 2005.

Clear Channel Communications first mailed this document to its stockholders on , 2005.



* See inside back cover for a map of our international venues.

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INDUSTRY DATA

This information statement includes industry data, forecasts and information that we have prepared based, in part, upon industry data, forecasts and information obtained from independent industry publications and surveys and other information available to us. Some data are also based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. The primary sources for third-party industry data and forecasts were Nielsen Media Research, Inc., Pollstar, Inc., The League of American Theatres and Producers, Inc. and other industry reports and articles. These third-party publications and surveys generally state that they believe the information contained therein was obtained from sources they believe to be reliable, but that they can give no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources.

SUMMARY

This summary highlights information contained elsewhere in this information statement and provides an overview of our company and the material aspects of our spin-off from Clear Channel Communications, Inc. You should read this entire information statement carefully, especially the risk factors discussed beginning on page 20 and our combined historical and pro forma financial statements and notes to those statements appearing elsewhere in this information statement. References in this information statement to (i) "CCE Spinco," "we," "our" and "us" refer to CCE Spinco, Inc. and its consolidated subsidiaries and (ii) "Clear Channel Communications" refers to Clear Channel Communications, Inc. and its consolidated subsidiaries (other than us), unless the context otherwise requires.

We describe in this information statement the businesses to be transferred to us by Clear Channel Communications in connection with the distribution as if the transferred businesses were our business for all historical periods described herein. However, we are a newly formed entity that has not conducted any operations prior to the distribution. References in this information statement to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, services, businesses or activities of the transferred businesses as the businesses were conducted as a part of Clear Channel Communications and its subsidiaries prior to the distribution. Following the distribution, we will be a separate publicly-traded company and Clear Channel Communications will have no continuing stock ownership in us. Our historical financial results as part of Clear Channel Communications contained herein may not reflect our financial results in the future as an independent company or what our financial results would have been had we been operated as a separate publicly-traded company during the periods presented.

CCE Spinco, Inc.

Our Business

We believe we are one of the world's largest diversified promoters and producers of, and venue operators for, live entertainment events. For the year ended December 31, 2004, we promoted or produced over 28,500 events, including music concerts, theatrical performances, specialized motor sports and other events, with total attendance exceeding 61 million. In addition, we believe we operate one of the largest networks of venues used principally for music concerts and theatrical performances in the United States and Europe. As of September 30, 2005, we owned or operated 117 venues, consisting of 75 domestic and 42 international venues. These venues include 39 amphitheaters, 58 theaters, 14 clubs, four arenas and two festival sites. In addition, through equity, booking or similar arrangements we have the right to book events at 33 additional venues. For the year ended December 31, 2004, we generated revenues of approximately $2.8 billion, net income of approximately $16.3 million, and operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets and non-cash compensation expense, or OIBDAN, of approximately $130.5 million. Please read "— Summary Historical and Pro Forma Financial and Other Data — Non-GAAP Financial Measures" for an explanation of OIBDAN and a reconciliation of OIBDAN to operating income. Approximately 90% of our total revenues for 2004 resulted from our promotion or production of music concerts and theatrical performances and from revenues related to our owned or operated venues.

Our Business Segments

We operate in two reportable business segments: global music and global theater. In addition, we operate in the specialized motor sports, sport representation and other businesses, which are included under "other."

Global Music. Our global music business principally involves the promotion or production of live music shows and tours by music artists in our owned and operated venues and in rented third-party

venues. For the year ended December 31, 2004, our global music business generated approximately $2.2 billion, or 78%, of our total revenues. We promoted or produced over 10,000 events in 2004, including tours for artists such as Madonna, Sting, Dave Matthews Band and Toby Keith. In addition, we produced several large festivals in Europe, including Rock Werchter in Belgium and the North Sea Jazz Festival in Holland. Part of our growth strategy is to expand our promotion and production of festivals, particularly in Europe. While our global music business operates year-round, we experience higher revenues during the second and third quarters due to the seasonal nature of our amphitheaters and international festivals, which are primarily used during or occur in May through September.

Global Theater. Our global theater business promotes, which we commonly refer to as "presents," and produces touring and other theatrical performances. Our touring theatrical performances consist primarily of revivals of previous commercial successes and new productions of theatrical performances playing on Broadway in New York City or the West End in London. For the year ended December 31, 2004, our global theater business generated approximately $314.0 million, or 11%, of our total revenues. In 2004, we presented or produced over 12,000 theatrical performances of productions such as *The Producers, The Lion King, Mamma Mia!* and *Chicago.* We pre-sell tickets for our touring shows through one of the largest subscription series in the United States and Canada in approximately 45 touring markets. While our global theater business operates year-round, we experience higher revenues during September through April, which coincides with the theatrical touring season.

Other. We believe we are one of the largest promoters and producers of specialized motor sports events, primarily in North America. In 2004, we held over 600 events in stadiums, arenas and other venues, including monster truck shows, supercross races, motocross races, freestyle motocross events and motorcycle road racing. In addition, we own numerous trademarked properties, including monster trucks such as *Grave Digger*™ and *Blue Thunder*™, which generate additional licensing revenues. While our specialized motor sports business operates year-round, we experience higher revenues during January through March, which is the period when a larger number of specialized motor sports events occur.

We also provide integrated sports marketing and management services, primarily for professional athletes. Our marketing and management services generally involve our negotiation of player contracts with professional sports teams and of endorsement contracts with major brands. As of September 30, 2005, we had approximately 600 clients, including Tracy McGrady (basketball), David Ortiz (baseball), Tom Lehman (golf), Andy Roddick (tennis), Roy E. Williams (football) and Steven Gerrard (soccer).

We also promote and produce other live entertainment events, including family shows such as *Dora the Explorer* and *Blue's Clues,* as well as museum and other exhibitions, such as *Saint Peter and The Vatican: The Legacy of the Popes.* In addition, we produce and distribute television shows and DVDs, including programs such as *A&E Biographies: Rod Stewart* and HBO Sports' *The Curse of the Bambino.*

For the year ended December 31, 2004, businesses included under "other" generated approximately $291.1 million, or 11%, of our total revenues.

Our Business Activities

We principally act in the following capacities, performing one, some or all of these roles in connection with our events and tours:

Promotion. As a promoter, we typically book performers, arrange performances and tours, secure venues, provide for third-party production services, sell tickets and advertise events to attract audiences. We earn revenues primarily from the sale of tickets and pay performers under one of several formulas, including a fixed guaranteed amount and/or a percentage of ticket sales. For each event, we either use a venue we own or operate, or rent a third-party venue. In our global theater business, we generally refer to promotion as "presentation." Revenues related to promotion activities represent the majority of our combined revenues. These revenues are generally related to the volume of ticket sales and ticket prices. Event costs, included in divisional operating expenses, such as artist and production service expenses, are

typically substantial in relation to the revenues they generate. As a result, significant increases or decreases in promotion revenue do not typically result in comparable changes to operating income.

Production. As a producer, we generally develop event content, hire directors and artistic talent, develop sets and costumes, and coordinate the actual performances of the events. We produce tours on a global, national and regional basis. We generate revenues from fixed producer fees and by sharing in a percentage of event or tour profits primarily related to the sale of tickets, merchandise and event and tour sponsorships.

Venue Operation. As a venue operator, we contract with promoters to rent our venues for events and provide related services such as concessions, merchandising, parking, security, ushering and ticket-taking. We generate revenues primarily from rental income, ticket service charges, premium seating and venue sponsorships, as well as sharing in percentages of concessions, merchandise and parking. Our outdoor entertainment venues are primarily used, and our international festivals occur, during May through September. As a result, we experience higher revenues during the second and third quarters. Revenues generated from venue operations, which are partially driven by attendance, typically have a higher margin than promotion or production revenues and therefore typically have a more direct relationship to operating income.

Sponsorships and Advertising. We actively pursue the sale of national and local sponsorships and placement of advertising, including signage, promotional programs, naming of subscription series and tour sponsorships. Many of our venues also have name-in-title sponsorship programs. We believe national sponsorships allow us to maximize our network of venues and to arrange multi-venue branding opportunities for advertisers. Our national sponsorship programs have included companies such as American Express, Anheuser Busch and Coca-Cola. Our local and venue-focused sponsorships include venue signage, promotional programs, on-site activation, hospitality and tickets, and are derived from a variety of companies across various industry categories. Revenues generated from sponsorships and advertising typically have a higher margin than promotion or production revenues and therefore typically have a more direct relationship to operating income.

Our Strategy

We are pursuing the following key strategies:

- We seek to maximize cash flow from operations through the ownership and operation of a leading distribution network of live entertainment venues.
- We seek to attract large audiences by securing, promoting and producing compelling live entertainment events in our own venues and third party venues.
- We seek to use our venues, live events and customers to develop and maintain relationships with our sponsorship and marketing partners, and sell an expanded line of products and services to our customers.
- We intend to selectively pursue investments and acquisitions that enhance our business where the returns and growth potential are consistent with our goal of increasing stockholder value.

Our Challenges

We face a number of risks associated with our business and industry and must overcome a variety of challenges in implementing our operating strategy in order to be successful. For instance:

- We will have substantial indebtedness and lease obligations after the spin-off and will not be able to rely on Clear Channel Communications to fund our future capital requirements. Our total

indebtedness for borrowed money will be approximately $367.6 million. Our substantial indebtedness could have adverse consequences on our business and results of operations. If our cash flow and capital resources are insufficient to service our debt, we may be forced to sell assets, seek additional equity or debt capital or restructure our debt and business.

- The live entertainment industry is highly competitive and the success of our events are primarily dependent on public taste and our ability to secure popular artists. Many events require substantial upfront costs before they generate any receipts and it is extremely difficult to predict if an event will be a success. To be successful, we must promote and present live entertainment events that generate significant receipts to offset fixed promotion and overhead costs.
- We have not operated as an independent company and have in the past relied on Clear Channel Communications for financing and other services. We may be unable to make the changes necessary to operate as an independent company or to obtain necessary financing and other services from unrelated third parties on reasonable terms or at all.
- We are subject to extensive governmental regulation. Regulations regarding permitting, health, safety, food and alcoholic beverage service, working conditions, the Americans with Disabilities Act, and taxes, among others, may restrict our live entertainment operations. From time to time, state and federal governmental bodies propose legislation that may introduce additional restrictions on us.

For further discussion of these challenges and other risks that we face, see “Risk Factors” beginning on page 20.

Questions and Answers about CCE Spinco and the Distribution

Why is Clear Channel Communications separating CCE Spinco and distributing its stock?	The board of directors of Clear Channel Communications has determined that the separation of CCE Spinco from Clear Channel Communications is in the best interests of Clear Channel Communications, its stockholders and us, by providing each company with certain opportunities and benefits, such as: • The separation will allow us and Clear Channel Communications to better attract, retain and motivate current and future employees through the use of equity-based compensation policies that more directly link employee compensation with our respective financial performances. • The separation will permit the independent management of each of Clear Channel Communications and us to focus its attention and its company's financial resources on its respective distinct business and business challenges and to lead each independent company to adopt strategies and pursue objectives that are appropriate to its respective business. • Both we and Clear Channel Communications expect to have better access to the equity capital markets in connection with acquisitions and financings after the separation as our investors will not be forced to understand and make investment decisions with respect to Clear Channel Communications' business and Clear Channel Communications' investors will not be forced to understand and make investment decisions with respect to our business. See "The Distribution."
Why is the separation of the two companies structured as a spin-off?	Clear Channel Communications believes that a tax-free distribution of shares in CCE Spinco offers Clear Channel Communications and its stockholders long-term value in a tax efficient way to separate the companies.
How will the separation and distribution work?	The separation and distribution will be accomplished through a series of transactions in which substantially all of the assets and liabilities of Clear Channel Communications' entertainment business comprised of global music, global theater, specialized motor sports and sport representation businesses will be transferred to us and all of the shares of our common stock will be distributed by Clear Channel Communications to its stockholders on a pro rata basis.
What do stockholders need to do to participate in the distribution?	Nothing. You are not required to take any action to receive CCE Spinco common stock in the distribution, although we urge you to read this entire document carefully. You do not need to mail in Clear Channel Communications common stock certificates to receive CCE Spinco common stock. No stockholder approval of the distribution is required or sought. We are not asking you for a proxy and you are requested not to send us a proxy. You will not be required either to pay anything for the new shares or to surrender any shares of Clear Channel Communications common stock. If you own Clear Channel Communications common stock as of the close of business on the record date, a book-entry account statement reflecting your ownership of CCE Spinco shares will be mailed to you, or your

	brokerage account will be credited for the shares, on or about , 2005. Following the distribution, stockholders whose shares are held in book-entry form may request that their shares of our common stock be transferred to a brokerage or other account at any time as well as delivery of physical stock certificates for their shares, in each case without charge.
When will the distribution occur?	We expect that Clear Channel Communications will distribute the shares of our common stock on , 2005 to holders of record of Clear Channel Communications common stock on , 2005, the record date.
Can Clear Channel Communications decide to cancel the distribution of the common stock even if all the conditions have been met?	Yes. The distribution is conditioned upon satisfaction or waiver of certain conditions. See "The Distribution — Distribution Conditions and Termination." Clear Channel Communications has the right to terminate the stock distribution, even if all of these conditions are met, if at any time Clear Channel Communications' board of directors determines, in its sole discretion, that Clear Channel Communications, Inc. and CCE Spinco are better served being a combined company, thereby making the distribution not in the best interest of Clear Channel Communications and its stockholders, or that market conditions are such that it is not advisable to spin-off the entertainment business.
Does CCE Spinco plan to pay dividends?	No. We do not expect to pay any cash dividends in the foreseeable future. Moreover, we anticipate the terms of our credit agreement governing our senior secured credit facility and designations governing Holdco #2's preferred stock will limit the amount of funds which we will have available to declare and distribute as dividends on our common stock. Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable law. See "Dividend Policy" and "Description of Indebtedness."
What are the U.S. federal income tax consequences of the distribution to Clear Channel Communications stockholders?	The spin-off is conditioned upon Clear Channel Communications' receipt of a private letter ruling from the IRS and the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, in each case, to the effect that the spin-off will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). Assuming the spin-off so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of our common stock pursuant to the spin-off. You will generally recognize gain or loss with respect to cash received in lieu of a fractional share of our common stock. See "The Distribution — Material U.S. Federal Income Tax Consequences of the Distribution."
What will the relationship between Clear Channel Communications and CCE Spinco be following the distribution?	After the distribution, Clear Channel Communications will not own any shares of our common stock and we will not own any shares of Clear Channel Communications common stock. Three of our directors will also be directors of Clear Channel Communications, and our chairman will continue to serve as chief financial officer of Clear Channel Communications. In addition, in connection with the distribution, we and Clear

	Channel Communications are entering into a number of agreements that will govern our spin-off from Clear Channel Communications and our future relationship. We cannot assure you that these agreements will be on terms as favorable to us as agreements with other third parties. See "Our Relationship with Clear Channel Communications After the Distribution." In addition, if Clear Channel Communications acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both us and Clear Channel Communications, our certificate of incorporation provides that we will generally renounce our interest in the corporate opportunity. See "Description of Capital Stock — Provisions of our Amended and Restated Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities."
What if I want to sell my Clear Channel Communications common stock or my CCE Spinco common stock?	You should consult with your own financial advisors, such as your stockbroker, bank or tax advisor. Clear Channel Communications does not make any recommendations on the purchase, retention or sale of shares of Clear Channel Communications common stock or CCE Spinco common stock to be distributed. If you do decide to sell any shares, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your Clear Channel Communications common stock or your CCE Spinco common stock after it is distributed, or both.
Where will I be able to trade shares of CCE Spinco common stock?	There is not currently a public market for our common stock. We have applied to list our common stock on the New York Stork Exchange, or NYSE, under the symbol " ." We anticipate that trading in shares of our common stock will begin on a "when-issued" basis on or shortly before the record date and before the distribution date, and "regular way" trading will begin on the first trading day following the distribution date. If trading does begin on a "when-issued" basis, you may purchase or sell our common stock after that time, but your transaction will not settle until after the distribution date. On the first trading day following the distribution date, when-issued trading in respect of our common stock will end and regular way trading will begin. We cannot predict the trading prices for our common stock before or after the distribution date.
Will the number of Clear Channel Communications shares I own change as a result of the distribution?	No. The number of shares of Clear Channel Communications common stock you own will not change as a result of the distribution.
What will happen to the listing of Clear Channel Communications common stock?	Nothing. Clear Channel Communications common stock will continue to be traded on the NYSE under the symbol of "CCU."
Will the distribution affect the market price of my Clear Channel Communications shares?	Yes. As a result of the distribution, we expect the trading price of Clear Channel Communications shares immediately following the distribution to be lower than immediately prior to the distribution because the trading price should no longer reflect the value of the CCE Spinco businesses. Furthermore, until the market has fully analyzed the operations of Clear Channel Communications without these businesses, the price of Clear Channel Communications shares may fluctuate significantly. In

	addition, the combined trading prices of Clear Channel Communications common stock and CCE Spinco common stock after the distribution may be less than the trading price of Clear Channel Communications common stock prior to the distribution.
Are there risks to owning CCE Spinco common stock?	Yes. Our business is subject both to general and specific business risks relating to our leverage, our business, our relationship with Clear Channel Communications and our being a separate publicly-traded company, as well as risks related to the nature of the spin-off transaction itself. These risks are described in the "Risk Factors" section of this information statement beginning on page 20. We encourage you to read that section carefully.
Where can Clear Channel Communications stockholders get more information?	Before the distribution, if you have any questions relating to the distribution, you should contact: Clear Channel Communications, Inc. Investor Relations P.O. Box 659512 San Antonio, Texas 78265-9512 Tel: (210) 822-2828 Fax: (210) 822-2299 www.clearchannel.com After the distribution, if you have any questions relating to our common stock, you should contact: CCE Spinco, Inc. Investor Relations c/o Brainerd Communicators, Inc. 521 5th Avenue New York, New York 10175 Tel: (212) 986-6667 Fax: (212) 986-8302
Who will be the distribution agent, transfer agent and registrar for our common stock?	The Bank of New York Company, Inc. 101 Barclay Street New York, New York 10286 Toll-Free Shareholder Services Line: 1-800-524-4458 Email: shareowners@bankofny.com

Summary of the Transactions

The following is a brief summary of the terms of the distribution and other concurrent transactions:

Distributing company	Clear Channel Communications, Inc. After the spin-off, Clear Channel Communications will not own any shares of our capital stock.
Distributed company	CCE Spinco, Inc. is currently a wholly-owned subsidiary of Clear Channel Communications. After the spin-off, CCE Spinco will be a separate publicly-traded company. However, three of our directors will also be directors of Clear Channel Communications, and our chairman will continue to serve as chief financial officer of Clear Channel Communications.
Securities to be distributed	Shares of CCE Spinco common stock, which will constitute all of the outstanding shares of our common stock immediately after the distribution. Delivery of a share of our common stock in connection with the distribution also will constitute the delivery of the preferred stock purchase right associated with the share. The existence of the preferred stock purchase rights may deter a potential acquiror from making a hostile takeover proposal or a tender offer. For a more detailed discussion of these rights, see "Description of Our Capital Stock — The Rights Agreement."
Distribution ratio	Each holder of Clear Channel Communications common stock will be entitled to receive a dividend of one share of our common stock (and a related stock purchase right) for every eight shares of Clear Channel Communications common stock held on the record date. Cash will be distributed in lieu of fractional shares.
Fractional shares	Fractional shares of our common stock will not be distributed. In lieu of fractional shares of our common stock, stockholders of Clear Channel Communication will receive cash. Fractional shares you would otherwise be entitled to receive will be aggregated and sold in the public market by the distribution agent, who will determine in its sole discretion the timing and terms of such sale. The aggregate net cash proceeds of these sales will be distributed ratably to those stockholders who would otherwise have received fractional shares of our common stock in accordance with their fractional share interests. If you own fewer than eight shares of Clear Channel Communications common stock on the record date, you will not receive any shares of our common stock in the distribution, but you will receive cash in lieu of a fractional share. The receipt of cash in lieu of fractional shares will generally be taxable to the recipient stockholders. For more information, see "The Distribution — Manner of Effecting the Distribution" and "The Distribution — Material U.S. Federal Income Tax Consequences of the Distribution."
Record date	The record date is the close of business on , 2005.
Distribution date	11:59 p.m., New York City time, on , 2005.

Incurrence of debt	Prior to or concurrently with the completion of the distribution, one of our operating subsidiaries, Holdco #3, will enter into a $575.0 million senior secured credit facility consisting of: • a $325.0 million 7½-year term loan; and • a $250.0 million 6½-year revolving credit facility, of which up to $200.0 million will be available for the issuance of letters of credit and up to $100.0 million will be available for borrowings in foreign currencies. Subject to then market pricing and maturity extending longer than that of the senior secured credit facility, we will be able to add additional term and revolving credit facilities in an aggregate amount not to exceed $250.0 million. We anticipate that the senior secured credit facility, other than borrowings in foreign currencies by our foreign subsidiaries, will be secured by a first priority lien on substantially all of our domestic assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of our domestic subsidiaries and a portion of the capital stock of certain of our foreign subsidiaries. Borrowings in foreign currencies by our foreign subsidiaries will be secured by a first priority lien on substantially all of our foreign assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of all subsidiaries held by such borrowing subsidiary. After giving effect to the borrowings under the senior secured credit facility, we expect to have approximately $367.6 million of indebtedness for borrowed money outstanding. We intend to use all proceeds from borrowings under the term loan portion of our senior secured credit facility and the $20 million of proceeds from the issuance of the Series A redeemable preferred stock of Holdco #2 to repay a portion of the indebtedness we owe Clear Channel Communications. We expect that approximately $200.0 million of the revolving credit facility will remain available for working capital and general corporate purposes of Holdco #3 and its subsidiaries immediately following the completion of the distribution and after the transfer of approximately $50.0 million of letters of credit previously issued under Clear Channel Communications' credit facilities on behalf of certain Holdco #3 subsidiaries. The issuance of letters of credit will reduce this availability by the notional amount of issued letters of credit. However, on or prior to the distribution date, we may draw advances under the senior secured credit facility for working capital and other general corporate purposes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and "Description of Indebtedness." The agreements governing the senior secured credit facility are subject to ongoing negotiation. We cannot be certain the terms

	described herein will not change or be supplemented. See "Description of Indebtedness."
Preferred stock issuance	Prior to the completion of the distribution, third-party investors unrelated to Clear Channel Communications will acquire all of the shares of Series A (voting) and Series B (non-voting) mandatorily redeemable preferred stock of Holdco #2, the parent company of Holdco #3, one of our operating subsidiaries, which operating subsidiary owns more than 95% of the gross value of our assets. The preferred stock will have an aggregate liquidation preference of $40 million. We expect the Series A redeemable preferred stock will have a liquidation preference of $20 million and will be issued to a third-party investor for $20 million. We anticipate the Series B redeemable preferred stock will have a liquidation preference of $20 million and will be issued to Clear Channel Communications in connection with the Holdco #3 Exchange for no cash and immediately resold to a third-party purchaser for $20 million. See "Our Relationship with Clear Channel Communications After the Distribution — Tax Matters Agreement — Holdco #3 Loss." We will not receive any of the proceeds from the sale of the Series B redeemable preferred stock sold by Clear Channel Communications. The issuance and sale of the Series A and Series B redeemable preferred stock together with the Holdco #3 Exchange are structured to raise desired financing and to facilitate the overall tax efficiency of the distribution. The holders of Series A redeemable preferred stock will have the right to appoint one out of four members to Holdco #2's board of directors and to otherwise control 25% of the voting power of all outstanding shares of Holdco #2. The Series B redeemable preferred stock will have no voting rights other than the right to vote as a class with the Series A redeemable preferred stock to elect one additional member to the board of directors of Holdco #2 in the event Holdco #2 breaches certain terms of the designations of the preferred stock. The holders of Holdco #2 preferred stock will not have the right to appoint or vote for any of our directors. Each of the Series A and Series B preferred stock is expected to pay an annual cash dividend of approximately 10% and will be mandatorily redeemable upon the six year anniversary of the date of issuance. Holdco #2 will be required to make an offer to purchase the Series A and Series B redeemable preferred stock at 101% of each series liquidation preference in the event of a change of control. The terms of the preferred stock are subject to ongoing negotiation. We cannot be certain the terms described in this information statement will not change or be supplemented. See "Description of Subsidiary Preferred Stock" and "— Corporate Information and Structure" below.
Payment of intercompany note	Prior to the completion of the distribution, Clear Channel Communications will contribute to our capital $383.0 million of the intercompany indebtedness owed by us. Prior to or concurrently with the completion of the distribution, we intend to use

	all proceeds from advances from our term loan under our senior secured credit facility and the $20 million of proceeds from the issuance of the Series A redeemable preferred stock of Holdco #2 to repay the remaining portion of the intercompany note.
Tax consequences to stockholders	The spin-off is conditioned upon Clear Channel Communications' receipt of a private letter ruling from the IRS and the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, in each case to the effect that the spin-off will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Assuming the spin-off so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Clear Channel Communications common stock upon the receipt of shares of our common stock pursuant to the spin-off. A holder of Clear Channel Communications common stock will generally recognize gain or loss with respect to cash received in lieu of a fractional share of our common stock. See "The Distribution — Material U.S. Federal Income Tax Consequences of the Distribution" for a more detailed description of the U.S. federal income tax consequences of the spin-off.
Anti-takeover effects	Some provisions of our amended and restated certificate of incorporation, our amended and restated bylaws, our rights plan and Delaware law may have the effect of making more difficult an acquisition of control of us in a transaction not approved by our board of directors. We also will indemnify Clear Channel Communications under the tax matters agreement we have entered into in connection with the distribution for the tax, if any, resulting from any acquisition or issuance of our stock that triggers the application of Section 355(e) of the Code, and this potential liability could discourage, delay or prevent a change of control. See "Our Relationship with Clear Channel Communications After the Distribution" and "Description of Our Capital Stock."

Our Relationship with Clear Channel Communications

Since August 2000, our predecessor companies have been wholly-owned by Clear Channel Communications, Inc. In connection with the distribution, we and Clear Channel Communications will be parties to a number of agreements that will govern our spin-off from Clear Channel Communications and our future relationship. These agreements have been, and will be, entered into with Clear Channel Communications in the context of our relationship as a wholly-owned subsidiary of Clear Channel Communications. Accordingly, some of the terms and provisions of these agreements may be considered more or less favorable to us than terms and provisions we could have obtained in arm's length negotiations with unaffiliated third parties.

In anticipation of the spin-off, we believe we have developed and implemented systems and infrastructure to support our operation as a separate publicly-traded company. However, these newly developed systems and infrastructure may be inadequate and we may be required to develop or otherwise acquire other systems and infrastructure, which could reduce our profitability. In the past, Clear Channel Communications has generally provided capital for our general corporate purposes and has at times

guaranteed some of our contractual obligations under contracts with some clients. We have also historically used cash from Clear Channel Communications to fund our operations. After the distribution, Clear Channel Communications will not provide funds to finance our operations or guarantee our contractual obligations. After the spin-off, we will initially have a nine member Board of Directors, and three of our directors will serve as directors of Clear Channel Communications, and our chairman will continue to serve as chief financial officer of Clear Channel Communications.

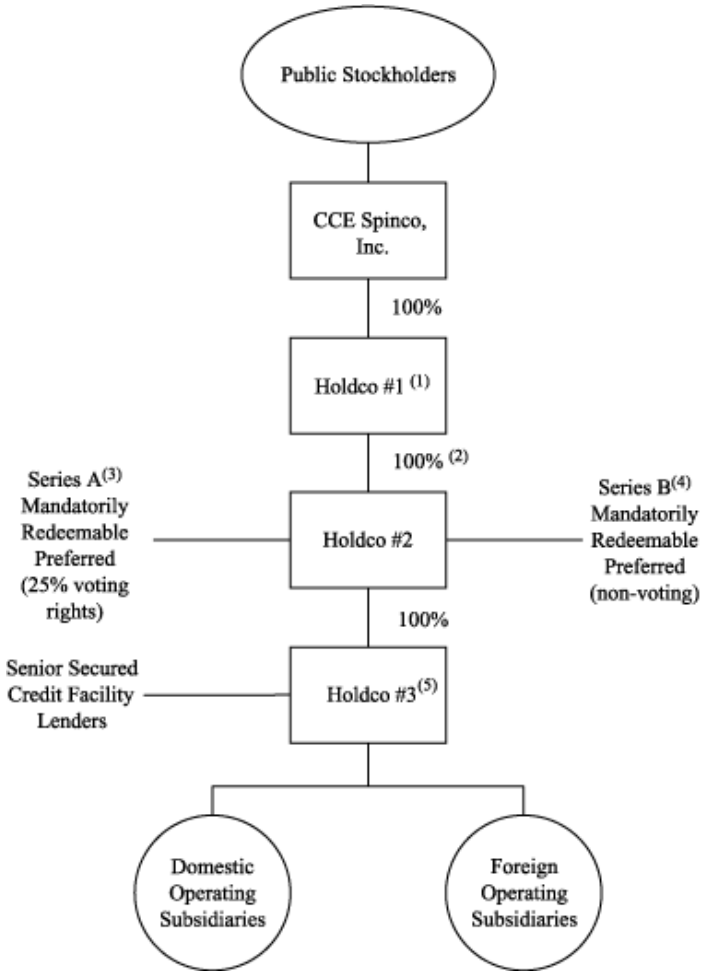
For a description of certain provisions of our amended and restated certificate of incorporation concerning the allocation of business opportunities that may be suitable for both us and Clear Channel Communications, see "Description of Our Capital Stock." This policy is not necessarily favorable to us.

For a further discussion of the spin-off and our relationship with Clear Channel Communications and the related risks, see "Our Relationship with Clear Channel Communications After the Distribution" and "Risk Factors — Risk Factors Relating to Our Relationship with Clear Channel Communications."

Corporate Information and Structure

We were formed through acquisitions of various entertainment businesses and assets by our predecessors, and a number of our businesses have been operating in the live entertainment industry for more than 30 years. On August 1, 2000, Clear Channel Communications acquired our live entertainment business, which was initially formed in 1997. We were incorporated in our current form as a Delaware corporation on August 2, 2005 to own substantially all of the entertainment business of Clear Channel Communications, Inc. Our principal executive offices are located at 9348 Civic Center Drive, Beverly Hills, California 90210, and our telephone number is (310) 867-7000. Our international executive offices are located at 220 West 42nd Street, New York, New York 10036, and our telephone number at that location is (917) 421-4000. We maintain a Web site at www. .com. Our Web site and the information contained on that site, or connected to that site, are not incorporated into this information statement. Various trademarks, copyrights, service marks, and other types of marks are used throughout this information statement, including the trademarks *Grave Digger*™ and *Blue Thunder*™, which are owned by us.

The following diagram depicts our corporate structure after giving effect to the distribution and the other concurrent transactions described in this information statement:



(1) Holdco #1 owns certain theatrical property located in New York City, which represents less than 5% of the gross value of our assets.

(2) Holdco #1 will own 100% of Holdco #2's common stock, will control 75% of the voting power of all outstanding shares of Holdco #2 and, absent a breach by Holdco #2 of certain terms of the designations of the Holdco #2 preferred stock, will have the ability to elect three out of four members of Holdco #2's board of directors.

(3) The holders of Series A mandatorily redeemable preferred stock will have the right to appoint one out of four members to Holdco #2's board of directors and to otherwise control 25% of the voting power of all outstanding shares of Holdco #2.

(4) The Series B mandatorily redeemable preferred stock will have no voting rights other than the right to vote as a class with the Series A redeemable preferred stock to elect one additional member to the board of directors of Holdco #2 in the event Holdco #2 breaches certain terms of the designations of the preferred stock.

(5) Holdco #3, together with its subsidiaries, represent more than 95% of the gross value of our assets.

Summary Historical and Pro Forma Financial and Other Data

The table below presents our summary historical financial information prepared on a combined basis and has been derived from our audited combined financial statements for the years ended December 31, 2002, December 31, 2003 and December 31, 2004, and our unaudited combined interim financial statements for the nine months ended September 30, 2004 and September 30, 2005, each of which is included elsewhere in this information statement. The unaudited combined interim financial statements have been prepared on a basis consistent with the audited combined financial statements and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such data. The results for the nine months ended September 30, 2005 are not necessarily indicative of the results to be expected for the full year.

The following table also presents our summary unaudited pro forma condensed combined financial information, which has been derived from our unaudited pro forma condensed combined financial information included elsewhere in this information statement.

Our unaudited pro forma combined financial statements give pro forma effect to:

- the distribution of our common stock to the stockholders of Clear Channel Communications;
- the incurrence of debt and related debt issuance costs, comprised of a $325.0 million senior secured term loan under the $575.0 million senior secured credit facility to be entered into prior to or concurrently with the completion of the distribution;
- the issuance of mandatorily redeemable Series A preferred stock by Holdco #2 having a liquidation preference of $20 million to a third-party investor for $20 million;
- the issuance to Clear Channel Communications of mandatorily redeemable Series B preferred stock by Holdco #2 having a liquidation preference of $20 million in connection with the Holdco #3 Exchange, for which we will not receive any cash;
- the contribution by Clear Channel Communications to our capital of $383.0 million of the intercompany debt owed to Clear Channel Communications; and
- the use of proceeds from borrowings under the term loan portion of our senior secured credit facility and the sale of the Series A preferred stock offering to repay the remaining portion of intercompany debt owed to Clear Channel Communications.

The unaudited pro forma financial data presented as of the year ended December 31, 2004 and for the nine months ended September 30, 2005 are derived from our unaudited pro forma combined financial statements. The pro forma balance sheet assumes the items listed above occurred as of September 30, 2005. The unaudited pro forma income statement data for the year ended December 31, 2004, and the nine months ended September 30, 2005, assumes the items listed above occurred as of January 1, 2004. A more complete explanation can be found in our unaudited pro forma combined financial statements included elsewhere in this information statement.

You should read the summary and unaudited pro forma combined financial information in conjunction with our audited and unaudited combined financial statements and the notes to the audited and unaudited combined financial statements. You should also read the sections “Selected Combined Financial Data,” “Unaudited Pro Forma Condensed Combined Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The summary historical and unaudited pro forma combined financial information is qualified by reference to these sections, the audited and unaudited combined financial statements and the notes to the audited and unaudited combined financial statements that are included elsewhere in this information statement.

The historical financial and other data have been prepared on a combined basis from Clear Channel Communications’ consolidated financial statements using the historical results of operations and bases of the assets and liabilities of Clear Channel Communications businesses and give effect to allocations of expenses from Clear Channel Communications. The unaudited pro forma combined financial information

is not indicative of our future performance or what our results of operations and financial position would have been if we had operated as a separate company during the periods presented or if the transactions reflected therein had actually occurred as of January 1, 2004 or September 30, 2005, as the case may be. The unaudited pro forma condensed combined statement of income does not reflect the complete impact of one-time and ongoing incremental costs required to operate as a separate company. Clear Channel Communications allocated to us $8.5 million in 2002, $9.2 million in 2003 and $9.8 million in 2004 of expenses incurred by it for providing us accounting, treasury, tax, legal, public affairs, executive oversight, human resources and other services. Through September 30, 2005, Clear Channel Communications allocated to us $6.9 million of expenses. By the end of 2005, we expect to have assumed responsibility for substantially all of these services and their related expenses. We currently believe the estimate for the costs of these services could be approximately $11.0 million to $13.0 million in 2006, our first full year as a separate publicly-traded company. However, the actual total costs of these services associated with our transition to, and operation as, a separate publicly-traded company could be significantly greater than our estimates.

The following table presents a non-GAAP financial measure, OIBDAN, which we use to evaluate segment and combined performance of our business. OIBDAN is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. In Note 3 and "— Non-GAAP Financial Measure" below, we explain OIBDAN and reconcile it to operating income (loss), its most directly comparable financial measure calculated and presented in accordance with GAAP.

(In thousands, except per share amounts)	Year Ended December 31,				Nine Months Ended September 30,		
	2002	2003	2004	Pro Forma	2004	2005	Pro Forma
				(unaudited)	(unaudited)		(unaudited)
Results of Operations Data:							
Revenue	$ 2,473,319	$ 2,707,902	$ 2,806,128	$ 2,806,128	$ 2,261,879	$ 2,184,588	$ 2,184,588
Operating Expenses:							
Divisional operating expenses	2,302,707	2,506,635	2,645,293	2,645,293	2,107,785	2,050,631	2,050,631
Depreciation and amortization	64,836	63,436	64,095	64,095	47,499	46,392	46,392
Loss (gain) on sale of operating assets	(15,241)	(978)	6,371	6,371	7,400	(426)	(426)
Corporate expenses	26,101	30,820	31,386	31,386	19,977	38,391	38,391
Operating income	94,916	107,989	58,983	58,983	79,218	49,600	49,600
Interest expense	3,998	2,788	3,119	23,379	2,198	2,671	17,866
Intercompany interest expense	58,608	41,415	42,355	—	32,550	35,719	—
Equity in earnings (loss) of nonconsolidated affiliates	(212)	1,357	2,906	2,906	3,231	157	157
Other income (expense) — net	332	3,224	(1,690)	(1,690)	(1,437)	(4,157)	(4,157)
Income before income taxes and cumulative effect of a change in accounting principle	32,430	68,367	14,725	36,820	46,264	7,210	27,734
Income tax benefit (expense):							
Current	(40,102)	68,272	55,946	47,108	42,633	11,975	3,765
Deferred	11,103	(79,607)	(54,411)	(54,411)	(37,808)	(14,859)	(14,859)
Income before cumulative effect of a change in accounting principle	3,431	57,032	16,260	$ 29,517	51,089	4,326	$ 16,640
Cumulative effect of a change in accounting principle, net of tax of $198,640(1)	(3,932,007)	—	—		—	—	
Net income (loss)	$ (3,928,576)	$ 57,032	$ 16,260		$ 51,089	$ 4,326	
Basic and diluted pro forma income before cumulative effect of a change in accounting principle per common share(2)	$ 0.05	$ 0.84	$ 0.24	$ 0.44	$ 0.76	$ 0.06	$ 0.25
Segment Data:							
Revenue:							
Global Music	$ 1,821,215	$ 2,069,857	$ 2,201,007		$ 1,793,072	$ 1,708,369	
Global Theater	296,460	318,219	313,974		222,871	233,265	
Other	355,644	319,826	291,147		245,936	242,954	
Total revenue	$ 2,473,319	$ 2,707,902	$ 2,806,128		$ 2,261,879	$ 2,184,588	
Operating income (loss):							
Global Music	$ 97,731	$ 111,326	$ 85,457		$ 94,269	$ 85,604	
Global Theater	30,352	22,714	20,996		12,973	2,742	
Other	(1,342)	10,156	(11,147)		(4,281)	2,923	
Corporate	(31,825)	(36,207)	(36,323)		(23,743)	(41,669)	
Total operating income	$ 94,916	$ 107,989	$ 58,983		$ 79,218	$ 49,600	

(In thousands)	Year Ended December 31, 2002	2003	2004	Nine Months Ended September 30, 2004	2005
				(unaudited)	
Cash Flow Data:					
Cash flows provided by (used in):					
Operating activities	$ 142,237	$ 138,713	$ 119,898	$ 88,557	$ 2,203
Investing activities	$ (31,329)	$ (51,960)	$ (84,076)	$ (64,662)	$ (72,603)
Financing activities	$ (112,281)	$ (56,894)	$ 23,254	$ 44,331	$ 156,618
Capital expenditures	$ 68,185	$ 69,936	$ 73,435	$ 56,516	$ 71,997
Other Data:					
OIBDAN:(3)					
Global Music	$ 127,881	$ 145,725	$ 119,062	$ 118,412	$ 112,935
Global Theater	41,489	35,899	35,647	23,929	14,133
Other	1,242	19,643	6,126	11,753	6,889
Corporate	(24,700)	(29,518)	(30,302)	(19,216)	(36,656)
Total OIBDAN(3)	$ 145,912	$ 171,749	$ 130,533	$ 134,878	$ 97,301

(in thousands)	As of December 31, 2002	2003	2004	As of September 30, 2005 Historical	Pro Forma
					(unaudited)
Balance Sheet Data:					
Cash and cash equivalents	$ 104,897	$ 116,360	$ 179,137	$ 273,474	$ 273,474
Current assets	396,687	423,617	472,557	782,320	782,320
Property, plant and equipment — net	745,239	782,154	793,316	815,270	815,270
Total assets	1,518,644	1,495,715	1,478,706	1,892,233	1,894,733
Current liabilities	530,314	547,751	579,345	799,778	803,028
Long-term debt, including current maturities	622,831	617,838	650,675	768,079	367,584
Total liabilities	1,287,730	1,307,432	1,321,730	1,658,217	1,297,722
Owner's equity	230,914	188,283	156,976	234,016	597,011
Total liabilities and owner's equity	1,518,644	1,495,715	1,478,706	1,892,233	1,894,733

(1) Cumulative effect of change in accounting principle for the year ended December 31, 2002, related to impairment of goodwill recognized in accordance with the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

(2) Basic and diluted income before cumulative effect of a change in accounting principle per share is calculated by dividing income before cumulative effect of a change in accounting principle by the weighted average number of common shares outstanding. The historic and pro forma basic and diluted income per share before cumulative effect of changes in accounting principles is based on 67,565,491 shares outstanding (based upon the number of outstanding shares of Clear Channel Communications' common stock at November 4, 2005).

(3) We evaluate segment and combined performance based on several factors, one of the primary measures of which is operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets and non-cash compensation expense, which we refer to as OIBDAN. See "— Non-GAAP Financial Measure" below, "Unaudited Pro Forma Condensed Combined Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — OIBDAN" elsewhere herein.

Non-GAAP Financial Measure

In addition to operating income, we evaluate segment and combined performance based on other factors, one primary measure of which is operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets and non-cash compensation expense, which we refer to as OIBDAN. We use OIBDAN as a measure of the operational strengths and performance of our business and not as a measure of liquidity. However, a limitation of the use of OIBDAN as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Accordingly, OIBDAN should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP. Furthermore, this measure may vary among other companies; thus, OIBDAN as presented below may not be comparable to similarly titled measures of other companies.

We believe OIBDAN is useful to investors and other external users of our financial statements in evaluating our operating performance because it helps investors more meaningfully evaluate and compare the results of our operations from period to period and with those of other companies in the entertainment industry (to the extent the same components of OIBDAN are used), in each case without regard to items such as non-cash depreciation and amortization and non-cash compensation expense, which can vary depending upon the accounting method used and the book value of assets.

Our management uses OIBDAN (i) as a measure for planning and forecasting overall and individual expectations and for evaluating actual results against such expectations, (ii) as a basis for incentive bonuses paid to certain employees and (iii) in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management.

The following table presents a reconciliation of OIBDAN to operating income, which is a GAAP measure of our operating results:

(In thousands)	Year Ended December 31,			Nine Months Ended September 30,	
	2002	2003	2004	2004	2005
	Actual			Actual (unaudited)	
Reconciliation of OIBDAN to Operating Income:					
OIBDAN	$ 145,912	$ 171,749	$ 130,533	$ 134,878	$ 97,301
Depreciation and amortization	64,836	63,436	64,095	47,499	46,392
Loss (gain) on sale of operating assets	(15,241)	(978)	6,371	7,400	(426)
Non-cash compensation expense*	1,401	1,302	1,084	761	1,735
Operating income	$ 94,916	$ 107,989	$ 58,983	$ 79,218	$ 49,600

* Non-cash compensation expense, which is based on an allocation from Clear Channel Communications and is related to issuance of Clear Channel Communications stock awards, is included in corporate expenses in our statement of operations.

RISK FACTORS

You should carefully consider each of the following risks and all of the other information set forth in this information statement. The following risks relate principally to our leverage, our business, our relationship with Clear Channel Communications and our being a separate publicly-traded company, as well as risks related to the nature of the spin-off transaction itself. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. If any of the following risks and uncertainties develop into actual events, this could have a material adverse effect on our business, financial condition or results of operations. In that case, the trading price of our common stock could decline.

Risks Associated with Our Leverage

Following the spin-off, we will have substantial debt and lease obligations that could restrict our operations and impair our financial condition.

Historically, we have not had significant indebtedness for borrowed money, other than our intercompany promissory note to Clear Channel Communications. Following the spin-off, we will have substantial indebtedness and lease obligations. Giving effect to borrowings and advances anticipated to be made under the senior secured credit facility prior to or concurrently with the completion of the spin-off, our total indebtedness for borrowed money will be approximately $367.6 million. We expect that available borrowing capacity under the senior secured credit facility initially will be approximately $575.0 million, consisting of our $325.0 million term loan facility, all of which will be borrowed at closing, and our $250.0 million revolving credit facility, of which $200.0 million will be available for working capital and general corporate purposes immediately following its closing, with $200.0 million of such amount being available for letters of credit; outstanding letters of credit, of which approximately $50.0 million will be initially outstanding, will reduce borrowing availability under the revolving credit facility. We may also incur additional substantial indebtedness in the future.

Our substantial indebtedness could have adverse consequences, including:

- increasing our vulnerability to adverse economic, regulatory and industry conditions;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry;
- limiting our ability to borrow additional funds; and
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions and other purposes.

In addition, as of September 30, 2005, we had approximately $760.5 million in operating lease agreements, of which approximately $55.3 million is due in 2006 and $50.7 million is due in 2007.

If our cash flow and capital resources are insufficient to service our debt or lease obligations, we may be forced to sell assets, seek additional equity or debt capital or restructure our debt. However, these measures might be unsuccessful or inadequate in permitting us to meet scheduled debt or lease service obligations. We may be unable to restructure or refinance our obligations and obtain additional equity financing or sell assets on satisfactory terms or at all. As a result, the inability to meet our debt or lease obligations could cause us to default on those obligations. If we fail to meet any minimum financial requirements contained in instruments governing our debt, we would be in default under such instruments, which, in turn, could result in defaults under other debt instruments. Any such defaults could materially impair our financial condition and liquidity. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” for a discussion of our obligations following the spin-off.

To service our debt, lease and preferred stock obligations and to fund potential capital expenditures, we will require a significant amount of cash to meet our needs, which depends on many factors beyond our control.

Our ability to service our debt, lease and preferred stock obligations and to fund potential capital expenditures for venue construction, expansion or renovation will require a significant amount of cash, which depends on many factors beyond our control. Our ability to make payments on and to refinance our debt, including our senior secured credit facility, will also depend on our ability to generate cash in the future. This, to an extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. As of December 31, 2004, on a pro forma basis, approximately $4.5 million of total indebtedness (excluding interest) is due in 2005, $5.8 million is due in 2006 and 2007, $5.9 million is due in 2008 and 2009, and $330.6 million is due thereafter. See the pro forma table in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Commitments — Firm Commitments." If our future cash flow from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional equity capital or restructure or refinance all or a portion of our debt, including the notes, on or before maturity. We cannot assure you that we will be able to refinance any of our debt on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing debt, including our senior secured credit facility, and other future debt may limit our ability to pursue any of these alternatives. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

Our senior secured credit facility may restrict our ability to finance operations and capital needs and our operating flexibility.

We anticipate that our senior secured credit facility may include restrictive covenants that, among other things, restrict our ability to:

- incur additional debt;
- pay dividends and make distributions;
- make certain investments;
- repurchase our stock and prepay certain indebtedness;
- create liens;
- enter into transactions with affiliates;
- modify the nature of our business;
- enter into sale-leaseback transactions;
- transfer and sell material assets; and
- merge or consolidate.

In addition, we anticipate that the senior secured credit facility will include additional restrictions, including requirements to maintain certain financial ratios. Our failure to comply with the terms and covenants in our indebtedness could lead to a default under the terms of those documents, which would entitle the lenders to accelerate the indebtedness and declare all amounts owed due and payable. The agreements governing our senior secured credit facility are subject to ongoing negotiations. We cannot be certain the terms described herein will not change or be supplemented. See "Description of Indebtedness."

We are a holding company and depend on our subsidiaries for repayment of our debt, which will be structurally subordinated to the liabilities of our subsidiaries.

We conduct almost all of our business through subsidiaries of Holdco #3. As a result, our debt, the majority of which will be owed by Holdco #3, will be effectively subordinated to all existing and future liabilities (including trade payables) of such subsidiaries. As of September 30, 2005, we had current liabilities of $799.8 million and long-term liabilities, net of any debt to Clear Channel Communications, of $132.9 million. All of these liabilities are held by subsidiaries of Holdco #3 except for current liabilities of $5.7 million. Future acquisitions may be made through present or future subsidiaries; therefore, our cash flow from operations and consequent ability to service our debt, is, in part, dependent upon the earnings of our subsidiaries and the distribution (through dividends or otherwise) of those earnings to Holdco #3, or upon loans, advances or other payments of funds by those subsidiaries to Holdco #3. Moreover, the payment of dividends and the making of loans or advances to us by our subsidiaries are subject to various state laws and business considerations of the subsidiaries.

Our subsidiaries will have no obligation, contingent or otherwise, to make any funds available to us or Holdco #3 for payment of the principal of or interest on our debt. To the extent our assets are or will be held by our subsidiaries, the claims of holders of our debt will, in effect, be subordinated to the claims of creditors, including trade creditors, of such subsidiaries. As of September 30, 2005, substantially all of our assets on a book value basis were held by operating subsidiaries and, for fiscal year ended December 31, 2004 and for the nine months ended September 30, 2005, substantially all of our revenues came from the operations of our subsidiaries. We anticipate that under the terms of instruments governing senior secured credit facility of Holdco #3, certain of its subsidiaries will be restricted in their ability to incur debt in the future. See “Description of Indebtedness.”

Risk Factors Relating to Our Business

Our live entertainment business is highly sensitive to public tastes and dependent on our ability to secure popular artists and other live entertainment events, and we may be unable to anticipate changes in consumer preferences, which may result in decreased demand for our services.

Our ability to generate revenues from our entertainment operations is highly sensitive to rapidly changing public tastes and dependent on the availability of popular artists and events. Our success depends in part on our ability to anticipate the tastes of consumers and to offer events that appeal to them. Since we rely on unrelated parties to create and perform live entertainment content, any unwillingness to tour or lack of availability of popular artists, touring theatrical performances, specialized motor sports talent and other performers could limit our ability to generate revenues. In addition, we typically book our live music tours one to four months in advance of the beginning of the tour and often agree to pay an artist a fixed guaranteed amount prior to our receiving any operating income. Therefore, if the public is not receptive to the tour or we or a performer cancel the tour, we may incur a loss for the tour depending on the amount of the fixed guarantee or incurred costs relative to any revenues earned, as well as foregone revenue we could have earned at booked venues. Furthermore, consumer preferences change from time to time, and our failure to anticipate, identify or react to these changes could result in reduced demand for our services, which would adversely affect our operating results and profitability.

We have incurred net losses and may experience future net losses; therefore, we may not sustain our profitability.

Our operating results have been adversely affected by, among other things, a global economic slowdown, increased cost of entertainers and a decline in attendance at live entertainment events. We generated net income of approximately $4.3 million and $51.1 million for the nine months ended September 30, 2005 and 2004, respectively, and net income of approximately $16.3 million and $57.0 million for the years ended 2004 and 2003, respectively, and incurred a net loss of approximately $3.9 billion for the year ended 2002, primarily as a result of a $3.9 billion write-off of goodwill. Our net

income would have been $29.5 million for 2004 and $16.6 million for the nine months ended September 30, 2005, on a pro forma basis after giving effect to the distribution and the concurrent transactions described in this information statement. We may face reduced demand for our live entertainment events and other factors that could adversely affect our results of operations in the future. We cannot predict whether we will achieve profitability in future periods.

In the 2002 to 2004 period, our global music revenues increased from $1.8 billion to $2.2 billion although our operating income decreased from $97.7 million to $85.5 million. Our growth in revenues in global music during this period resulted primarily from increased ticket prices and acquisitions. During the same period, our global theater revenues increased from $296.5 million to $314.0 million while our operating income decreased from $30.4 million to $21.0 million. Our overall operating income decreased 45% from 2003 to 2004 due primarily to a decline in attendance and the number of our events, a loss on sale of operating assets in 2004, as well as other economic and geopolitical factors. In 2005, we instituted a ticket price and service charge reduction program. For the nine months ended September 30, 2005 and 2004, our global music revenues were $1.7 billion and $1.8 billion, respectively, and our operating income was $85.6 million and $94.3 million, respectively. For the nine months ended September 30, 2005 and 2004, our global theater revenues were $233.3 million and $222.9 million, respectively, and our operating income was $2.7 million and $13.0 million, respectively.

We have no operating history as a separate publicly-traded company and our historical and pro forma combined financial information are not necessarily representative of the results we would have achieved as a separate publicly-traded company and may not be a reliable indicator of our future results.

We are being spun-off from Clear Channel Communications, our parent company, and, therefore, we have no operating history as a separate publicly-traded company. The historical and pro forma combined financial information included in this information statement does not reflect the financial condition, results of operations or cash flows we would have achieved as a separate publicly-traded company during the periods presented or those we will achieve in the future. This is primarily a result of the following factors:

- Our historical and pro forma combined financial results reflect allocations of corporate expenses from Clear Channel Communications. Those allocations are less than the comparable expenses we would have incurred had we operated as a separate publicly-traded company.
- Our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Clear Channel Communications. Subsequent to this distribution, Clear Channel Communications will not be providing us with funds to finance our working capital or other cash requirements. Without the opportunity to obtain financing from Clear Channel Communications, we may need to obtain additional financing from banks, or through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements. We initially expect to have a credit rating that is lower than Clear Channel Communications' credit rating and, as a result, will incur debt on terms and at interest rates that will not be as favorable as those generally enjoyed by Clear Channel Communications.
- Currently, our business is integrated with the other businesses of Clear Channel Communications. We share economies of scope and scale in costs, employees, vendor relationships and customer relationships. While we expect to enter into short-term transition agreements that will govern certain commercial and other relationships with Clear Channel Communications after the spin-off, those temporary arrangements may not capture the benefits our businesses have enjoyed as a result of common ownership prior to the spin-off. The loss of these benefits as a consequence of the spin-off could have an adverse effect on our business, results of operations and financial condition following the spin-off.
- Significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as a company separate from Clear Channel Communications. These changes will result in increased costs associated with reduced economies of scale, stand-alone costs

for services currently provided by Clear Channel Communications, the need for additional personnel to perform services currently provided by Clear Channel Communications and the legal, accounting, compliance and other costs associated with being a public company with equity securities listed on a national stock exchange. We will temporarily continue to use certain services of Clear Channel Communications under the transition services agreements and we may not be able to adequately replace the services that Clear Channel Communications provides us in a timely manner or on comparable terms.

Prior to the spin-off, we will not have been an independent company and we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company.

Prior to the spin-off, our business was operated by Clear Channel Communications as part of its broader corporate organization, rather than as an independent company. Clear Channel Communications' senior management oversaw the strategic direction of our businesses and Clear Channel Communications performed various corporate functions for us, including, but not limited to:

- selected human resources related functions;
- tax administration;
- selected legal functions (including compliance with the Sarbanes-Oxley Act of 2002), as well as external reporting;
- treasury administration, investor relations, internal audit and insurance functions; and
- selected information technology and telecommunications services.

Following the spin-off, neither Clear Channel Communications nor any of its affiliates will have any obligation to provide these functions to us other than those services that will be provided by Clear Channel Communications pursuant to the transition services agreement between us and Clear Channel Communications. See "Our Relationship with Clear Channel Communications After the Distribution — Transition Services Agreement." If, once our transition services agreement terminates, we do not have in place our own systems and business functions, we do not have agreements with other providers of these services or we are not able to make these changes cost effectively, we may not be able to operate our business effectively and our losses may increase. If Clear Channel Communications does not continue to perform effectively the services that are required under the transition services agreement, we may not be able to operate our business effectively after the spin-off.

Our separation from Clear Channel Communications could also adversely affect our ability to attract and retain dedicated employees. We may be required to accept less favorable terms in contracts with entertainers, sponsors, professional athletes, performers and independent sales intermediaries, increase our fees, change long-term selling and marketing agreements and take other action to maintain our relationship with our sponsors, professional athletes, performers, independent sales intermediaries, entertainers, suppliers, customers and dedicated sales specialists, all of which could have an adverse effect on our financial condition and results of operations.

Our operations are seasonal and our results of operations vary from quarter to quarter, so our financial performance in certain financial quarters may not be indicative of or comparable to our financial performance in subsequent financial quarters.

We believe our financial results and cash needs will vary greatly from quarter to quarter depending on, among other things, the timing of tours and theatrical productions, tour cancellations, capital expenditures, seasonal and other fluctuations in our operating results, the timing of guaranteed payments and receipt of ticket sales, financing activities, acquisitions and investments and receivables management. Because our results may vary significantly from quarter to quarter, our financial results for one quarter cannot necessarily be compared to another quarter and may not be indicative of our future financial performance in subsequent quarters. Typically, our global music segment experiences its lowest financial

performance in the first and fourth quarters of the calendar year as our outdoor venues are primarily used during May through September. Our global theater segment experiences its strongest demand in the first, second and fourth quarters of the calendar year as the theatrical touring season runs during September through April.

The following table sets forth our operating income (loss) for the last seven fiscal quarters (in thousands):

Fiscal Quarter	Operating Income
March 31, 2004	$ 293
June 30, 2004	$ 8,056
September 30, 2004	$ 70,869
December 31, 2004	$ (20,235)
March 31, 2005	$ (27,526)
June 30, 2005	$ 15,258
September 30, 2005	$ 61,868

Our senior management team is new in their current positions, and there can be no assurance that it will be able to operate our business effectively.

On August 18, 2005, Michael Rapino, who previously served as chief executive officer and president of Clear Channel Entertainment — Global Music, was appointed our new chief executive officer, and most members of our management team are new to their positions. Our success depends, in part, upon the contributions of our senior management and key employees, in particular, those that have long-standing relationships with popular music performers, agents and other influential persons in the entertainment industry, which we depend on to obtain bookings of popular performers and arrange tours. Therefore, losing the services of one or more members of our senior management or our key employees could adversely affect our business and results of operations. In late 2004 and 2005, we reorganized our management, and, as a result, the former chief executive officer, chief financial officer, general counsel and two co-heads of music are no longer with the company or have different responsibilities. If our new management team is not able to develop and implement an effective business strategy to optimize and grow our current business, our business and results of operations could be adversely affected.

We may be adversely affected by a general deterioration in economic conditions, which could affect consumer and corporate spending and, therefore, significantly adversely impact our operating results.

A decline in attendance at live entertainment events has had an adverse effect on our revenues and operating income. In addition, during the most recent economic slowdown in the United States, many consumers reduced their discretionary spending and advertisers reduced their advertising expenditures. The impact of slowdowns on our business is difficult to predict, but they may result in reductions in ticket sales, sponsorship opportunities and our ability to generate revenues. The risks associated with our businesses become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in attendance at live entertainment events.

Our business depends on discretionary consumer and corporate spending. Many factors related to corporate spending and discretionary consumer spending, including economic conditions affecting disposable consumer income such as employment, fuel prices, interest and tax rates and inflation can significantly impact our operating results. Business conditions, as well as various industry conditions, including corporate marketing and promotional spending and interest levels, can also significantly impact our operating results. These factors can affect attendance at our events, premium seats, sponsorship, advertising and hospitality spending, concession and souvenir sales, as well as the financial results of sponsors of our venues, events and the industry. Negative factors such as challenging economic conditions, public concerns over additional terrorism and security incidents, particularly when combined, can impact corporate and consumer spending, and one negative factor can impact our results more than another.

There can be no assurance that consumer and corporate spending will not be adversely impacted by economic conditions, thereby possibly impacting our operating results and growth.

Doing business in foreign countries creates certain risks not found in doing business in the United States.

Doing business in foreign countries involves certain risks that may not exist when doing business in the United States. For the nine months ended September 30, 2005, and the year ended December 31, 2004, our international operations accounted for approximately 31% and 28%, respectively, of our revenues during those periods. The risks involved in foreign operations that could result in losses against which we are not insured include:

- exposure to local economic conditions;
- potential adverse changes in the diplomatic relations of foreign countries with the United States;
- hostility from local populations;
- restrictions on the withdrawal of foreign investment and earnings;
- government policies against businesses owned by foreigners;
- investment restrictions or requirements;
- expropriations of property;
- potential instability of foreign governments;
- risks of insurrections;
- risks of renegotiation or modification of existing agreements with governmental authorities;
- diminished ability to legally enforce our contractual rights in foreign countries;
- foreign exchange restrictions;
- withholding and other taxes on remittances and other payments by subsidiaries; and
- changes in foreign taxation structures.

In addition, we may incur substantial tax liabilities if we repatriate any of the cash generated by our international operations back to the United States due to our current inability to recognize any foreign tax credits that would be associated with such repatriation. We are not currently in a position to recognize any tax assets in the United States that are the result of payments of income or withholding taxes in foreign jurisdictions.

Exchange rates may cause fluctuations in our results of operations that are not related to our operations.

Because we own assets overseas and derive revenues from our international operations, we may incur currency translation losses or gains due to changes in the values of foreign currencies relative to the United States Dollar. We cannot predict the effect of exchange rate fluctuations upon future operating results. For the nine months ended September 30, 2005, and the year ended December 31, 2004, our international operations accounted for approximately 31% and 28%, respectively, of our revenues during those periods. Although we cannot predict the future relationship between the United States Dollar and the currencies used by our international businesses, principally the British Pound and the Euro, for the years ended December 31, 2004, 2003 and 2002 and the nine months ended September 30, 2005 and 2004, we experienced foreign exchange rate net gains of $6.3 million, $7.6 million, $3.7 million, $0.3 million and $4.1 million, respectively, for those periods, which had a positive effect on our OIBDAN. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure about Market Risk — Foreign Currency Risk.”

We may be unsuccessful in our future acquisition endeavors, if any, which may have an adverse effect on our business. Our compliance with antitrust, competition and other regulations may limit our operations and future acquisitions.

Our future growth rate depends in part on our selective acquisition of additional businesses. We may be unable to identify suitable targets for acquisition or make acquisitions at favorable prices. If we identify a suitable acquisition candidate, our ability to successfully implement the acquisition would depend on a variety of factors, including our ability to obtain financing on acceptable terms and requisite government approvals.

Acquisitions involve risks, including those associated with integrating the operations, financial reporting, technologies and personnel of acquired companies; managing geographically dispersed operations; the diversion of management's attention from other business concerns; the inherent risks in entering markets or lines of business in which we have either limited or no direct experience; unknown risks; and the potential loss of key employees, customers and strategic partners of acquired companies. We may not successfully integrate any businesses or technologies we may acquire in the future and may not achieve anticipated revenue and cost benefits. Acquisitions may be expensive, time consuming and may strain our resources. Acquisitions may not be accretive to our earnings and may negatively impact our results of operations as a result of, among other things, the incurrence of debt, one-time write-offs of goodwill and amortization expenses of other intangible assets. In addition, future acquisitions that we may pursue could result in dilutive issuances of equity securities.

We are also subject to laws and regulations, including those relating to antitrust, that could significantly affect our ability to expand our business through acquisitions. For example, the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice with respect to our domestic acquisitions, and the European Commission, the antitrust regulator of the European Union, with respect to our European acquisitions, have the authority to challenge our acquisitions on antitrust grounds before or after the acquisitions are completed. State agencies may also have standing to challenge these acquisitions under state or federal antitrust law. Comparable authorities in foreign countries also have the ability to challenge our foreign acquisitions. Our failure to comply with all applicable laws and regulations could result in, among other things, regulatory actions or legal proceedings against us, the imposition of fines, penalties or judgments against us or significant limitations on our activities. In addition, the regulatory environment in which we operate is subject to change. New or revised requirements imposed by governmental regulatory authorities could have adverse effects on us, including increased costs of compliance. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and regulations by these governmental authorities.

In addition, restrictions contained in the tax matters agreement and the credit agreement for the senior secured credit facility may restrict our ability to make acquisitions following the distribution.

There is the risk of personal injuries and accidents in connection with our live entertainment events, which could subject us to personal injury or other claims and increase our expenses, as well as reduce attendance at our live entertainment events, causing a decrease in our revenues.

There are inherent risks involved with producing live entertainment events. As a result, personal injuries and accidents have, and may, occur from time to time, which could subject us to claims and liabilities for personal injuries. Incidents in connection with our live entertainment events at any of our venues or venues that we rent could also result in claims, reducing operating income or reducing attendance at our events, causing a decrease in our revenues. We are currently subject to wrongful death claims, as well as other litigation. While we maintain insurance polices that provide coverage within limits that are sufficient, in management's judgment, to protect us from material financial loss for personal injuries sustained by persons at our venues or accidents in the ordinary course of business, there can be no assurance that such insurance will be adequate at all times and in all circumstances.

Costs associated with, and our ability to, obtain adequate insurance could adversely affect our profitability and financial condition.

Heightened concerns and challenges regarding property, casualty, liability, business interruption and other insurance coverage have resulted from the terrorist and related security incidents on and after September 11, 2001 in the United States, as well as the more recent terrorist attacks in Madrid, London and Amman. We have been covered by Clear Channel Communications' insurance policies. Following the spin-off, we expect we may experience increased difficulty as an independent company obtaining high policy limits of coverage at reasonable costs, including coverage for acts of terrorism. We have a material investment in property and equipment at each of our venues, which are generally located near highly populated cities and which hold events typically attended by large numbers of fans. At September 30, 2005, we had property and equipment with a net book value of approximately $815.3 million.

These operational, geographical and situational factors, among others, have resulted in, and may continue to result in, significant increases in insurance premium costs and difficulties obtaining sufficiently high policy limits with deductibles that we believe to be reasonable. We cannot assure you that future increases in insurance costs and difficulties obtaining high policy limits will not adversely impact our profitability, thereby possibly impacting our operating results and growth.

We cannot guarantee that our insurance policy coverage limits, including insurance coverage for property, casualty, liability and business interruption losses and acts of terrorism, would be adequate under the circumstances should one or multiple events occur at or near any of our venues, or that our insurers would have adequate financial resources to sufficiently or fully pay our related claims or damages. When we are independent from Clear Channel Communications, we cannot guarantee that adequate coverage limits will be available, offered at reasonable costs, or offered by insurers with sufficient financial soundness. The occurrence of such an incident or incidents affecting any one or more of our venues could have a material adverse effect on our financial position and future results of operations if asset damage and/or company liability were to exceed insurance coverage limits or if an insurer were unable to sufficiently or fully pay our related claims or damages.

Costs associated with capital improvements could adversely affect our profitability.

Growth or maintenance of our existing revenues depends in part on consistent investment in our venues. Therefore, we expect to continue to make substantial capital improvements in our venues to meet long-term increasing demand, to increase entertainment value and to increase revenues. We frequently have a number of significant capital projects under way. Numerous factors, many of which are beyond our control, may influence the ultimate costs and timing of various capital improvements at our venues, including:

- availability of financing on favorable terms;
- unforeseen changes in design;
- increases in the cost of construction materials and labor;
- additional land acquisition costs;
- fluctuations in foreign exchange rates;
- litigation, accidents or natural disasters affecting the construction site;
- national or regional economic changes;
- environmental or hazardous conditions; and
- undetected soil or land conditions.

The amount of capital expenditures can vary significantly from year to year. In addition, actual costs could vary materially from our estimates if the factors listed above and our assumptions about the quality of materials or workmanship required or the cost of financing such construction were to change. Construction is also subject to governmental permitting processes which, if changed, could materially affect the ultimate cost.

We are subject to extensive governmental regulation, and our failure to comply with these regulations could adversely affect our business, results of operations and financial condition.

Our live entertainment venue operations are subject to federal, state and local laws, both domestically and internationally, governing matters such as construction, renovation and operation of our venues as well as:

- licensing and permitting;
- human health, safety and sanitation requirements;
- the service of food and alcoholic beverages;
- working conditions, labor, minimum wage and hour, citizenship and employment laws;
- compliance with The Americans with Disabilities Act of 1990;
- sales and other taxes and withholding of taxes;
- historic landmark rules; and
- environmental protection.

While we believe that our venues are in material compliance with these laws, we cannot predict the extent to which any future laws or regulations will impact our operations. The regulations relating to our food and support service in our venues are many and complex. Although we generally contract with a third-party vendor for these services at our operated venues, we cannot assure you that we or our third-party vendors are in full compliance with all applicable laws and regulations at all times or that we or our third-party vendors will be able to comply with any future laws and regulations or that we will not be held liable for violations by third-party vendors. Furthermore, additional or amended regulations in this area may significantly increase the cost of compliance.

We also serve alcoholic beverages at many of our venues during live entertainment events and must comply with applicable licensing laws, as well as state and local service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to certain persons such as an individual who is intoxicated or a minor. If we violate dram shop laws, we may be liable to third parties for the acts of the patron. Although we generally hire outside vendors to provide these services at our operated venues and regularly sponsor training programs designed to minimize the likelihood of such a situation, we cannot guarantee that intoxicated or minor patrons will not be served or that liability for their acts will not be imposed on us. There can be no assurance that additional regulation in this area would not limit our activities in the future or significantly increase the cost of regulatory compliance. We must also obtain and comply with the terms of licenses in order to sell alcoholic beverages in the states in which we serve alcoholic beverages.

From time to time, state and federal governmental bodies have proposed legislation that could have an effect on our business. For example, some legislatures have proposed laws in the past that would impose potential liability on us and other promoters and producers of live entertainment events for entertainment taxes and for incidents that occur at our events, particularly relating to drugs and alcohol.

In addition, we and our venues are subject to extensive environmental laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances, as well as zoning and noise level restrictions which may affect, among other things, the hours of operations of our venues.

We face intense competition in the live entertainment industry, and we may not be able to maintain or increase our current revenues, which could adversely affect our financial performance.

Our business segments are in highly competitive industries, and we may not be able to maintain or increase our current live entertainment revenues. We compete in the global music and global theater industries, and within such industries we compete with other venues to book performers, and, in the markets in which we promote musical concerts, we face competition from other promoters, as well as from certain performers who promote their own concerts. Our competitors also compete with us for key employees who have relationships with popular music artists that have a history of being able to book such artists for concerts and tours. These competitors may engage in more extensive development efforts, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential artists. Our competitors may develop services, advertising options or entertainment venues that are equal or superior to those we provide or that achieve greater market acceptance and brand recognition than we achieve. It is possible that new competitors may emerge and rapidly acquire significant market share. Other variables that could adversely affect our financial performance by, among other things, leading to decreases in overall revenues, the numbers of advertising customers, event attendance, ticket prices or profit margins include:

- an increased level of competition for advertising dollars, which may lead to lower sponsorships as we attempt to retain advertisers or which may cause us to lose advertisers to our competitors offering better programs that we are unable or unwilling to match;
- unfavorable fluctuations in operating costs, including increased guarantees to performers, which we may be unwilling or unable to pass through to our customers;
- our competitors may offer more favorable terms than we do in order to obtain agreements for new venues;
- technological changes and innovations that we are unable to adopt or are late in adopting that offer more attractive entertainment alternatives than what we currently offer, which may lead to reduction in attendance at live events, a loss of ticket sales or to lower ticket prices;
- other entertainment options available to our audiences that we do not offer;
- unfavorable changes in labor conditions which may require us to spend more to retain and attract key employees; and
- unfavorable shifts in population and other demographics which may cause us to lose audiences as people migrate to markets where we have a smaller presence, or which may cause sponsors to be unwilling to pay for sponsorship and advertising opportunities if the general population shifts into a less desirable age or geographical demographic from an advertising perspective.

We believe that barriers to entry into the live entertainment promotion business are low and that certain local promoters are increasingly expanding the geographic scope of their operations.

We depend upon unionized labor for the provision of some of our services and any work stoppages or labor disturbances could disrupt our business.

The stagehands at some of our venues, and the actors, musicians and others involved in some of our business operations are subject to collective bargaining agreements. Our union agreements typically have a term of three years and thus regularly expire and require negotiation in the course of our business. Upon the expiration of any of our collective bargaining agreements, however, we may be unable to negotiate new collective bargaining agreements on terms favorable to us, and our business operations may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating our collective bargaining agreements. A work stoppage at one or more of our owned or operated venues or at our produced or presented events could have a material adverse effect on our business, results of operations and financial condition. We cannot predict the effect that new collective bargaining agreements will have

on our expenses or that caps on agents' fees will have on the revenues and operating income of our sports representation business.

We are dependent upon our ability to lease, acquire and develop live entertainment venues, and if we are unable to do so on acceptable terms, or at all, our results of operations could be adversely affected.

We require access to venues to generate revenues from live entertainment events. For these events, we use venues that we own, but we also operate a number of our live entertainment venues under various agreements which include leases with third-parties or equity or booking agreements, which are agreements where we contract to book the events at a venue for a specific period of time. Our long-term success in the live entertainment business will depend in part on the availability of venues, our ability to lease these venues and our ability to enter into booking agreements upon their expiration. As many of these agreements are with third parties over whom we have little or no control, we may be unable to renew these agreements or enter into new agreements on acceptable terms or at all, and may be unable to obtain favorable agreements with venues. Our ability to renew these agreements or obtain new agreements on favorable terms depends on a number of other factors, many of which are also beyond our control, such as national and local business conditions and competition from other promoters. If the cost of renewing these agreements is too high or the terms of any new agreement with a new venue are unacceptable or incompatible with our existing operations, we may decide to forgo these opportunities. There can be no assurance that we will be able to renew these agreements on acceptable terms or at all, or that we will be able to obtain attractive agreements with substitute venues, which could have a material adverse effect on our results of operations.

We plan to continue to expand our operations through the development of live entertainment venues and the expansion of existing live entertainment venues, which poses a number of risks, including:

- construction of live entertainment venues may result in cost overruns, delays or unanticipated expenses;
- desirable sites for live entertainment venues may be unavailable or costly; and
- the attractiveness of our venue locations may deteriorate over time.

Additionally, the market potential of live entertainment venues sites cannot be precisely determined, and our live entertainment venues may face competition in markets from unexpected sources. Newly constructed live entertainment venues may not perform up to our expectations. We face significant competition for potential live entertainment venue locations and for opportunities to acquire existing live entertainment venues. Because of this competition, we may be unable to add to the number of our live entertainment venues on terms we consider acceptable.

Our separation from Clear Channel Communications could adversely affect our business and profitability due to Clear Channel Communications' strong brand and reputation. In addition, our new brand will not be immediately recognized, which will cause us to spend significant amounts of time and resources to build a brand identity.

As a subsidiary of Clear Channel Communications, some of our businesses have marketed many of their products and services using the "Clear Channel" brand name and logo, and we believe our association with Clear Channel Communications has provided many benefits, including:

- an established brand associated with trust, integrity and longevity;
- perception of high-quality products and services;
- preferred status among our customers, suppliers, sponsors, performers, independent sales intermediaries, entertainers and employees;
- a strong capital base and financial strength; and
- established relationships with U.S. federal and state and non-U.S. regulators.

Our business will be conducted under our new brand name " " following completion of the distribution, which may not be immediately recognized by our customers and suppliers or by potential employees we are trying to recruit. In addition, Clear Channel Communications may engage in activities that overlap our business, such as its local radio stations continuing to promote concerts and other events that are similar to those customarily promoted by our entertainment business, which would increase the risks associated with our establishing a new strong brand in the live entertainment industry. We will need to expend significant time, effort and resources to establish our new brand name in the marketplace, particularly in our industry. We cannot guarantee that this effort will ultimately be successful. If our efforts to establish our new brand identity is unsuccessful, our business, financial condition and results of operations may suffer.

Our revenues depend on the promotional success of our marketing campaigns, and there can be no assurance that such advertising, promotional and other marketing campaigns will be successful or will generate revenues or profits.

Similar to many companies, we spend significant amounts on advertising, promotional and other marketing campaigns for our live entertainment events and other business activities. Such marketing activities include, among others, promotion of ticket sales, premium seat sales, hospitality and other services for our events and venues and advertising associated with our wholesale and retail distribution of related souvenir merchandise and apparel. In the nine months ended September 30, 2005 and September 30, 2004, we spent approximately 5.4% and 6.4%, respectively, of our revenues on marketing, including advertising, and there can be no assurance that such advertising, promotional and other marketing campaigns will be successful or will generate revenues or profits.

Our sports representation business can be significantly adversely affected by factors beyond our control.

The amount of endorsement and other revenues that our sports representation clients generate is a function of, among other things, our clients' professional performances and public appeal. Factors beyond our control, such as injuries to such clients, declining skill, labor unrest or limits on agent fees by the sports leagues, among others, could have an adverse effect on the results of operations of our sports representation business. Representation agreements with clients vary by sport but generally are for a term of three years with automatic renewal options. A significant number of the representation agreements are terminable on 15 days' notice, although we would continue to be entitled to certain of the revenue streams generated during the remaining term of such terminated agreements.

Poor weather adversely affects attendance at our live entertainment events, which could negatively impact our financial performance from period to period.

We promote many live entertainment events. Weather conditions surrounding these events affect sales of tickets, concessions and souvenirs, among other things. Poor weather conditions can have a material effect on our results of operations particularly because we promote a finite number of events. Due to weather conditions, we may be required to reschedule an event to the next available day or a different venue, which would increase our costs for the event and could negatively impact the attendance at the event, and food, beverage and merchandise sales. Poor weather can affect current periods as well as successive events in future periods. If we are unable to reschedule events due to poor weather, we are forced to refund the tickets for those events.

We may be adversely affected by the occurrence of extraordinary events, such as terrorist attacks.

The occurrence and threat of extraordinary events, such as terrorist attacks, intentional or unintentional mass-casualty incidents, natural disasters or similar events, may substantially decrease the use of and demand for our services and the attendance at live entertainment events, which may decrease our revenues or expose us to substantial liability. The terrorism and security incidents of September 11, 2001, military actions in Iraq, and periodic elevated terrorism alerts have raised numerous challenging

operating factors, including public concerns regarding air travel, military actions and additional national or local catastrophic incidents, causing a nationwide disruption of commercial and leisure activities.

Following September 11, 2001, some artists refused to travel or book tours, which adversely affected our music business, and many people did not travel to New York City, which caused us to experience lower attendance levels at our theatrical performances playing on Broadway in New York City and adversely affected our theatrical business. The occurrence of the recent terrorist attacks in London, England, also caused us to experience lower attendance levels at our theatrical performances playing on the West End in London. The occurrence or threat of future terrorist attacks, military actions by the United States, contagious disease outbreaks, natural disasters such as earthquakes and severe floods or similar events cannot be predicted, and their occurrence can be expected to negatively affect the economies of the United States and other foreign countries where we do business generally, specifically the market for live entertainment.

Risk Factors Relating to Our Relationship with Clear Channel Communications

We will not be able to rely on Clear Channel Communications to fund our future capital requirements, and financing from other sources may not be available on favorable terms or at all.

In the past, our capital requirements have been funded by Clear Channel Communications. However, following our separation, Clear Channel Communications will not provide funds to finance our working capital or other cash requirements. We believe our capital requirements will vary greatly from quarter to quarter depending on, among other things, capital expenditures, seasonal and other fluctuations in our operating results, financing activities, acquisitions and investments and receivables management. We believe that the amounts under our credit facility, along with our future cash flow from operations, will be sufficient to satisfy our working capital and capital expenditure requirements for the foreseeable future. However, we may require or choose to obtain additional debt or equity financing in order to finance acquisitions or other investments in our business. Future equity financings would be dilutive to the existing holders of our common stock. Future debt financings could involve restrictive covenants. We do not expect to be able to obtain financing with interest rates as favorable as those that Clear Channel Communications could obtain.

Conflicts of interest may arise between us and Clear Channel Communications that could be resolved in a manner unfavorable to us.

Questions relating to conflicts of interest may arise between us and Clear Channel Communications in a number of areas relating to our past and ongoing relationships. After the spin-off, three of our directors will continue to serve as directors of Clear Channel Communications, and our chairman will continue to serve as chief financial officer and a director of Clear Channel Communications.

Areas in which conflicts of interest between us and Clear Channel Communications could arise include, but are not limited to, the following:

- *Cross Directorships, Officerships and Stock Ownership.* Ownership interests of our directors or officers in the common stock of Clear Channel Communications or service as a director or officer of both us and Clear Channel Communications could create, or appear to create, potential control issues or conflicts of interest when directors and officers are faced with decisions that could have different implications for the two companies. For example, these decisions could relate to:
  - the nature, quality and cost of services rendered to us by Clear Channel Communications;
  - competition for potential acquisition opportunities; or
  - employee retention or recruiting.
- *Our intercompany agreements were negotiated when we were a subsidiary of Clear Channel Communications.* We have entered into agreements with Clear Channel Communications

pursuant to which Clear Channel Communications will provide to us certain management, administrative, accounting, tax, legal and other services, for which we will reimburse Clear Channel Communications on a cost basis. In addition, we have entered into a number of intercompany agreements covering matters such as tax sharing and our responsibility for certain liabilities previously undertaken by Clear Channel Communications for certain of our businesses. The terms of these agreements were established while we were a wholly-owned subsidiary of Clear Channel Communications, and hence were not the result of arms' length negotiations. In addition, conflicts could arise in the interpretation or any extension or renegotiation of the foregoing agreements after the spin-off. See "Our Relationship with Clear Channel Communications After the Distribution."

- *Intercompany Transactions.* From time to time, Clear Channel Communications or its affiliates may enter into transactions with us or our subsidiaries or other affiliates. Although the terms of any such transactions will be established based upon negotiations between employees of the transacting companies and, when appropriate, subject to the approval of the independent directors on our board or a committee of disinterested directors, there can be no assurance that the terms of any such transactions will be as favorable to us or our subsidiaries or affiliates as would be the case where the parties were completely at arms' length.

If Clear Channel Communications engages in the same type of business we conduct or takes advantage of business opportunities that might be attractive to us, our ability to successfully operate and expand our business may be hampered.

Our amended and restated certificate of incorporation provides that, subject to any contractual provision to the contrary, Clear Channel Communications will have no obligation to refrain from:

- engaging in the same or similar business activities or lines of business as us; or
- doing business with any of our clients, customers or vendors.

Clear Channel Communications' radio business conducts concert events from time to time. In the event Clear Channel Communications expands its operations in this area, it may compete with us.

In addition, the corporate opportunity policy set forth in our amended and restated certificate of incorporation addresses potential conflicts of interest for officers and directors of Clear Channel Communications who are also officers or directors of our company. The policy provides that if one of our directors or officers who is also a director or officer of Clear Channel Communications learns of a potential transaction or matter that may be a corporate opportunity for both us and Clear Channel Communications, we will have renounced our interest in the corporate opportunity unless that opportunity is expressly offered to that person in writing solely in his or her capacity as our director or officer. If one of our officers or directors, who also serves as a director or officer of Clear Channel Communications, learns of a potential transaction or matter that may be a corporate opportunity for both us and Clear Channel Communications, our amended and restated certificate of incorporation provides that the director or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of Clear Channel Communications' actions with respect to that corporate opportunity. This policy could interfere with our ability to take advantage of certain corporate opportunities.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to these provisions of our amended and restated certificate of incorporation. The principles for resolving such potential conflicts of interest are described under "Description of Our Capital Stock — Provisions of Our Amended and Restated Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities."

The spin-off could result in significant tax liability to our initial public stockholders.

Clear Channel Communications has requested a private letter ruling from the IRS substantially to the effect that the distribution of our common stock to its stockholders will qualify as a tax-free distribution

for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Although a private letter ruling from the IRS generally is binding on the IRS, if the factual representations or assumptions made in the letter ruling request are untrue or incomplete in any material respect, we will not be able to rely on the ruling.

Furthermore, the IRS will not rule on whether a distribution satisfies certain requirements necessary to obtain tax-free treatment under Section 355 of the Code. Rather, the ruling will be based upon representations by Clear Channel Communications that these conditions have been satisfied, and any inaccuracy in such representations could invalidate the ruling. Therefore, in addition to obtaining the ruling from the IRS, Clear Channel Communications has made it a condition to the spin-off that Clear Channel Communications obtain an opinion of Skadden, Arps, Slate, Meagher & Flom LLP that the distribution will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The opinion will rely on the ruling as to matters covered by the ruling. In addition, the opinion will be based on, among other things, certain assumptions and representations as to factual matters made by Clear Channel Communications and us, which if incorrect or inaccurate in any material respect would jeopardize the conclusions reached by counsel in its opinion. The opinion will not be binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion.

Notwithstanding receipt by Clear Channel Communications of the ruling and opinion of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, our initial public stockholders could be subject to significant U.S. federal income tax liability. In general, our initial public stockholders could be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them. For a more complete discussion of the U.S. federal income tax consequences of the distribution, see “The Distribution — Material U.S. Federal Income Tax Consequences of the Distribution.”

The spin-off could result in significant tax-related liabilities to us.

As discussed above, notwithstanding receipt by Clear Channel Communications of the ruling and the opinion of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, Clear Channel Communications could be subject to significant U.S. federal income tax liability. In general, Clear Channel Communications would be subject to tax as if it had sold the common stock of our company in a taxable sale for its fair market value. In addition, even if the distribution otherwise were to qualify under Section 355 of the Code, it may be taxable to Clear Channel Communications as if it had sold the common stock of our company in a taxable sale for its fair market value under Section 355(e) of the Code, if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire directly or indirectly stock representing a 50% or greater interest in Clear Channel Communications or us. For this purpose, any acquisitions of Clear Channel Communications stock or of our stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although we or Clear Channel Communications may be able to rebut that presumption. For a more complete discussion of the U.S. federal income tax consequences of the distribution, see “The Distribution — Material U.S. Federal Income Tax Consequences of the Distribution.”

Although such corporate-level taxes, if any, resulting from a taxable distribution generally would be imposed on Clear Channel Communications, we have agreed in the tax matters agreement to indemnify Clear Channel Communications and its affiliates against tax-related liabilities, if any, caused by the failure of the spin-off to qualify as a tax-free transaction under Section 355 of the Code (including as a result of Section 355(e) of the Code) if the failure to so qualify is attributable to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the tax matters agreement. If the failure of the spin-off to qualify under Section 355 of the Code is for any reason for which neither we nor Clear Channel Communications is responsible, we and Clear Channel Communications have agreed in the tax matters agreement that we will each be responsible for

50% of the tax-related liabilities arising from the failure to so qualify. See "Our Relationship with Clear Channel Communications After the Distribution — Tax Matters Agreement" for a more detailed discussion of the tax matters agreement between Clear Channel Communications and us.

We could be liable for income taxes owed by Clear Channel Communications.

Each member of the Clear Channel Communications consolidated group, which includes Clear Channel Communications, our company and Clear Channel Communications' other subsidiaries, is jointly and severally liable for the U.S. federal income tax liability of each other member of the consolidated group. Consequently, we could be liable in the event any such liability is incurred, and not discharged, by any other member of the Clear Channel Communications consolidated group. Disputes or assessments could arise during future audits by the IRS in amounts that we cannot quantify. In addition, Clear Channel Communications expects to recognize a capital loss for U.S. federal income tax purposes (the "Holdco #3 Loss") in connection with the distribution and the Holdco #3 Exchange. The amount of such loss is not determinable prior to the Holdco #3 Exchange since it will depend upon Clear Channel Communications' tax basis in the stock of Holdco #3 under applicable income tax regulations as well as the fair market value of Holdco #3 stock, in each case, as of the time of the Holdco #3 Exchange. If Clear Channel Communications is unable to deduct such capital loss for U.S. federal income tax purposes as a result of any action we take following the spin-off or our breach of a relevant representation or covenant made by us in the tax matters agreement, we have agreed in the tax matters agreement to indemnify Clear Channel Communications for the lost tax benefits that Clear Channel Communications would have otherwise realized if it were able to deduct the Holdco #3 Loss. See "Our Relationship with Clear Channel Communications After the Distribution — Tax Matters Agreement."

Risks Related to Our Common Stock and the Distribution

There is no existing market for our common stock and a trading market that will provide you with adequate liquidity may not develop for the common stock, and you could lose all or part of your investment.

Prior to the distribution, there has been no public market for our common stock. However, we have applied to list our common stock on the NYSE. We anticipate that trading will commence on a when-issued basis on or shortly before the record date. On the first trading day following the distribution date, when-issued trading in respect of the common stock will end and regular way trading will begin. We cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market in our common stock on the NYSE or otherwise. If an active trading market does not develop, you may have difficulty selling any of your shares of common stock or receiving a price when you sell your shares of common stock that will be favorable.

We cannot predict the prices at which our common stock may trade after the spin-off.

The market price of our common stock may decline below the initial price on the distribution date. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- our business profile and market capitalization may not fit the investment objectives of Clear Channel Communications' stockholders, causing them to sell our shares after the spin-off; this is particularly true of Clear Channel Communications stockholders who hold Clear Channel Communications stock based on its inclusion in the S&P 500 Index, as our common stock would not be eligible to be included in the S&P 500 Index;
- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results due to the seasonality of our business and other factors related to our business;

- our loss or inability to obtain significant popular artists or theatrical productions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant contracts or acquisitions;
- the failure of securities analysts to cover our common stock after the distribution or changes in financial estimates by analysts;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations; and
- general economic conditions.

In particular, the realization of any of the risks described in these "Risk Factors" could have a significant and adverse impact on the market price of our common stock. In addition, the stock market in general has experienced extreme price and volume volatility that has often been unrelated to the operating performance of particular companies. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of these companies. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price.

The price of our common stock may fluctuate significantly, and you could lose all or part of the value of your common stock.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of these companies. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price.

In the past, some companies that have had volatile market prices for their securities have been subject to securities class action suits filed against them. If a suit were to be filed against us, regardless of the outcome, it could result in substantial legal costs and a diversion of our management's attention and resources. This could have a material adverse effect on our business, results of operations and financial condition.

Substantial sales of our common stock following the distribution may have an adverse impact on the trading price of our common stock.

Clear Channel Communications expects that under the United States federal securities laws, all of our shares of common stock may be resold immediately in the public market, except for shares held by our affiliates.

Some of the Clear Channel Communications stockholders who receive our shares of common stock may decide that their investment objectives do not include ownership of shares in a small capitalization company, and may sell their shares of common stock following the distribution. In particular, certain Clear Channel Communications stockholders that are institutional investors have investment parameters that depend on their portfolio companies maintaining a minimum market capitalization that we may not achieve after the distribution or paying dividends, which we do not currently intend to do. We cannot predict whether stockholders will resell large numbers of our shares of common stock in the public market following the distribution or how quickly they may resell these shares. If our stockholders sell large numbers of our shares of common stock over a short period of time, or if investors anticipate large sales of

our shares of common stock over a short period of time, this could adversely affect the trading price of our shares of common stock.

If we are not able to grow our business as planned, we may not be able to pay the annual dividend on the Holdco #2 preferred stock or redeem the Holdco #2 preferred stock, and our failure to make these payments could have a material adverse effect on our business and results of operations.

In connection with our spin-off from Clear Channel Communications, third-party investors unrelated to Clear Channel Communications are expected to acquire all of the voting and non-voting preferred stock of Holdco #2, one of our subsidiaries. The preferred stock will have an aggregate liquidation preference of $40 million. We expect the voting and non-voting preferred stock will pay an annual dividend of approximately 10% and will be mandatorily redeemable six years after issuance. The holders of Series A redeemable preferred stock will have the right to appoint one out of four members to Holdco #2's board of directors and to otherwise control 25% of the voting power of all outstanding shares of Holdco #2. The Series B redeemable preferred stock will have no voting rights other than the right to vote as a class with the Series A redeemable preferred stock to elect one additional member to the board of directors of Holdco #2 in the event the subsidiary breaches certain terms of the designations of the preferred stock. Our ability to make scheduled payments of the dividend and redeem the preferred stock will depend on our ability to grow our business as planned and generate sufficient cash flow to make these payments. If we fail to make these payments, such failure to pay could have a material adverse effect on our business and results of operation. In addition, the board of directors of Holdco #2 may owe conflicting fiduciary duties to the holders of the preferred stock and us, as the indirect sole common stockholder of Holdco #2.

We currently do not intend to pay dividends on our common stock.

We do not expect to pay dividends on our common stock in the foreseeable future. In addition, the terms of the credit agreement governing our senior secured credit facility and the designations governing Holdco #2's preferred stock will limit the amount of dividends we may pay on our common stock. Moreover, if we could pay dividends, we would first have to pay dividends on the Series A redeemable preferred stock and Series B redeemable preferred stock of Holdco #2 prior to the payment of dividends on our common stock. Accordingly, if you receive shares of our common stock in the spin-off, the price of our common stock must appreciate in order to realize a gain on your investment. This appreciation may not occur.

Our corporate governance documents, rights agreement and Delaware law may delay or prevent an acquisition of us that stockholders may consider favorable, which could decrease the value of your shares.

Our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law contain provisions that could make it more difficult for a third-party to acquire us without the consent of our board of directors. These provisions include restrictions on the ability of our stockholders to remove directors and supermajority voting requirements for stockholders to amend our organizational documents, a classified board of directors and limitations on action by our stockholders by written consent. Three of our initial nine directors will also be directors of Clear Channel Communications. In addition, our board of directors has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquiror. Delaware law, for instance, also imposes some restrictions on mergers and other business combinations between any holder of 15% or more of our outstanding common stock and us. Although we believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics and thereby provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our board of directors, these provisions apply even if the offer may be considered beneficial by some stockholders. See "Description of Our Capital Stock."

Our amended and restated certificate of incorporation provides that, subject to any written agreement to the contrary, which agreement does not currently exist, Clear Channel Communications will have no duty to refrain from engaging in the same or similar business activities or lines of business as us or doing business with any of our customers or vendors or employing or otherwise engaging or soliciting any of our

officers, directors or employees. Our amended and restated certificate of incorporation provides that if Clear Channel Communications acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both us and Clear Channel Communications, we will generally renounce our interest in the corporate opportunity. Our amended and restated certificate of incorporation renounces any interest or expectancy in such corporate opportunity that will belong to Clear Channel Communications. Clear Channel Communications will, to the fullest extent permitted by law, have satisfied its fiduciary duty with respect to such a corporate opportunity and will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that it acquires or seeks the corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us. These provisions could make an acquisition of us less advantageous to a third-party.

Our obligation to indemnify, under certain circumstances, Clear Channel Communications and its affiliates pursuant to the tax matters agreement against tax-related liabilities, if any, caused by the failure of the spin-off to qualify as a tax-free transaction under Section 355 of the Code (including as a result of Section 355(e) of the Code) could deter a change of control of us.

We have also adopted a stockholder rights plan intended to deter hostile or coercive attempts to acquire us. Under the plan, if any person or group acquires, or begins a tender or exchange offer that could result in such person acquiring, 15% or more of our common stock, and in the case of certain Schedule 13G filers, 20% or more of our common stock, without approval of our Board of Directors under specified circumstances, our other stockholders have the right to purchase shares of our common stock, or shares of the acquiring company, at a substantial discount to the public market price. Therefore, the plan makes an acquisition much more costly to a potential acquirer. See "Description of Our Capital Stock — The Rights Agreement."

Increased costs associated with corporate governance compliance may significantly affect our results of operations.

The Sarbanes-Oxley Act of 2002 and the Securities Exchange Act of 1934, as amended, will require changes in our corporate governance and securities disclosure and compliance practices, and will require a review of our internal control procedures. We expect these developments to increase our legal compliance and financial reporting costs. In addition, they could make it more difficult for us to attract and retain qualified members of our board of directors, or qualified executive officers. Finally, director and officer liability insurance for public companies like us has become more difficult and more expensive to obtain, and we may be required to accept reduced coverage or incur higher costs to obtain coverage than what we paid under Clear Channel Communications' policies that is satisfactory to us and our officers or directors. We are presently evaluating and monitoring regulatory developments and cannot estimate the timing or magnitude or additional costs we may incur as a result.

If, following the spin-off, we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or our internal control over financial reporting is not effective, the reliability of our financial statements may be questioned and our stock price may suffer.

Section 404 of the Sarbanes-Oxley Act of 2002 requires any company subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its consolidated subsidiaries' internal control over financial reporting. To comply with this statute, we will be required to document and test our internal control procedures; our management will be required to assess and issue a report concerning our internal control over financial reporting; and our independent auditors will be required to issue an opinion on management's assessment of those matters. Our compliance with Section 404 of the Sarbanes-Oxley Act will first be tested in connection with the filing of our annual Report on Form 10-K for the fiscal year ending December 31, 2006. The rules governing the standards that must be met for management to assess our internal control over financial reporting are new and complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material

weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act. If our management cannot favorably assess the effectiveness of our internal control over financial reporting or our auditors identify material weaknesses in our internal control, investor confidence in our financial results may weaken, and our stock price may suffer.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this information statement, including the sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include, but are not limited to, the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, benefits resulting from our spin-off from Clear Channel Communications, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "will," "should" or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. The risk factors discussed in "Risk Factors" beginning on page 20 set forth many of the risks and uncertainties that may cause actual results to differ from those expressed in the forward looking statements. There may be other risks and uncertainties that could have a similar impact. Therefore, you should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we distribute this information statement.

THE DISTRIBUTION

Reasons for the Spin-Off

In April 2005, Clear Channel Communications announced, among other things, that it had determined that the separation of CCE Spinco from Clear Channel Communications is in the best interests of Clear Channel Communications, its stockholders and us, by providing each company with certain opportunities and benefits, such as:

- The separation will allow us to develop incentive programs to better attract, retain and motivate current and future employees through the use of equity-based compensation policies that more directly link employee compensation with our financial performance. Similarly, the removal of our fundamentally different business from Clear Channel Communications will more closely correlate Clear Channel Communications' equity-based compensation with Clear Channel Communications' financial performance.

- The separation will permit the independent management of each of us and Clear Channel Communications to focus its attention and its company's financial resources on its respective distinct business and business challenges and to lead each independent company to adopt strategies and pursue objectives that are appropriate to its respective business. This is of particular importance given the fundamental differences between our respective businesses: Clear Channel Communications' other two synergistic businesses — radio broadcasting and outdoor advertising — typically generate high cash flows on a relatively stable basis and have low capital expenditure requirements while our business tends to be a more volatile, lower margin, capital intensive business.

- We anticipate that we may use our stock in the future in connection with acquisitions and financings. In this regard, we expect to have better access to the equity capital markets after the separation as our investors will not be forced to understand and make investment decisions with respect to Clear Channel Communications' other two businesses that are fundamentally different from our business. At the same time, Clear Channel Communications, which also expects to use its stock in the future in connection with acquisitions and financings, will similarly benefit since its investors will not need to understand and make investment decisions with respect to our business.

Clear Channel Communications announced a plan to strategically realign its businesses on April 29, 2005 through the initial public offering, or IPO, of 10% of the common stock of Clear Channel Outdoor and a 100% spin-off of CCE Spinco. The strategic plan also provided for a 50% increase to Clear Channel Communications' regular dividend and the return of approximately $1.6 billion of capital to stockholders in the form of dividends, share repurchase or both. After evaluating various alternatives, the board of directors of Clear Channel Communications determined that this series of transactions represented the best course of action for stockholders. The timing of the transactions was undertaken simultaneously as part of the April 29th announcement to effect the required internal reorganizations and other activities in an efficient manner and, in part, to help fund the $1.6 billion return of capital to stockholders.

The decision to IPO 10% of Clear Channel Outdoor was based on several factors, including the ability to establish a separately traded currency to highlight the value of the outdoor business and attract a unique stockholder base while permitting Clear Channel Communications stockholders to benefit from the retained interest in the business. Clear Channel Communications believes that a tax-free distribution of shares in CCE Spinco offers Clear Channel Communications and its stockholders the greatest long-term value as described above and is the most tax efficient way to separate the companies.

The Separation of CCE Spinco from Clear Channel Communications

We are currently a wholly-owned subsidiary of Clear Channel Communications. We were incorporated in Delaware on August 2, 2005, in preparation for our spin-off from Clear Channel Communications. Prior to the distribution, Clear Channel Communications will contribute or otherwise

transfer to us generally all of the entertainment assets, and we will assume generally all of the liabilities, comprising the CCE Spinco business. We call this transfer of assets and assumption of liabilities the "separation." We and Clear Channel Communications have agreed to transfer legal title to any remaining assets of the CCE Spinco business not transferred prior to the distribution, most of which are foreign assets and liabilities subject to regulatory and other delays, as soon as practicable. In the interim, we will operate and receive the economic benefits of (and bear the economic burdens of) these assets. These assets are not, individually or in the aggregate, material to our business. The information included in this information statement, including our combined financial statements, assumes the completion of all of these transfers.

Description of the Spin-Off

Clear Channel Communications will effect the spin-off by distributing on a pro rata basis 100% of our outstanding common stock to Clear Channel Communications stockholders, which we refer to as the distribution, or the spin-off, on , 2005, the distribution date. As a result of the distribution, each Clear Channel Communications stockholder will:

- receive one share of our common stock (and a related preferred stock purchase right) for every eight shares of Clear Channel Communications common stock it owns; and
- retain its shares in Clear Channel Communications.

Manner of Effecting the Distribution

You will receive one share of our common stock (and a related preferred stock purchase right) for every eight shares of Clear Channel Communications common stock held on the record date. The shares of our common stock will be validly issued, fully paid and nonassessable.

Clear Channel Communications stockholders will not be required to pay for shares of our common stock received in the distribution or to surrender or exchange shares of Clear Channel Communications common stock in order to receive our common stock or to take any other action in connection with the distribution. No vote of Clear Channel Communications stockholders is required or sought in connection with the distribution, and Clear Channel Communications stockholders have no appraisal rights in connection with the distribution.

As part of the spin-off, we will be adopting a book-entry share transfer and registration system for our common stock. Instead of receiving physical share certificates, registered holders of eight or more shares of Clear Channel Communications common stock on the record date will have their shares of CCE Spinco common stock distributed on the date of the spin-off credited to book-entry accounts established for them by the distribution agent. The distribution agent will mail an account statement to each such registered holder stating the number of shares of our common stock credited to the holder's account. After the spin-off, any holder may request:

- a transfer of all or a portion of their CCE Spinco shares to a brokerage or other account; and
- receipt of one or more physical share certificates representing their CCE Spinco shares.

Registered holders of fewer than eight shares of Clear Channel Communications common stock, or any multiple thereof, on the record date, which would entitle them to receive less than one whole share of our common stock, will receive cash in lieu of fractional shares. Fractional shares of our common stock will not be issued to Clear Channel Communications stockholders as part of the distribution nor credited to book-entry accounts. Instead, the distribution agent will aggregate all of these fractional shares and sell them in the open market at then prevailing prices on behalf of these holders. These holders will receive cash payments in the amount of their proportionate share of the net sale proceeds from the sale of the aggregated fractional shares, based upon the average gross selling price per share of our common stock after making appropriate deductions for any required withholdings for U.S. federal income tax purposes. See "— Material U.S. Federal Income Tax Consequences of the Distribution" for a discussion of the

U.S. federal income tax treatment of proceeds received from the sale of fractional shares. We will bear the cost of brokerage fees incurred in connection with these sales. The amount of these brokerage fees is not expected to be material to us. We anticipate that these sales will occur as soon after the date of the spin-off as practicable as determined by the distribution agent. None of Clear Channel Communications, CCE Spinco or the distribution agent will guarantee any minimum sale price for the fractional shares of CCE Spinco common stock. Neither we nor Clear Channel Communications will pay any interest on the proceeds from the sale of fractional shares. The distribution agent will have the sole discretion to select the broker-dealer(s) through which to sell the shares and to determine when, how and at what price to sell the shares. Further, neither the distribution agent nor the selected broker-dealer(s) will be our affiliates or affiliates of Clear Channel Communications.

If you become a registered holder of our common stock in connection with the spin-off and you prefer to receive one or more physical share certificates representing your shareholding of our common stock, you will receive one or more certificates for all whole shares of CCE Spinco common stock and, if applicable, cash for any fractional interest. The distribution agent will mail you certificates representing your proportionate number of whole shares of our common stock as soon after the date of request as practicable.

For those holders of Clear Channel Communications common stock who hold their shares through a broker, bank or other nominee, the distribution agent will credit the shares of our common stock to the accounts of those nominees who are registered holders, who, in turn, will credit their customers' accounts with our common stock. We and Clear Channel Communications anticipate that brokers, banks and other nominees will generally credit their customers' accounts with CCE Spinco common stock on or shortly after , 2005.

Delivery of a share of our common stock in connection with the distribution also will constitute the delivery of the preferred stock purchase right associated with the share. The existence of the preferred stock purchase rights may deter a potential acquirer from making a hostile takeover proposal or a tender offer. For a more detailed discussion of these rights, see "Description of Our Capital Stock — The Rights Agreement."

Results of the Separation and the Distribution

After the separation and distribution, we will be a separate publicly-traded company. Immediately following the distribution, we expect to have approximately beneficial holders of shares of our common stock, based on the number of beneficial stockholders of Clear Channel Communications common stock on , 2005, and approximately shares of our common stock outstanding. The actual number of shares to be distributed will be determined on the record date and will reflect any exercise of Clear Channel Communications options between the date Clear Channel Communications' board declares the dividend for the spin-off and the record date for the spin-off.

We and Clear Channel Communications will be parties to a number of agreements that govern our spin-off from Clear Channel Communications and our future relationship. For a more detailed description of these agreements, see "Our Relationship with Clear Channel Communications After the Distribution."

The distribution will not affect the number of outstanding shares of Clear Channel Communications common stock or any rights of Clear Channel Communications stockholders.

Incurrence of Debt

In the past, our capital requirements have been funded by Clear Channel Communications. However, following the spin-off, Clear Channel Communications will not provide funds to finance our working capital or other cash requirements. Therefore, we currently plan to enter into a senior secured credit facility with lenders to fund a portion of our working capital or other cash requirements after the spin-off. We also intend to issue Series A and Series B redeemable preferred stock of Holdco #2 as described below prior to or concurrently with the completion of the spin-off. We intend to use all proceeds from

borrowings under the term loan portion of our senior secured credit facility and the $20 million of proceeds from the issuance of the Series A redeemable preferred stock of Holdco #2 to repay a portion of the indebtedness we owe Clear Channel Communications.

Senior Secured Credit Facility. Prior to or concurrently with the completion of the distribution, one of our operating subsidiaries, Holdco #3, which owns more than 95% of the gross value of our assets, will enter into a $575.0 million senior secured credit facility consisting of:

- a $325.0 million 7½-year term loan; and
- a $250.0 million 6½-year revolving credit facility, of which up to $200.0 million will be available for the issuance of letters of credit and up to $100.0 million will be available for borrowings in foreign currencies.

Subject to then market pricing and maturity extending longer than that of the senior secured credit facility, we will be able to add additional term and revolving credit facilities in an aggregate amount not to exceed $250.0 million. We anticipate that the senior secured credit facility, other than borrowings in foreign currencies by foreign subsidiaries, will be secured by a first priority lien on substantially all of our domestic assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of our domestic subsidiaries and a portion of the capital stock of certain of our foreign subsidiaries. Borrowings in foreign currencies by our foreign subsidiaries will be secured by a first priority lien on substantially all of our foreign assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of all subsidiaries held by such borrowing subsidiary. We expect that approximately $200.0 million of the revolving credit facility will remain available for working capital and general corporate purposes of Holdco #3 and its subsidiaries immediately following the completion of the distribution, and after the transfer of approximately $50.0 million of letters of credit previously issued under Clear Channel Communications' credit facilities on behalf of certain Holdco #3 subsidiaries. The issuance of letters of credit will reduce this availability by the notional amount of issued letters of credit. However, on or prior to the distribution date, we may draw advances under the senior secured credit facility for working capital and other general corporate purposes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and "Description of Indebtedness" for more information.

The agreements governing the senior secured credit facility are subject to ongoing negotiation. We cannot be certain the terms described herein will not change or be supplemented. See "Description of Indebtedness."

Preferred Stock Issuance

Prior to the completion of the distribution, third-party investors unrelated to Clear Channel Communications will acquire all of the shares of Series A (voting) and Series B (non-voting) mandatorily redeemable preferred stock of Holdco #2, the parent company of Holdco #3, one of our operating subsidiaries which owns more than 95% of the gross value of our assets. The preferred stock will have an aggregate liquidation preference of $40 million. We expect the Series A redeemable preferred stock will have a liquidation preference of $20 million and will be issued to a third-party investor for $20 million. We anticipate the Series B redeemable preferred stock will have a liquidation preference of $20 million and will be issued to Clear Channel Communications in connection with the Holdco #3 Exchange for no cash and immediately resold by Clear Channel Communications to a third-party purchaser for $20 million. See "Our Relationship with Clear Channel Communications After the Distribution — Tax Matters Agreement — Holdco #3 Loss." We will not receive any of the proceeds from the sale of the Series B redeemable preferred stock sold by Clear Channel Communications. The issuance and sale of the Series A and Series B redeemable preferred stock together with the Holdco #3 Exchange are structured to raise desired financing and to facilitate the overall tax efficiency of the distribution.

The holders of Series A redeemable preferred stock will have the right to appoint one out of four members to Holdco #2's board of directors and to otherwise control 25% of the voting power of all outstanding shares of Holdco #2. The Series B redeemable preferred stock will have no voting rights other than the right to vote as a class with the Series A redeemable preferred stock to elect one additional member to the board of directors of Holdco #2 in the event Holdco #2 breaches certain terms of the designations of the preferred stock. The holders of Holdco #2 preferred stock will not have the right to appoint or vote for any of our directors. Each of the Series A and Series B preferred stock is expected to pay an annual cash dividend of approximately 10% and will be mandatorily redeemable upon the six year anniversary of the date of issuance. Holdco #2 will be required to make an offer to purchase the Series A and Series B redeemable preferred stock at 101% of each series' liquidation preference in the event of a change of control. The terms of the preferred stock are subject to ongoing negotiation. We cannot be certain the terms described in this information statement will not change or be supplemented.

We will use the $20 million from the issuance of the Series A preferred stock to repay a portion of our intercompany promissory note to Clear Channel Communications. The issuance of the Series B redeemable preferred stock to Clear Channel Communications will be part of the Holdco #3 Exchange, and the sale thereof to a third-party will raise $20 million for Clear Channel Communications, from which we will not receive any proceeds. We intend to use all proceeds from borrowings under the term loan portion of our senior secured credit facility and the $20 million of proceeds from the issuance of the Series A redeemable preferred stock of Holdco #2 to repay a portion of the intercompany note.

Material U.S. Federal Income Tax Consequences of the Distribution

The following is a summary of certain material U.S. federal income tax consequences relating to our spin-off from Clear Channel Communications. This summary is based on the Code, the Treasury regulations promulgated thereunder, and interpretations of the Code and the Treasury regulations by the courts and the IRS, in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not discuss all the tax considerations that may be relevant to Clear Channel Communications stockholders in light of their particular circumstances, nor does it address the consequences to Clear Channel Communications stockholders subject to special treatment under the U.S. federal income tax laws (such as non-U.S. persons, insurance companies, dealers or brokers in securities or currencies, tax-exempt organizations, financial institutions, mutual funds, pass-through entities and investors in such entities, holders who hold their shares as a hedge or as part of a hedging, straddle, conversion, synthetic security, integrated investment or other risk-reduction transaction or who are subject to alternative minimum tax or holders who acquired their shares upon the exercise of employee stock options or otherwise as compensation). In addition, this summary does not address the U.S. federal income tax consequences to those Clear Channel Communications stockholders who do not hold their Clear Channel Communications common stock as a capital asset. Finally, this summary does not address any state, local or foreign tax consequences. **CLEAR CHANNEL COMMUNICATIONS STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE SPIN-OFF TO THEM.**

The spin-off is conditioned upon Clear Channel Communications' receipt of a private letter ruling from the IRS and the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, in each case, to the effect that the spin-off will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Assuming the spin-off so qualifies: (i) no gain or loss will be recognized by (and no amount will be included in the income of) Clear Channel Communications common stockholders upon their receipt of shares of CCE Spinco common stock in the spin-off; (ii) any cash received in lieu of fractional share interests in CCE Spinco will give rise to gain or loss equal to the difference between the amount of cash received and the tax basis allocable to the fractional share interests (determined as described below), and such gain or loss will be capital gain or loss if the Clear Channel Communications common stock on which the distribution is made is held as a capital asset on the date of the spin-off; (iii) the aggregate basis of the Clear Channel Communications common stock and the CCE

Spinco common stock in the hands of each Clear Channel Communications common stockholder after the spin-off (including any fractional interests to which the stockholder would be entitled) will equal the aggregate basis of Clear Channel Communications common stock held by the stockholder immediately before the spin-off, allocated between the Clear Channel Communications common stock and the CCE Spinco common stock in proportion to the relative fair market value of each on the date of the spin-off; and (iv) the holding period of the CCE Spinco common stock received by each Clear Channel Communications common stockholder will include the holding period at the time of the spin-off for the Clear Channel Communications common stock on which the distribution is made, provided that the Clear Channel Communications common stock is held as a capital asset on the date of the spin-off.

Although a private letter ruling from the IRS generally is binding on the IRS, if the factual representations or assumptions made in the letter ruling request are untrue or incomplete in any material respect, we will not be able to rely on the ruling. Furthermore, the IRS will not rule on whether a distribution satisfies certain requirements necessary to obtain tax-free treatment under Section 355 of the Code. Rather, the ruling will be based upon representations by Clear Channel Communications that these conditions have been satisfied, and any inaccuracy in such representations could invalidate the ruling. Therefore, in addition to obtaining the ruling from the IRS, Clear Channel Communications has made it a condition to the spin-off that Clear Channel Communications obtain an opinion of Skadden, Arps, Slate, Meagher & Flom LLP that the distribution will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The opinion will rely on the ruling as to matters covered by the ruling. In addition, the opinion will be based on, among other things, certain assumptions and representations as to factual matters made by Clear Channel Communications and us, which if incorrect or inaccurate in any material respect would jeopardize the conclusions reached by counsel in its opinion. The opinion will not be binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion.

Notwithstanding receipt by Clear Channel Communications of the ruling and opinion of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, our initial public stockholders and Clear Channel Communications could be subject to significant U.S. federal income tax liability. In general, Clear Channel Communications would be subject to tax as if it had sold the common stock of our company in a taxable sale for its fair market value and our initial public stockholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them. In addition, even if the distribution otherwise were to qualify under Section 355 of the Code, it may be taxable to Clear Channel Communications (but not to Clear Channel Communications' stockholders) under Section 355(e) of the Code, if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire directly or indirectly stock representing a 50% or greater interest in Clear Channel Communications or us. For this purpose, any acquisitions of Clear Channel Communications stock or of our common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although we or Clear Channel Communications may be able to rebut that presumption.

Although the taxes, if any, resulting from a taxable distribution generally would be imposed on Clear Channel Communications and our initial public stockholders, we have agreed in the tax matters agreement to indemnify Clear Channel Communications and its affiliates against all tax-related liabilities, if any, caused by the failure of the spin-off to qualify as a tax-free transaction under Section 355 of the Code (including as a result of Section 355(e) of the Code) if the failure to so qualify is attributable to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the tax matters agreement. If the failure of the spin-off to qualify under Section 355 of the Code is for any reason for which neither we nor Clear Channel Communications is responsible, we and Clear Channel Communications have agreed in the tax matters agreement that we will each be responsible for 50% of the tax related liabilities arising from the failure to so qualify. See "Our

Relationship with Clear Channel Communications After the Distribution — Tax Matters Agreement" for a more detailed discussion of the tax matters agreement between Clear Channel Communications and us.

U.S. Treasury regulations require each stockholder that receives stock in a spin-off to attach to the stockholder's U.S. federal income tax return for the year in which the spin-off occurs a detailed statement setting forth certain information relating to the tax-free nature of the spin-off. Shortly after the spin-off, Clear Channel Communications will provide stockholders who will receive CCE Spinco shares in the spin-off with the information necessary to comply with that requirement.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE SPIN-OFF TO YOU.

For a description of the agreements under which we and Clear Channel Communications have provided for tax sharing and other tax matters, see "Our Relationship with Clear Channel Communications After the Distribution — Tax Matters Agreement."

Market for Our Common Stock

There is currently no public market for our common stock. A condition to the distribution is the listing on the New York Stock Exchange of our common stock. We have applied to list our common stock on the NYSE under the symbol " ." We anticipate that trading of our common stock will commence trading on a when-issued basis on or shortly before the record date. "When-issued trading" refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. On the first trading day following the distribution date, when-issued trading with respect to our common stock will end and regular way trading will begin. "Regular way trading" refers to trading after a security has been issued and typically involves a transaction that settles on the third full business day following the date of the transaction. We cannot predict what the trading prices for our common stock will be before or after the distribution date. In addition, we cannot predict any change that may occur in the trading price of Clear Channel Communications' common stock as a result of the distribution.

The shares of our common stock distributed to Clear Channel Communications stockholders will be freely transferable, except for shares received by persons that may have a special relationship or affiliation with us.

Pre-Distribution Transactions and Distribution Conditions

We expect that the distribution will be effective on the distribution date, , 2005, provided that, among other conditions and transactions described in this information statement:

- the SEC has declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, as amended, and no stop order relating to the registration statement is in effect;
- we and Clear Channel Communications have received all permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of foreign jurisdictions in connection with the distribution;
- Clear Channel Communications has received a private letter ruling from the IRS and the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, in each case, to the effect that the spin-off will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code;
- Clear Channel Communications has contributed $383.0 million of our outstanding intercompany note to Clear Channel Communications to our capital and we have repaid the remaining portion of the intercompany note to Clear Channel Communications, prior to or concurrently with the distribution date;

- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the master separation and distribution agreement, is in effect;
- we and Clear Channel Communications have received an opinion that we will be solvent following the distribution and the concurrent transactions described herein;
- the Series A redeemable preferred stock and the Series B redeemable preferred stock described under "The Distribution — Preferred Stock Issuance" have been issued;
- we have entered into the senior secured credit facility described under "Description of Indebtedness;" and
- we have received any material government approvals and other consents necessary to consummate the distribution.

The fulfillment of the foregoing transactions and conditions will not create any obligations on Clear Channel Communications' part to effect the distribution, and Clear Channel Communications' board of directors has reserved the right to amend, modify or abandon the distribution and the related transactions at any time prior to the distribution date. Clear Channel Communications' board of directors may, in its sole discretion, also waive any of these conditions.

In addition, Clear Channel Communications has the right not to complete the distribution if, at any time, Clear Channel Communications' board of directors determines, in its sole discretion, that the distribution is not in the best interest of Clear Channel Communications or its stockholders, or that market conditions are such that it is not advisable to spin-off the entertainment business.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to Clear Channel Communications stockholders who will receive shares of CCE Spinco common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy, hold or sell any of our securities. We believe that the information contained in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither Clear Channel Communications nor we undertake any obligation to update the information except in the normal course of our respective public disclosure obligations.

DIVIDEND POLICY

We presently intend to retain future earnings, if any, to finance the expansion of our business. Therefore, we do not expect to pay any cash dividends in the foreseeable future. Moreover, the terms of our senior secured credit facility and the designations of Holdco #2's preferred stock limit the amount of funds which we will have available to declare and distribute as dividends on our common stock. Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, plans for expansion and contractual restrictions with respect to the payment of dividends.

CAPITALIZATION

The following table sets forth our capitalization (1) on an actual basis as of September 30, 2005 and (2) on pro forma basis as of September 30, 2005 as adjusted to give effect to:

- the distribution of our common stock to the stockholders of Clear Channel Communications;
- the incurrence of debt and related debt issuance costs, comprised of a $325.0 million senior secured term loan under the $575.0 million senior secured credit facility to be entered into prior to or concurrently with the completion of the distribution;
- the issuance of mandatorily redeemable Series A preferred stock by Holdco #2 having a liquidation preference of $20 million to a third-party investor for $20 million;
- the issuance to Clear Channel Communications of mandatorily redeemable Series B preferred stock by Holdco #2 having a liquidation preference of $20 million in connection with the Holdco #3 Exchange, for which we will not receive any cash;
- the contribution by Clear Channel Communications to our capital of $383.0 million of the intercompany debt owed to Clear Channel Communications; and
- the use of proceeds from borrowings under the term loan portion of our senior secured credit facility and the sale of the Series A preferred stock offering to repay the remaining portion of intercompany debt owed to Clear Channel Communications.

This table should be read in conjunction with "Selected Combined Financial Data," "Unaudited Pro Forma Condensed Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the notes to our combined financial statements included elsewhere in this information statement.

(In thousands)	As of September 30, 2005	
	Actual	As Adjusted
	(unaudited)	
Cash and cash equivalents	$ 273,474	$ 273,474
Current portion of long-term debt	$ 22,546	$ 25,796
Long-term debt, net of current portion:		
Debt with Clear Channel Communications	725,495	—
Senior secured credit facility	—	321,750
Other long-term debt	20,038	20,038
Mandatorily redeemable preferred stock(1):		
Holdco #2 Series A preferred stock	—	20,000
Holdco #2 Series B preferred stock	—	20,000
Total long-term debt and mandatorily redeemable preferred stock	745,533	381,788
Total owner's equity	234,016	597,011
Total capitalization	$ 1,002,095	$ 1,004,595

(1) We classify the mandatorily redeemable preferred stock as other long-term obligations in accordance with Statement of Financial Accounting Standards No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity."

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following unaudited pro forma condensed combined financial information is derived from our audited combined financial statements for the year ended December 31, 2004 and our unaudited combined interim financial statements for the nine months ended September 30, 2005, each of which is included elsewhere in this information statement. The unaudited combined interim financial statements are derived from our unaudited accounting records for that period and have been prepared on a basis consistent with the audited combined financial statements and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such data. The results for the nine months ended September 30, 2005 are not necessarily indicative of the results to be expected for the full year. The unaudited pro forma condensed combined financial information has been prepared to reflect adjustments to our historical financial information to give effect to the following transactions, each as described elsewhere in this information statement, as if those transactions had been completed at earlier dates:

- the distribution of our common stock to the stockholders of Clear Channel Communications;
- the incurrence of debt and related debt issuance costs, comprised of a $325.0 million senior secured term loan under the $575.0 million senior secured credit facility to be entered into prior to or concurrently with the completion of the distribution;
- the issuance of mandatorily redeemable Series A preferred stock by Holdco #2 having a liquidation preference of $20 million to a third-party investor for $20 million;
- the issuance to Clear Channel Communications of mandatorily redeemable Series B preferred stock by Holdco #2 having a liquidation preference of $20 million in connection with the Holdco #3 Exchange, for which we will not receive any cash;
- the contribution by Clear Channel Communications to our capital of $383.0 million of the intercompany debt owed to Clear Channel Communications; and
- the use of proceeds from borrowings under the term loan portion of our senior secured credit facility and the sale of the Series A preferred stock offering to repay the remaining portion of intercompany debt owed to Clear Channel Communications.

The unaudited pro forma condensed combined statements of income assume that these transactions occurred as of January 1, 2004 and the unaudited pro forma condensed combined balance sheet assumes that these transactions occurred as of September 30, 2005.

You should read the unaudited pro forma condensed combined financial information in conjunction with our audited and unaudited combined financial statements and the notes to the audited and unaudited combined financial statements included elsewhere herein. You should also read the sections “Selected Combined Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The unaudited pro forma condensed combined financial information is qualified by reference to these sections, the audited and unaudited combined financial statements and the notes to the audited and unaudited combined financial statements, each of which is included elsewhere in this information statement.

The historical financial and other data have been prepared on a combined basis from Clear Channel Communications’ consolidated financial statements using the historical results of operations and bases of the assets and liabilities of Clear Channel Communications businesses and give effect to allocations of expenses from Clear Channel Communications. The unaudited pro forma combined financial information is not indicative of our future performance or what our results of operations and financial position would have been if we had operated as a separate company during the periods presented or if the transactions reflected therein had actually occurred as of January 1, 2004 or September 30, 2005, as the case may be. The unaudited pro forma condensed combined statement of income does not reflect the complete impact of one-time and ongoing incremental costs required to operate as a separate publicly-traded company. Clear Channel Communications allocated to us $8.5 million in 2002, $9.2 million in 2003 and $9.8 million in 2004 of

expenses incurred by it for providing us accounting, treasury, tax, legal, public affairs, executive oversight, human resources and other services. Through September 30, 2005, Clear Channel Communications allocated to us $6.9 million of expenses. By the end of 2005, we expect to have assumed responsibility for substantially all of these services and their related expenses. We currently believe the estimate for the costs of these services could be approximately $11.0 million to $13.0 million in 2006, our first full year as a separate publicly-traded company. However, the actual total costs of these services associated with our transition to, and operating as, a separate publicly-traded company could be significantly greater than our estimates.

Unaudited Pro Forma Condensed Combined Statements of Income

(In thousands, except per share amounts)	Year Ended December 31, 2004			Nine Months Ended September 30, 2005		
	Historical	Adjustments	Pro Forma	Historical	Adjustments	Pro Forma
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Statement of Operations Data:						
Revenues	$ 2,806,128	$ —	$ 2,806,128	$ 2,184,588	$ —	$ 2,184,588
Operating Expenses:						
Divisional operating expenses	2,645,293	—	2,645,293	2,050,631	—	2,050,631
Depreciation and amortization	64,095	—	64,095	46,392	—	46,392
Loss (gain) on sale of operating assets	6,371	—	6,371	(426)	—	(426)
Corporate expenses	31,386	—	31,386	38,391	—	38,391
Operating income	58,983	—	58,983	49,600	—	49,600
Interest expense	3,119	20,260(b)	23,379	2,671	15,195(b)	17,866
Intercompany interest expense	42,355	(42,355)(c)	—	35,719	(35,719)(c)	—
Equity in earnings of nonconsolidated affiliates	2,906	—	2,906	157	—	157
Other income (expense) — net	(1,690)	—	(1,690)	(4,157)	—	(4,157)
Income before income taxes	14,725	22,095	36,820	7,210	20,524	27,734
Income tax benefit (expense):						
Current	55,946	(8,838)(d)	47,108	11,975	(8,210)(d)	3,765
Deferred	(54,411)	—	(54,411)	(14,859)	—	(14,859)
Net income	$ 16,260	$ 13,257	$ 29,517	$ 4,326	$ 12,314	$ 16,640
Basic and diluted pro forma net income (loss) per common share(a)	$ 0.24		$ 0.44	$ 0.06		$ 0.25

Notes to Unaudited Pro Forma Condensed Combined Statements of Income

(a) Basic and diluted net income per share is calculated by dividing net income available to common stockholders by 67,565,491 shares (based upon the number of outstanding shares of Clear Channel Communications' common stock at November 4, 2005).

(b) Includes estimated interest expense of $2.2 million and $2.2 million related to dividends associated with the Series A and Series B Preferred Stock, respectively. Also includes estimated annual interest expense of $15.9 million related to $325.0 million of indebtedness that we expect to incur prior to or concurrently with the completion of the distribution, at an estimated weighted average annual interest rate of 4.88%. Several factors could change the weighted average annual interest rate, including but not limited to a change in our credit rating or a change in the reference rates used under the credit facilities. A 25 basis point change to the weighted average annual interest rate would change our annual interest expense by $0.8 million. We may incur additional interest expense if we draw down

under the $250.0 million revolving credit that we expect to enter into prior to or concurrently with the completion of the distribution.

(c) Represents the elimination of intercompany interest expense incurred pursuant to intercompany indebtedness between Clear Channel Communications and us.

(d) Represents estimated tax (expense) benefit related to the estimated interest expense adjustments discussed in notes (b) and (c) above at our combined statutory tax rate of 40% for the year ended December 31, 2004 and for the nine months ended September 30, 2005.

Unaudited Pro Forma Condensed Combined Balance Sheet

(In thousands)	As of September 30, 2005		
	Historical	Adjustments	Pro Forma
	(unaudited)	(unaudited)	(unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	$ 273,474	$ —	$ 273,474
Accounts receivable, net	241,936	—	241,936
Prepaid expenses	218,293	—	218,293
Other current assets	48,617	—	48,617
Total Current Assets	782,320	—	782,320
Property, plant & equipment, net	815,270	—	815,270
Intangible Assets:			
Definite-lived intangibles, net	12,787	—	12,787
Goodwill	143,170	—	143,170
Other Assets:			
Notes receivable	6,436	—	6,436
Investments in, and advances to, nonconsolidated affiliates	25,281	—	25,281
Deferred tax asset	87,069	—	87,069
Other assets	19,900	2,500(a)	22,400
Total Assets	$ 1,892,233	$ 2,500	$ 1,894,733

(In thousands)	As of September 30, 2005 Historical (unaudited)	Adjustments (unaudited)	Pro Forma (unaudited)
Liabilities and Owner's Equity			
Current Liabilities:			
Accounts payable	$ 67,125	$ —	$ 67,125
Deferred income	240,753	—	240,753
Accrued expenses	469,354	—	469,354
Current portion of long-term debt	22,546	3,250(b)	25,796
Total Current Liabilities	799,778	3,250	803,028
Long-term debt	20,038	321,750(b)	341,788
Debt with Clear Channel Communications	725,495	(725,495)(c)	—
Other long-term liabilities	84,399	—	84,399
Holdco #2 Series A and Series B Preferred Stock	—	40,000(d)	40,000
Minority interest	28,507	—	28,507
Owner's Equity:			
Common Stock	—	676(e)	676
Additional paid-in capital	—	4,771,622(f)	4,771,622
Owner's net investment	4,409,303	(4,409,303)(g)	—
Retained deficit	(4,183,529)	—	(4,183,529)
Accumulated other comprehensive income	8,242	—	8,242
Total Owner's Equity	234,016	362,995	597,011
Total Liabilities and Owner's Equity	$ 1,892,233	$ 2,500	$ 1,894,733

Notes to Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2005

(a) We expect to record approximately $2.5 million in debt issuance costs in connection with the incurrence of the debt described in note (b) below.

(b) Prior to or concurrently with the completion of the distribution, we intend to incur $325.0 million in long-term indebtedness, of which $3.3 million represents the current portion. We may incur additional indebtedness if we draw down under the $250.0 million revolving credit facility that we expect to enter into prior to or concurrently with the completion of the distribution.

(c) Our debt with Clear Channel Communications will be paid or otherwise contributed to our capital concurrently with or prior to the distribution.

(d) Represents the redemption value of the 200,000 shares of Series A and the 200,000 shares of Series B preferred stock issued by Holdco #2.

(e) Represents the par value of 67,565,491 million shares of our common stock (based on the number of outstanding shares of Clear Channel Communications common stock outstanding at November 4, 2005).

(f) Represents (i) the reclassification of "owner's net investment" into "Additional paid-in capital," (ii) the portion of our debt with Clear Channel Communications that was contributed to our capital, and (iii) the balancing entry to set up the par value of our common stock.

(g) Represents a reclassification into additional paid-in capital.

SELECTED COMBINED FINANCIAL DATA

The historical financial and other data have been prepared on a combined basis from Clear Channel Communications consolidated financial statements using the historical results of operations and bases of the assets and liabilities of Clear Channel Communications' businesses and give effect to allocations of expenses from Clear Channel Communications. The historical combined statement of income data set forth below does not reflect changes that will occur in the operations and funding of our company as a result of our spin-off from Clear Channel Communications. The historical combined balance sheet data set forth below reflect the assets and liabilities that were or are expected to be transferred to our company in accordance with the master agreement.

The selected combined financial data should be read in conjunction with, and are qualified by reference to, "Unaudited Pro Forma Condensed Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical audited and interim unaudited financial statements and the accompanying notes thereto of us and our consolidated subsidiaries included elsewhere in this information statement. The combined statements of operations set forth below for the period from August 1, 2000 through December 31, 2000 and the year ended December 31, 2001 and the combined balance sheet data as of December 31, 2000 and 2001 are derived from our unaudited financial statements. The combined balance sheet data for the year ended December 31, 2002 is derived from our audited financial statements. The combined statements of operations and cash flow data for each of the three years in the period ended December 31, 2004, and the combined balance sheet data for each of the periods as of December 31, 2003 and 2004, are derived from the audited combined financial statements included elsewhere in this information statement, and should be read in conjunction with those combined financial statements and the accompanying notes. The combined statement of operations and cash flow data set forth below for the nine months ended September 30, 2005 and 2004, and the consolidated balance sheet data for the nine months ended September 30, 2005, are derived from the unaudited consolidated financial statements included elsewhere in this information statement. In management's opinion, these unaudited combined financial statements have been prepared on substantially the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial data for the periods presented. The results of operations for the interim period are not necessarily indicative of the operating results for the entire year or any future period.

We have not presented cash flow data for the five months ended December 31, 2000 because this was our first partial year of operations as a subsidiary of Clear Channel Communications and this period is not comparable to the annual periods presented. We also have not presented cash flow data for the year ended December 31, 2001 because we believe it is not comparable to the three subsequent years, which are presented, because 2001 was the first full year after the acquisition of our business by Clear Channel Communications and during 2002, 2003 and 2004 Clear Channel Communications significantly expanded our operations. Therefore, the cash flow statements for these periods are not otherwise available and we believe that the cost associated with creating the cash flow statement for these periods would outweigh the benefits that the data would provide to our stockholders.

The financial information presented below may not reflect what our results of operations, financial position and cash flows would have been had we operated as a separate, stand-alone entity during the periods presented or what our results of operations, financial position and cash flows will be in the future.

The following table presents a non-GAAP financial measure, OIBDAN, which we use to evaluate segment and consolidated performance of our business. OIBDAN is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. In Note 4 and "— Non-GAAP Financial Measure" below, we explain OIBDAN and reconcile it to operating income (loss), its most directly comparable financial measure calculated and presented in accordance with GAAP.

(In thousands, except per share amounts)	Five Months Ended December 31, 2000(1)	Year Ended December 31, 2001	2002	2003	2004	Nine Months Ended September 30, 2004	2005
	(unaudited)	(unaudited)				(unaudited)	
Results of Operations Data:							
Revenue	$ 984,048	$ 2,543,668	$ 2,473,319	$ 2,707,902	$ 2,806,128	$ 2,261,879	$ 2,184,588
Operating Expenses:							
Divisional operating expenses	904,442	2,386,504	2,302,707	2,506,635	2,645,293	2,107,785	2,050,631
Depreciation and amortization	118,040	299,343	64,836	63,436	64,095	47,499	46,392
Loss (gain) on sale of operating assets	(369)	(1,278)	(15,241)	(978)	6,371	7,400	(426)
Corporate expenses	14,422	49,294	26,101	30,820	31,386	19,977	38,391
Operating income (loss)	(52,487)	(190,195)	94,916	107,989	58,983	79,218	49,600
Interest expense	17,758	9,476	3,998	2,788	3,119	2,198	2,671
Intercompany interest expense	17,643	65,501	58,608	41,415	42,355	32,550	35,719
Equity in earnings (loss) of nonconsolidated affiliates	1,958	6,690	(212)	1,357	2,906	3,231	157
Other income (expense) — net	1,985	3,213	332	3,224	(1,690)	(1,437)	(4,157)
Income (loss) before income taxes and cumulative effect of a change in accounting principle	(83,945)	(255,269)	32,430	68,367	14,725	46,264	7,210
Income tax benefit (expense):							
Current	213,056	44,112	(40,102)	68,272	55,946	42,633	11,975
Deferred	(206,942)	(43,581)	11,103	(79,607)	(54,411)	(37,808)	(14,859)
Income (loss) before cumulative effect of a change in accounting principle	(77,831)	(254,738)	3,431	57,032	16,260	51,089	4,326
Cumulative effect of a change in accounting principle, net of tax of $198,640(2)	—	—	(3,932,007)	—	—	—	—
Net income (loss)	$ (77,831)	$ (254,738)	$ (3,928,576)	$ 57,032	$ 16,260	$ 51,089	$ 4,326
Basic and diluted pro forma income (loss) before cumulative effect of a change in accounting principle per common share(3)	$ (1.15)	$ (3.77)	$ 0.05	$ 0.84	$ 0.24	$ 0.76	$ 0.06
Segment Data:							
Revenue:							
Global Music	$ 695,162	$ 1,847,731	$ 1,821,215	$ 2,069,857	$ 2,201,007	$ 1,793,072	$ 1,708,369
Global Theater	137,547	316,159	296,460	318,219	313,974	222,871	233,265
Other	151,339	379,778	355,644	319,826	291,147	245,936	242,954
Total Revenue	$ 984,048	$ 2,543,668	$ 2,473,319	$ 2,707,902	$ 2,806,128	$ 2,261,879	$ 2,184,588

(In thousands)	Five Months Ended December 31, 2000(1)	Year Ended December 31, 2001	2002	2003	2004	Nine Months Ended September 30, 2004	2005
	(unaudited)	(unaudited)				(unaudited)	
Operating income (loss):							
Global Music	$ (26,407)	$ (102,037)	$ 97,731	$ 111,326	$ 85,457	$ 94,269	$ 85,604
Global Theater	(11,879)	(26,155)	30,352	22,714	20,996	12,973	2,742
Other	3,804	(4,817)	(1,342)	10,156	(11,147)	(4,281)	2,923
Corporate	(18,005)	(57,186)	(31,825)	(36,207)	(36,323)	(23,743)	(41,669)
Total operating income (loss)	$ (52,487)	$ (190,195)	$ 94,916	$ 107,989	$ 58,983	$ 79,218	$ 49,600
Cash Flow Data:							
Cash flows provided by (used in):							
Operating activities			$ 142,237	$ 138,713	$ 119,898	$ 88,557	$ 2,203
Investing activities			$ (31,329)	$ (51,960)	$ (84,076)	$ (64,662)	$ (72,603)
Financing activities			$ (112,281)	$ (56,894)	$ 23,254	$ 44,331	$ 156,618
Capital expenditures			$ 68,185	$ 69,936	$ 73,435	$ 56,516	$ 71,997
Other Data:							
OIBDAN(4)							
Global Music	$ 57,124	$ 108,765	$ 127,881	$ 145,725	$ 119,062	$ 118,412	$ 112,935
Global Theater	12,060	36,648	41,489	35,899	35,647	23,929	14,133
Other	10,422	11,751	1,242	19,643	6,126	11,753	6,889
Corporate	(14,422)	(45,343)	(24,700)	(29,518)	(30,302)	(19,216)	(36,656)
Total OIBDAN(4)	$ 65,184	$ 111,821	$ 145,912	$ 171,749	$ 130,533	$ 134,878	$ 97,301

	As of December 31, 2000	2001	2002	2003	2004	As of September 30, 2005
	(Unaudited)	(Unaudited)				(Unaudited)
Balance Sheet Data:						
Total assets	$ 5,188,500	$ 5,391,088	$ 1,518,644	$ 1,495,715	$ 1,478,706	$ 1,892,233
Long-term debt, including current maturities	$ 829,649	$ 1,112,842	$ 622,831	$ 617,838	$ 650,675	$ 768,079
Owner's equity	$ 3,768,934	$ 3,701,975	$ 230,914	$ 188,283	$ 156,976	$ 234,016

(1) Represents our operations commencing on August 1, 2000 (when Clear Channel Communications acquired our live entertainment business) to December 31, 2000.

(2) Cumulative effect of change in accounting principle for the year ended December 31, 2002, related to impairment of goodwill recognized in accordance with the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

(3) Basic and diluted income (loss) before cumulative effect of a change in accounting principle per share is calculated by dividing income (loss) before cumulative effect of a change in accounting principle by the weighted average number of common shares outstanding. The historic basic and diluted income (loss) before cumulative effect of changes in accounting principles is based on shares outstanding and the pro forma basic and diluted income (loss) before cumulative effect of changes in accounting principles is based on 67,565,491 shares outstanding (based on the number of outstanding shares of Clear Channel Communications' common stock at November 4, 2005.)

(4) We evaluate segment and consolidated performance based on several factors, one of the primary measures of which is operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets and non-cash compensation expense, which we refer to as OIBDAN. See "— Non-GAAP Financial Measure" below, "Unaudited Pro Forma Condensed Combined Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — OIBDAN".

Non-GAAP Financial Measure

In addition to operating income, we evaluate segment and combined performance based on other factors, one primary measure of which is operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets and non-cash compensation expense, which we refer to as OIBDAN. We use OIBDAN as a measure of the operational strengths and performance of our business and not as a measure of liquidity. However, a limitation of the use of OIBDAN as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Accordingly, OIBDAN should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP. Furthermore, this measure may vary among other companies; thus, OIBDAN as presented below may not be comparable to similarly titled measures of other companies.

We believe OIBDAN is useful to investors and other external users of our financial statements in evaluating our operating performance because it helps investors more meaningfully evaluate and compare the results of our operations from period to period and with those of other companies in the entertainment industry (to the extent the same components of OIBDAN are used), in each case without regard to items such as non-cash depreciation and amortization and non-cash compensation expense, which can vary depending upon the accounting method used and the book value of assets.

Our management uses OIBDAN (i) as a measure for planning and forecasting overall and individual expectations and for evaluating actual results against such expectations, (ii) as a basis for incentive bonuses paid to certain employees and (iii) in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management.

The following table presents a reconciliation of OIBDAN to operating income, which is a GAAP measure of our operating results:

(In thousands)	Five Months Ended December 31, 2000(1)	Year Ended December 31,				Nine Months Ended September 30,	
		2001	2002	2003	2004	2004	2005
	(unaudited)	(unaudited)				(unaudited)	
Reconciliation of OIBDAN to Operating Income (loss):							
OIBDAN	$ 65,184	$ 111,821	$ 145,912	$ 171,749	$ 130,533	$ 134,878	$ 97,301
Depreciation and amortization	118,040	299,343	64,836	63,436	64,095	47,499	46,392
Loss (gain) on sale of operating assets	(369)	(1,278)	(15,241)	(978)	6,371	7,400	(426)
Non-cash compensation expense*	—	3,951	1,401	1,302	1,084	761	1,735
Operating income (loss)	$ (52,487)	$ (190,195)	$ 94,916	$ 107,989	$ 58,983	$ 79,218	$ 49,600

* Non-cash compensation expense, which is based on an allocation from Clear Channel Communications and is related to issuance of Clear Channel Communications stock awards, is included in corporate expenses in our statement of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with the audited and unaudited combined financial statements and notes to the financial statements included elsewhere in this information statement. This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in the sections of this information statement entitled "Risk Factors," "Special Note About Forward-Looking Statements" and other sections in this information statement.

Overview

On April 29, 2005, Clear Channel Communications announced its intention to separate its entertainment business into a separate publicly-traded company. We were incorporated in Delaware on August 2, 2005 to effect the separation, and currently are a wholly owned subsidiary of Clear Channel Communications. We will have no material assets or activities as a separate corporate entity until the contribution to us by Clear Channel Communications, prior to the completion of the spin-off, of the business described in this information statement. Clear Channel Communications conducted such business through various subsidiaries, principally representing the entertainment segment. Clear Channel Communications will distribute all of our common stock to the stockholders of Clear Channel Communications.

Basis of Presentation

The combined financial statements are comprised of entities included in the consolidated financial statements and accounting records of Clear Channel Communications, principally representing the live entertainment segment, using the historical results of operations and the historical basis of assets and liabilities of our business. The combined statements of operations include expense allocations for certain corporate functions historically provided to us by Clear Channel Communications, including general corporate expenses, employee benefits and incentives, and interest expense. These allocations were made on a specifically identifiable basis or using the relative percentages, as compared to Clear Channel Communications' other businesses, of net sales, payroll, fixed assets, inventory and other assets, headcount or other reasonable methods. We and Clear Channel Communications consider these allocations to be a reasonable reflection of the utilization of services provided. We expect that our expenses as a separate publicly-traded company may be significantly higher than the amounts reflected in the combined statements of operations.

We will incur increased costs as a result of becoming an independent publicly traded company, primarily from audit fees paid to our independent public accounting firm, Public Company Accounting Oversight Board fees, the hiring of additional staff to fulfill reporting requirements of a public company, NYSE listing fees, legal fees and stockholder communications fees. We will bear the costs of certain services currently provided to us by Clear Channel Communications. We believe cash flow from operations will be sufficient to fund these additional corporate expenses.

We do not anticipate that increased costs solely from becoming an independent publicly traded company will have an adverse effect on our growth rates in the future because we will be substantially the same entity as the entertainment segment of Clear Channel Communications. Our success will continue to be highly dependent on the overall health of the local and national economies in which we operate and the availability of affordable and desirable content. We anticipate that being an independent publicly traded company will (1) provide a stock-based currency that could potentially be used for incentive programs to better attract, retain and motivate current and future employees through the use of equity-based compensation policies that more directly link employee compensation with our financial performance, (2) permit our management to focus its attention and our financial resources on our distinct business and

business challenges and to lead us to adopt strategies and pursue objectives that are appropriate to our respective business and (3) allow us to have better access to the capital markets in connection with acquisitions and financings after the separation as our investors will not be forced to understand and make investment decisions with respect to Clear Channel Communications' business.

We believe the assumptions underlying the combined financial statements are reasonable. However, the combined financial statements included herein may not necessarily reflect our results of operations, financial position and cash flows in the future or what our results of operations, financial position and cash flows would have been had we been a separate, stand-alone company during the periods presented.

Introduction

Management's discussion and analysis, or MD&A, of our results of operations and financial condition is provided as a supplement to the audited annual financial statements and unaudited interim financial statements and footnotes thereto included elsewhere herein to help provide an understanding of our financial condition, changes in financial condition and results of our operations. The information included in MD&A should be read in conjunction with the annual and interim financial statements. MD&A is organized as follows:

- *Business overview.* This section provides a general description of our business, as well as other matters that we believe are important in understanding our results of operations and financial condition and in anticipating future trends.

- *Combined results of operations.* This section provides an analysis of our results of operations for the nine months ended September 30, 2005 and 2004, and the years ended December 31, 2004, 2003 and 2002. Our discussion is presented on both a combined and segment basis. Our reportable operating segments are global music, global theater and other. Approximately 70% of our revenue is derived in North America, with the remainder being derived internationally, primarily in the United Kingdom, Sweden and Holland. We manage our operating segments primarily on their operating income (loss) before depreciation, amortization, loss (gain) on sale of assets and non-cash compensation expense, which we refer to as OIBDAN. Since a significant portion of our business is conducted in foreign markets, principally Europe, management looks at the operating results from our foreign operations on a constant dollar basis, which allows for comparison of operations independent of foreign exchange movements. Corporate expenses, interest expense, equity in earnings (loss) of nonconsolidated affiliates, other income (expense) — net, income taxes and cumulative effect of change in accounting principle are managed on a total company basis and are, therefore, included only in our discussion of combined results.

  In addition to operating income, we evaluate segment and combined performance based on other factors, one primary measure of which is operating income (loss) before depreciation, amortization, loss (gain) on sale of assets and non-cash compensation expense, which we refer to as OIBDAN. While we use OIBDAN as a measure of the operational strengths and performance of our business, we do not use it as a measure of liquidity. However, a limitation of the use of OIBDAN as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Accordingly, OIBDAN should be considered in addition to, not as a substitute for, operating income (loss), net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP. Furthermore, this measure may vary among other companies; thus, OIBDAN as presented below may not be comparable to similarly titled measures of other companies.

  We believe OIBDAN is useful to an investor in evaluating our operating performance because it helps investors more meaningfully evaluate and compare the results of our operations from period to period without regard to items such as non-cash depreciation and amortization and non-cash compensation expense, which can vary depending upon the accounting method used and the book value of assets. This measure also excludes loss (gain) on sale of assets, which we exclude when measuring segment performance.

Our management uses OIBDAN (i) as a measure for planning and forecasting overall and individual expectations and for evaluating actual results against such expectations, (ii) as a basis for incentive bonuses paid to certain employees and (iii) in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management.

- *Liquidity and capital resources.* This section provides a discussion of our financial condition as of December 31, 2004 and September 30, 2005, as well as an analysis of our cash flows for the nine months ended September 30, 2005 and 2004 and the years ended December 31, 2004 and 2003. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity and (ii) our outstanding debt and commitments (both firm and contingent) that existed at December 31, 2004 and on a pro forma basis to reflect the term loans under our new senior secured credit facility and Holdco #2's issuance of mandatorily redeemable preferred stock.

- *Seasonality.* This section discusses the seasonal performance of our global music, global theater and other segments. Because of the seasonality of our business, the results for the nine months ended September 30 are not necessarily indicative of full-year performance.

- *Market risk management.* This section discusses how we manage exposure to potential losses arising from adverse changes in foreign currency exchange and interest rates.

- *Recent accounting pronouncements and critical accounting policies.* This section discusses accounting policies considered to be important to our financial condition and results of operations, which require significant judgment and estimates on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note A to our combined financial statements included elsewhere in this information statement.

Business Overview

We believe we are one of the world's largest diversified promoters and producers of, and venue operators for, live entertainment events. For the year ended December 31, 2004, we promoted or produced over 28,500 events, including music concerts, theatrical performances, specialized motor sports and other events, with total attendance exceeding 61 million. In addition, we believe we operate one of the largest networks of venues used principally for music concerts and theatrical performances in the United States and Europe. As of September 30, 2005, we owned or operated 117 venues, consisting of 75 domestic and 42 international venues. These venues include 39 amphitheaters, 58 theaters, 14 clubs, four arenas and two festival sites. In addition, through equity, booking or similar arrangements we have the right to book events at 33 additional venues. Approximately 90% of our total revenues for 2004 resulted from our promotion or production of music concerts and theatrical performances and from revenues related to our owned or operated venues.

Our Business Segments

We operate in two reportable business segments: global music and global theater. In addition, we operate in the specialized motor sports, sport representation and other businesses, which are included under "other."

Global Music. Our global music business principally involves the promotion or production of live music shows and tours by music artists in our owned and operated venues and in rented third-party venues. For the year ended December 31, 2004, our global music business generated approximately $2.2 billion, or 78%, of our total revenues. We promoted or produced over 10,000 events in 2004, including tours for artists such as Madonna, Sting, Dave Matthews Band and Toby Keith. In addition, we produced several large festivals in Europe, including Rock Werchter in Belgium and the North Sea Jazz Festival in Holland. Part of our growth strategy is to expand our promotion and production of festivals, particularly in

Europe. While our global music business operates year-round, we experience higher revenues during the second and third quarters due to the seasonal nature of our amphitheaters and international festivals, which are primarily used during or occur in May through September.

Global Theater. Our global theater business presents and produces touring and other theatrical performances. Our touring theatrical performances consist primarily of revivals of previous commercial successes and new productions of theatrical performances playing on Broadway in New York City or the West End in London. For the year ended December 31, 2004, our global theater business generated approximately $314.0 million, or 11%, of our total revenues. In 2004, we presented or produced over 12,000 theatrical performances of productions such as *The Producers, The Lion King, Mamma Mia!* and *Chicago.* We pre-sell tickets for our touring shows through one of the largest subscription series in the United States and Canada in approximately 45 touring markets. While our global theater business operates year-round, we experience higher revenues during September through April, which coincides with the theatrical touring season.

Other. We believe we are one of the largest promoters and producers of specialized motor sports events, primarily in North America. In 2004, we held over 600 events in stadiums, arenas and other venues, including monster truck shows, supercross races, motocross races, freestyle motocross events and motorcycle road racing. In addition, we own numerous trademarked properties, including monster trucks such as *Grave Digger*™ and *Blue Thunder*™, which generate additional licensing revenues. While our specialized motor sports business operates year-round, we experience higher revenues during January through March, which is the period when a larger number of specialized motor sports events occur.

We also provide integrated sports marketing and management services, primarily for professional athletes. Our marketing and management services generally involve our negotiation of player contracts with professional sports teams and of endorsement contracts with major brands. As of September 30, 2005, we had approximately 600 clients, including Tracy McGrady (basketball), David Ortiz (baseball), Tom Lehman (golf), Andy Roddick (tennis), Roy E. Williams (football) and Steven Gerrard (soccer).

We also promote and produce other live entertainment events, including family shows, such as *Dora the Explorer* and *Blue's Clues,* as well as museum and other exhibitions, such as *Saint Peter and The Vatican: The Legacy of the Popes.* In addition, we produce and distribute television shows and DVDs, including programs such as *A&E Biographies: Rod Stewart* and HBO Sports' *The Curse of the Bambino.*

For the year ended December 31, 2004, businesses included under "other" generated approximately $291.1 million, or 11%, of our total revenues.

Our Business Activities

We principally act in the following capacities, performing one, some or all of these roles in connection with our events and tours:

Promotion. As a promoter, we typically book performers, arrange performances and tours, secure venues, provide for third-party production services, sell tickets and advertise events to attract audiences. We earn revenues primarily from the sale of tickets and pay performers under one of several formulas, including a fixed guaranteed amount and/or a percentage of ticket sales. For each event, we either use a venue we own or operate, or rent a third-party venue. In our global theater business, we generally refer to promotion as presentation. Revenues related to promotion activities represent the majority of our combined revenues. These revenues are generally related to the volume of ticket sales and ticket prices. Event costs, included in divisional operating expenses, such as artist and production service expenses, are typically substantial in relation to the revenues. As a result, significant increases or decreases in promotion revenue do not typically result in comparable changes to operating income.

Production. As a producer, we generally develop event content, hire directors and artistic talent, develop sets and costumes, and coordinate the actual performances of the events. We produce tours on a global, national and regional basis. We generate revenues from fixed producer fees and by sharing in a percentage of event or tour profits primarily related to the sale of tickets, merchandise and event and tour

sponsorships. These production revenues are generally related to the size and profitability of the production. Production costs, included in divisional operating expenses, are typically substantial in relation to the revenues. As a result, significant increases or decreases in production revenue do not typically result in comparable changes to operating income.

Venue Operation. As a venue operator, we contract with promoters to rent our venues for events and provide related services such as concessions, merchandising, parking, security, ushering and ticket-taking. We generate revenues primarily from rental income, ticket service charges, premium seating and venue sponsorships, as well as sharing in percentages of concessions, merchandise and parking. Our outdoor entertainment venues are primarily used, and our international festivals occur, during May through September. As a result, we experience higher revenues during the second and third quarters. Revenues generated from venue operations, which are partially driven by attendance, typically have a significantly higher margin than promotion or production revenues and therefore typically have a more direct relationship to operating income.

Sponsorships and Advertising. We actively pursue the sale of national and local sponsorships and placement of advertising, including signage, promotional programs, naming of subscription series and tour sponsorships. Many of our venues also have name-in-title sponsorship programs. We believe national sponsorships allow us to maximize our network of venues and to arrange multi-venue branding opportunities for advertisers. Our national sponsorship programs have included companies such as American Express, Anheuser Busch and Coca-Cola. Our local and venue-focused sponsorships include venue signage, promotional programs, on-site activation, hospitality and tickets, and are derived from a variety of companies across various industry categories. Revenues generated from sponsorships and advertising typically have a significantly higher margin than promotion or production revenues and therefore typically have a more direct relationship to operating income.

Combined Results of Operations

(In thousands)	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
	(unaudited)				
Revenue	$ 2,184,588	$ 2,261,879	$ 2,806,128	$ 2,707,902	$ 2,473,319
Operating expenses:					
Divisional operating expenses	2,050,631	2,107,785	2,645,293	2,506,635	2,302,707
Depreciation and amortization	46,392	47,499	64,095	63,436	64,836
Loss (gain) on sale of operating assets	(426)	7,400	6,371	(978)	(15,241)
Corporate expenses	38,391	19,977	31,386	30,820	26,101
Operating income	49,600	79,218	58,983	107,989	94,916
Interest expense	2,671	2,198	3,119	2,788	3,998
Intercompany interest expense	35,719	32,550	42,355	41,415	58,608
Equity in earnings (loss) of nonconsolidated affiliates	157	3,231	2,906	1,357	(212)
Other income (expense) — net	(4,157)	(1,437)	(1,690)	3,224	332
Income before income taxes and cumulative effect of a change in accounting principle	7,210	46,264	14,725	68,367	32,430
Income tax (expense) benefit:					
Current	11,975	42,633	55,946	68,272	(40,102)
Deferred	(14,859)	(37,808)	(54,411)	(79,607)	11,103
Income before cumulative effect of a change in accounting principle	4,326	51,089	16,260	57,032	3,431
Cumulative effect of a change in accounting principle, net of tax of, $198,640	—	—	—	—	(3,932,007)
Net income (loss)	$ 4,326	$ 51,089	$ 16,260	$ 57,032	$ (3,928,576)

(In thousands)	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
	(unaudited)				
Cash provided by (used in):					
Operating activities	$ 2,203	$ 88,557	$ 119,898	$ 138,713	$ 142,237
Investing activities	$ (72,603)	$ (64,662)	$ (84,076)	$ (51,960)	$ (31,329)
Financing activities	$ 156,618	$ 44,331	$ 23,254	$ (56,894)	$ (112,281)

OIBDAN Reconciliation to Operating Income

(In thousands)	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
	(unaudited)				
Operating income	$ 49,600	$ 79,218	$ 58,983	$ 107,989	$ 94,916
Depreciation and amortization	46,392	47,499	64,095	63,436	64,836
Loss (gain) on sale of operating assets	(426)	7,400	6,371	(978)	(15,241)
Non-cash compensation expense*	1,735	761	1,084	1,302	1,401
OIBDAN	$ 97,301	$ 134,878	$ 130,533	$ 171,749	$ 145,912

* Non-cash compensation expense, which is based on an allocation from Clear Channel Communications and is related to issuance of Clear Channel Communications stock awards, is included in corporate expenses in our statement of operations.

Revenue

Our combined revenue decreased $77.3 million, or 3%, during the nine months ended September 30, 2005 as compared to the same period in 2004 primarily due to a decrease in our global music and other operations of $84.7 million and $3.0 million, respectively. These decreases were partially offset by a $10.4 million increase in global theater revenue. Included in the nine months ended September 30, 2005 is approximately $11.2 million from increases in foreign exchange rates as compared to the same period of 2004.

Our combined revenue increased $98.2 million, or 4%, in fiscal year 2004 as compared to fiscal year 2003 due to an increase in global music revenue of $131.2 million. Partially offsetting this increase were declines in revenue from our other operations and global theater of $28.7 million and $4.2 million, respectively. Included in the fiscal year 2004 results is approximately $74.3 million, or 76% of the total increase in combined revenues, from increases in foreign exchange rates as compared to the same period of 2003.

Our combined revenue increased $234.6 million, or 10%, during fiscal year 2003 as compared to fiscal year 2002 due to an increase in global music and global theater revenue of $248.6 million and $21.8 million, respectively. Partially offsetting these increases was a decline in revenue for other operations of $35.8 million. Included in the fiscal year 2003 results is approximately $88.9 million, or 38% of the total increase in combined revenues, from increases in foreign exchange rates as compared to the same period of 2002.

Divisional Operating Expenses

Our combined divisional operating expenses decreased $57.2 million, or 3%, during the nine months ended September 30, 2005 as compared to the same period in 2004 due to a decrease in our global music segment of $79.2 million. Partially offsetting this decrease were increases in global theater and other operations of $20.2 million and $1.9 million, respectively. Divisional operating expenses for 2005 include $8.4 million in expenses related to a reorganization and reductions in personnel. This reorganization and recording of additional expenses not yet incurred related to the reorganization are expected to be complete by year end. Included in the nine months ended September 30, 2005 results is approximately $10.9 million from increases in foreign exchange rates as compared to the same period of 2004.

Our combined divisional operating expenses increased $138.7 million, or 6%, in fiscal year 2004 as compared to fiscal year 2003 due to a $157.8 million increase in global music divisional operating expenses, partially offset by a decrease in divisional operating expenses from our other operations and global theater of $15.2 million and $4.0 million, respectively. Included in the fiscal year 2004 results is approximately $68.0 million from increases in foreign exchange rates as compared to the same period of 2003.

Our combined divisional operating expenses increased $203.9 million, or 9%, in fiscal year 2003 as compared to fiscal year 2002 due to an increase in our global music and global theater divisional operating expenses of $230.8 million and $27.3 million, respectively. Partially offsetting these increases was a $54.2 million decline in divisional operating expenses for other operations. Included in the fiscal year 2003 results is approximately $81.3 million from increases in foreign exchange rates as compared to the same period of 2002.

Loss (Gain) on sale of operating assets

Our gain on sale of operating assets increased $7.8 million during the nine months ended September 30, 2005 as compared to the same period in 2004 due primarily to the divestiture of our international leisure center operations during the second quarter of 2004.

Our loss on sale of operating assets increased $7.3 million during 2004 as compared to 2003 primarily due to the sale of our international leisure center operations during the second quarter of 2004.

Our gain on sale of operating assets decreased $14.3 million during 2003 as compared to 2002 primarily due to the sale of our international cinema and bingo operations during 2002.

Corporate Expenses

Corporate expenses increased $18.4 million, or 92%, during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004 as the result of a $12.5 million increase in litigation contingencies and expenses as well as $3.7 million related to severance payments during 2005. Additional litigation contingencies and expenses are reflected in divisional operating expenses within our other operations.

Corporate expenses increased $0.6 million, or 2%, in the fiscal year ended 2004 as compared to 2003, primarily due to increases in litigation and rent expenses, partially offset by declines in performance-based bonus expense for the period.

Corporate expenses increased $4.7 million, or 18%, in the fiscal year ended 2003 as compared to 2002 primarily due to a $4.1 million royalty fee that Clear Channel Communications began charging on January 1, 2003.

OIBDAN

Our combined OIBDAN decreased $37.6 million, or 28%, during the nine months ended September 30, 2005 as compared to the same period in 2004 primarily as a result of an increase in litigation reserves and expenses and costs related to our reorganization of $12.1 million. In addition, global music OIBDAN decreased $5.5 million primarily as a result of a reduction in the number of domestic events, attendance and ticket prices. Global theater OIBDAN decreased $9.8 million during this period primarily due to a reduction in the investment value of several domestic productions.

Our combined OIBDAN decreased $41.2 million, or 24%, in fiscal year 2004 as compared to fiscal year 2003 primarily due to a decrease in global music of $26.7 million. This decrease resulted primarily from higher talent costs in relation to related revenues as well as a reduction in the number of domestic amphitheater events and attendance. In addition, other operations decreased $13.5 million during the period principally as a result of a $3.5 million increase in litigation reserves and expenses, and $2.4 million related to the divestiture of a television production business during 2003.

Our combined OIBDAN increased $25.8 million, or 18%, in fiscal year 2003 as compared to fiscal year 2002 due to an increase in other operations and global music of $18.4 million and $17.8 million, respectively. The increase in other operations is largely due to a $6.9 million increase in television production results and an $8.3 million increase in sponsorship income. The global music increase in OIBDAN is primarily due to an increase in attendance as well as an increase in sponsorship and premium seat revenues.

Intercompany Interest Expense

The increases and decreases in intercompany interest expense are directly related to the respective increase or decrease in average debt outstanding as the rate charged remained relatively consistent throughout the periods.

Our weighted average cost of debt during all periods was 7.0%. Our intercompany debt balances owed to Clear Channel Communications as of September 30, 2005 and December 31, 2004 and 2003 were:

		As of December 31,	
	As of September 30, 2005	2004	2003
(In millions)	(unaudited)		
	$725.5	$ 628.9	$ 595.2

Equity in Earnings (Loss) of Nonconsolidated Affiliates

Equity in earnings (loss) of nonconsolidated affiliates decreased $3.1 million during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004 primarily as a result of impairments and losses in several of our nonconsolidated other operations affiliates during 2005.

For the fiscal year ended 2004 as compared to fiscal 2003, equity in earnings of nonconsolidated affiliates increased $1.5 million primarily as a result of no impairments and fewer losses during 2004 in our nonconsolidated other operations affiliates as compared to the same period of 2003.

For the fiscal year ended 2003 as compared to 2002, equity in earnings of nonconsolidated affiliates increased $1.6 million primarily due to an increase in earnings from our nonconsolidated global theater affiliates.

Other Income (Expense) — Net

The principal components of other income (expense) — net, for the applicable periods, were:

	Nine Months Ended September 30,		Year Ended December 31,		
(In millions)	**2005**	**2004**	**2004**	**2003**	**2002**
	(unaudited)				
Interest income	$ 1.5	$ 1.5	$ 3.2	$ 6.9	$ 2.1
Minority interest expense	(5.5)	(2.7)	(3.3)	(3.3)	(3.8)
Other, net	(0.2)	(0.2)	(1.6)	(0.4)	2.0
Other income (expense) — net	$ (4.2)	$ (1.4)	$ (1.7)	$ 3.2	$ 0.3

Income Taxes

Current tax benefit for the nine months ended September 30, 2005 decreased $30.7 million as compared to the nine months ended September 30, 2004. For the nine months ended September 30, 2005, the recorded current tax benefit was reduced due to an increase in litigation reserve and expenses, which is not deductible for tax purposes until the related amounts are paid. In addition, the current tax benefit for the nine months ended September 30, 2004 was increased by taxable losses associated with the disposition of certain assets and higher tax depreciation related to favorable bonus depreciation rules in place during 2004.

Deferred tax expense for the nine months ended September 30, 2005 decreased $22.9 million as compared to the nine months ended September 30, 2004. This decrease is primarily related to the increase in litigation reserve and expenses recorded during the current period that are not deductible for tax purposes. As a result, a deferred tax benefit was recorded for this item. In addition, deferred tax expense for the nine months ended September 30, 2004 includes amounts associated with the disposition of certain non-core business operations.

Current tax benefit decreased $12.3 million in 2004 as compared to 2003. As a result of the favorable resolution of certain tax contingencies, current tax benefit for the year ended December 31, 2004 was reduced approximately $11.0 million. The decrease in deferred tax expense of $25.2 million for the year ended December 31, 2004 as compared to December 31, 2003 was due primarily to additional depreciation expense deductions taken for tax purposes associated with a change in our tax lives of certain assets. The additional depreciation expense resulted in an increase in deferred tax expense in 2003.

Current tax benefit increased $108.4 million and deferred tax expense increased $90.7 million in 2003 as compared to 2002. In 2002, approximately $313.0 million of taxable income was recognized that had been deferred in a prior year. As such, current tax expense for the year ended December 31, 2002 increased approximately $123.6 million. In addition, as the deferred tax liability was reversed, a deferred tax benefit of approximately $123.6 million was recorded for the year ended December 31, 2002. These

amounts were offset by the utilization of net operating losses of approximately $59.8 million that decreased current tax expense and increased deferred tax expense for the year ended December 31, 2002.

Cumulative Effect of a Change in Accounting Principle

The loss recorded as a cumulative effect of a change in accounting principle during 2002 relates to our adoption of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets,* on January 1, 2002. Statement No. 142 required that we test goodwill and indefinite-lived intangibles for impairment using a fair value approach. As a result of the goodwill test, we recorded a non-cash impairment charge, net of tax, of approximately $3.9 billion. The non-cash impairment of our goodwill was generally caused by unfavorable economic conditions which persisted in the entertainment industry throughout 2001. This weakness contributed to our customers reducing the number of dollars they spent on live entertainment events. These conditions adversely impacted the cash flow projections used to determine the fair value of our goodwill at January 1, 2002, and resulted in the non-cash impairment charge of a portion of our goodwill.

Global Music Results of Operations

Our global music operating results were as follows:

	Nine Months Ended September 30,		Year Ended December 31,		
(In thousands)	2005	2004	2004	2003	2002
	(unaudited)				
Revenue	$ 1,708,369	$ 1,793,072	$ 2,201,007	$ 2,069,857	$ 1,821,215
Divisional operating expenses	1,595,434	1,674,660	2,081,945	1,924,132	1,693,334
Depreciation and amortization	27,363	27,064	37,043	35,262	35,285
Loss (gain) on sale of operating assets	(32)	(2,921)	(3,438)	(863)	(5,135)
Operating income	$ 85,604	$ 94,269	$ 85,457	$ 111,326	$ 97,731

Nine Months Ended September 30, 2005 to Nine Months Ended September 30, 2004

Global music revenue decreased $84.7 million, or 5%, during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. Included in the nine months ended September 30, 2005 results is approximately $8.7 million of foreign exchange rate increases. These foreign exchange rate increases were offset by a $182.2 million decrease in our domestic music operations. The decline in our domestic music revenue was primarily the result of a reduction in the number of domestic events, which reduced attendance, and lower ticket prices. The reduction in ticket prices was partially a result of a ticket charge reduction program aimed at improving the value proposition of our concert tickets to the consumer. Pollstar reported that through September 2005, total industry sales volume decreased approximately 11% compared to the same period in 2004. We believe the decline in events is in part due to a reduction in the number of artists currently interested in touring, and the decline in ticket prices is in part the result of efforts being made by artists and promoters to make the concert experience more affordable to the customer.

Our domestic music revenue decline was partially offset by a $97.5 million increase in international revenues for the nine months ended September 30, 2005 as compared to the same period of 2004. This increase is primarily due to the acquisition of international promotion companies during the second half of 2004, the acquisition of a festival promoter and venue operator in 2005, an increase in promotion revenue related to shows with higher ticket prices and an increase in the attendance at our international festivals.

Global music divisional operating expenses decreased $79.2 million, or 5%, during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004 primarily due to the decrease in domestic music events. The decrease in domestic divisional operating expenses of

$164.0 million was partially offset by a $84.8 million increase in international divisional expenses related to the acquisition of international promotion companies during the second half of 2004, the acquisition of a festival promoter and venue operator in 2005, and an increase in promotion activity, as well as an increase in foreign exchange rates of $8.7 million during the period.

Fiscal Year 2004 Compared to Fiscal Year 2003

Global music revenue increased $131.2 million, or 6%, during 2004 as compared to 2003. Approximately $57.6 million, or 44% of the increase, was attributable to foreign exchange rate increases. The increase was also driven by an increased number of events and attendance in our international operations. Significant acts for 2004 included Madonna and the Italian tour of Vasco Rossi. In addition, revenue from global music sponsorships and premium seat sales increased in 2004 by $15.9 million, or 12%, over 2003. We had fewer domestic amphitheater events in 2004 as compared to 2003 primarily due to an unusually high number of show cancellations in 2004 as compared to 2003. Attendance for 2004 in our owned and operated amphitheaters was lower than 2003, partially due to these cancellations. In general, the domestic music industry suffered a setback in 2004 and according to Pollstar experienced a decline of approximately 3%, as compared to 2003, in the number of tickets sold for the top 100 tours.

Global music divisional operating expenses increased $157.8 million, or 8%, during 2004 as compared to 2003. Approximately $53.3 million, or 34% of the increase, was attributable to foreign exchange rate increases. The increase also relates to variable promotion, production and venue costs associated with the number and type of events in 2004 as compared to 2003. In addition, domestic music experienced higher talent and production costs primarily due to higher artist guarantees without a proportional increase in revenue. Domestic music also completed a restructuring of operations in the fourth quarter of 2004, resulting in a staff reduction and an increase in severance costs.

Depreciation and amortization increased by $1.8 million, or 5%, in 2004 as compared to 2003 primarily due to the completion of new venues placed in service in late 2003 and in 2004.

Fiscal Year 2003 Compared to Fiscal Year 2002

Global music revenue increased $248.6 million, or 14%, during 2003 as compared to 2002. Approximately $74.6 million, or 30% of the increase, was attributable to foreign exchange rate increases. The increase was also driven by an increased number of events and attendance in our international promotions as well as an increase in the attendance at our international festivals. Significant acts in Europe during 2003 included the Rolling Stones and the Italian tours of Ramazotti and Vasco Rossi. Although domestically we had fewer amphitheater events in 2003 as compared to 2002, we experienced an increase in overall attendance, sponsorship and premium seat revenue. In addition, we had more domestic stadium events in 2003 as compared to 2002, including Bruce Springsteen and Bon Jovi.

Global music divisional operating expenses increased $230.8 million, or 14%, during 2003 as compared to 2002. Approximately $68.6 million, or 30% of the increase, was attributable to foreign exchange rate increases. The remaining increase primarily relates to variable promotion and production costs associated with the increased number of our international events in 2003 as compared to 2002.

Global Theater Results of Operations

Our global theater operating results were as follows:

(In thousands)	Nine Months Ended September 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
	(unaudited)				
Revenue	$ 233,265	$ 222,871	$ 313,974	$ 318,219	$ 296,460
Divisional operating expenses	219,132	198,942	278,327	282,320	254,971
Depreciation and amortization	11,389	11,014	14,709	13,161	11,133
Loss (gain) on sale of operating assets	2	(58)	(58)	24	4
Operating income	$ 2,742	$ 12,973	$ 20,996	$ 22,714	$ 30,352

Nine Months Ended September 30, 2005 to Nine Months Ended September 30, 2004

Global theater revenue increased $10.4 million, or 5%, during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. Approximately $1.3 million, or 13% of the increase, was attributable to foreign exchange rate increases. Additional domestic event dates, the opening of our renovated Boston Opera House in the third quarter of 2004, and a greater number of international productions, including *Starlight Express* and *Chicago,* were primarily responsible for the increase. Operationally, global theater expanded its venue network during the nine months ended September 30, 2005 with the acquisition of four theaters in Spain.

Global theater divisional operating expenses grew $20.2 million, or 10%, during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. Approximately $1.1 million, or 5% of the increase, was attributable to foreign exchange rate increases. The remaining increase primarily relates to additional domestic event dates, the opening of our renovated Boston Opera House in the third quarter of 2004, and the greater number of international productions.

Fiscal Year 2004 Compared to Fiscal Year 2003

Global theater revenues decreased $4.2 million, or 1%, during 2004 as compared to 2003 primarily due to fewer domestic event dates and the replacement of a number of significant international production investments in 2003 with smaller interests in international productions in 2004 where we receive only investment earnings rather than consolidated production results. These declines were partially offset by an increase in foreign exchange rates of approximately $10.4 million in 2004 as compared to 2003, as well as the positive impact to revenues associated with our opening of the renovated France-Merrick Center for Performing Arts and the Boston Opera House during 2004.

Global theater divisional operating expenses declined $4.0 million, or 1%, during 2004 as compared to 2003 primarily due to a decrease in global theater revenues during 2004 as compared to 2003. Included in this variance are foreign exchange rate increases of approximately $8.9 million.

Global theater depreciation and amortization expense increased $1.5 million, or 12%, during 2004 as compared to 2003 primarily due to foreign exchange rate increases of $1.0 million and the completion and opening of the Boston Opera House during 2004.

Fiscal Year 2003 Compared to Fiscal Year 2002

Global theater revenues increased $21.8 million, or 7%, during 2003 as compared to 2002. Approximately $8.6 million, or 39% of the increase, was attributable to foreign exchange rate increases. The remaining increase primarily relates to an increase in the number of domestic event dates, which included tours of *The Lion King, The Producers* and *Mamma Mia!*, as well as *Cats* in the United Kingdom, in 2003 as compared to 2002.

Global theater divisional operating expenses increased $27.3 million, or 11%, during 2003 as compared to 2002. Approximately $7.0 million, or 26% of the increase, was attributable to foreign exchange rate increases. The remaining increase primarily relates to an increase in the number of domestic event dates. Operating expenses increased greater than revenues principally due to reduced show profitability and a high number of show cancellations resulting from severe weather in some areas.

Global theater depreciation and amortization expense increased $2.0 million, or 18%, during 2003 as compared to 2002 primarily due to foreign exchange rate increases of $0.7 million and capital improvements to existing venues.

Other Results of Operations

Our other operating results were as follows:

	Nine Months Ended September 30,		Year Ended December 31,		
(In thousands)	2005	2004	2004	2003	2002
	(unaudited)				
Revenue	$ 242,954	$ 245,936	$ 291,147	$ 319,826	$ 355,644
Divisional operating expenses	236,065	234,183	285,021	300,183	354,402
Depreciation and amortization	4,362	5,655	7,406	9,626	12,694
Loss (gain) on sale of operating assets	(396)	10,379	9,867	(139)	(10,110)
Operating income (loss)	$ 2,923	$ (4,281)	$ (11,147)	$ 10,156	$ (1,342)

Nine Months Ended September 30, 2005 to Nine Months Ended September 30, 2004

Other revenues decreased $3.0 million, or 1%, during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. Foreign exchange rate increases of approximately $1.2 million were offset by decreases related to the sale of the international leisure center business during the second quarter of 2004 as well as the popular *Titanic: The Artifact Exhibit* completing its run during the second quarter of 2004. These revenue decreases were partially offset by revenue growth from *Dora the Explorer* as compared to the same period last year and *Blue's Clues,* which did not tour in 2004. Growth in the revenue from our specialized motor sports events resulted from a slight increase in attendance and ticket prices. Also, our sports representation business increased during the nine months ended September 30, 2005 as compared to the same period in 2004 primarily from improved hospitality and sponsorship revenue.

Other divisional operating expenses increased $1.9 million, or 1%, during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. Foreign exchange rate increases of approximately $1.1 million were offset by decreases related to the sale of the international leisure center business during the second quarter of 2004 as well as the popular *Titanic: The Artifact Exhibit* completing its run during the second quarter of 2004. These expense decreases were partially offset by expense increases related to the growth in our specialized motor sports events, family shows and sports representation businesses as well as a $12.5 million increase in litigation contingencies and expenses during the nine months ended September 30, 2005 as compared to the same period in 2004. Additional litigation contingencies and expenses are reflected in corporate expenses.

Other divisional depreciation and amortization expense decreased $1.3 million, or 23%, for the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004 primarily as a result of the sale of the international leisure center business during the second quarter of 2004.

Other gain on sale of operating assets increased $10.8 million during the nine months ended September 30, 2005 as compared to the same period in 2004 due primarily to the divestiture of our international leisure center operations during the second quarter of 2004.

Fiscal Year 2004 Compared to Fiscal Year 2003

Other revenues decreased $28.7 million, or 9%, during 2004 as compared to 2003. Foreign exchange rate increases of approximately $6.3 million were offset by decreases relating to the divestiture of certain non-core businesses, including our international leisure center business, during the second quarter of 2004 and a television production business during 2003. In addition, our exhibitions group experienced a reduction in revenues as the popular *Titanic: The Artifact Exhibit* completed its run during the second quarter of 2004 after a full year of operations in 2003. These revenue declines were partially offset by an increase in the amount of sponsorship sales during 2004.

Other divisional operating expenses decreased $15.2 million, or 5%, during 2004 as compared to 2003. Foreign exchange rate increases of approximately $5.8 million were offset by decreases relating to the non-core divestitures and conclusion of *Titanic: The Artifact Exhibit* as mentioned above.

Other divisional depreciation and amortization expense decreased $2.2 million, or 23%, during 2004 as compared to 2003 primarily due to the divestiture of our international leisure center operations during the second quarter of 2004.

Other loss on sale of operating assets increased $10.0 million during 2004 as compared to 2003 primarily due to the sale of our international leisure center operations during the second quarter of 2004.

Fiscal Year 2003 Compared to Fiscal Year 2002

Other revenues decreased $35.8 million, or 10%, during 2003 as compared to 2002. Foreign exchange rate increases of approximately $5.7 million were offset by decreases relating to several factors. We saw a reduction in results from our family shows as 2002 included a strong tour of *Dora the Explorer* and there were no similar sized productions in 2003. Also, we divested certain non-core businesses during 2003, including our international cinema and bingo business, and two companies involved in television production and music research. In addition, a reduction in certain creative marketing operations was partially offset by an increase in the amount of sponsorship sales during 2003.

Other divisional operating expenses decreased $54.2 million, or 15%, during 2003 as compared to 2002. Foreign exchange rate increases of approximately $5.7 million were offset by decreases relating to family show results and the divestitures mentioned above.

Other divisional depreciation and amortization expense decreased $3.1 million, or 24%, during 2003 as compared to 2002 primarily due to divestiture of our international cinema and bingo operations during 2003 as well as certain other assets becoming fully depreciated.

Other gain on sale of operating assets decreased $10.0 million during 2003 as compared to 2002 primarily due to the sale of our international cinema and bingo operations during 2002.

Reconciliation of Segment Operating Income (Loss)

(In thousands)	Nine Months Ended September 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
	(unaudited)				
Global Music	$ 85,604	$ 94,269	$ 85,457	$ 111,326	$ 97,731
Global Theater	2,742	12,973	20,996	22,714	30,352
Other	2,923	(4,281)	(11,147)	10,156	(1,342)
Corporate	(41,669)	(23,743)	(36,323)	(36,207)	(31,825)
Combined operating income	$ 49,600	$ 79,218	$ 58,983	$ 107,989	$ 94,916

Liquidity and Capital Resources

Historically, we have operated with a sweep account that allows excess operating cash generated by our domestic operations to be transferred to Clear Channel Communications, generally on a daily basis. Our excess operating cash generated from our international business is also transferred to Clear Channel Communications but not as frequently. Thus, our "Cash and cash equivalents" balances maintained on our combined balance sheets primarily reflects our cash held by our international businesses and our domestic cash that is not swept. Repatriation of some of these funds could be subject to delay and could have potential tax consequences, principally with respect to withholding taxes paid in foreign jurisdictions which do not give rise to a tax benefit in the United States due to our current inability to recognize the related deferred tax assets.

Our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Clear Channel Communications. Our cash needs have historically been funded primarily through an intercompany promissory note with Clear Channel Communications. Subsequent to this distribution, Clear Channel Communications will not be providing us with funds to finance our working capital or other cash requirements. Without the opportunity to obtain financing from Clear Channel Communications, we may in the future need to obtain additional financing from banks, or through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements. We will have a credit rating that is lower than Clear Channel Communications' credit rating and, as a result, will incur debt on terms and at interest rates that will not be as favorable as those generally enjoyed by Clear Channel Communications. We believe that we will be able to meet our cash requirements in 2005 and for at least the succeeding year after the distribution through cash generated from operations and, to the extent necessary, from borrowings under our planned senior secured credit facility described below.

Our historical balance sheet reflects cash and cash equivalents of $179.1 million and short-term and long-term debt of $650.7 million at December 31, 2004, and cash and cash equivalents of $116.4 million and debt of $617.8 million at December 31, 2003. In connection with this spin-off, Clear Channel Communications will contribute $383.0 million of intercompany debt to our capital, and we expect to incur $367.6 million in indebtedness through a $325.0 million senior secured term loan and we expect Holdco #2 to issue shares of Series A redeemable preferred stock having a liquidation preference of $20 million and Series B redeemable preferred stock having a liquidation preference of $20 million. All proceeds of the term loan and the Series A preferred stock will be used to repay the remaining portion of our intercompany promissory note to Clear Channel Communications. The Series B preferred stock will be issued to Clear Channel Communications for no cash and immediately resold to a third-party purchaser. There will be no outstanding debt between Clear Channel Communications and us immediately following the spin-off. We also anticipate entering into a revolving credit facility under the senior secured bank facility that will remain available for working capital and general corporate purposes.

We currently plan to enter into a senior secured credit facility with lenders as described below. Prior to or concurrently with the completion of the distribution, one of our operating subsidiaries, Holdco #3, which owns more than 95% of the gross value of our assets, will enter into a $575.0 million senior secured credit facility consisting of:

- a $325.0 million 7½-year term loan; and
- a $250.0 million 6½-year revolving credit facility, of which up to $200.0 million will be available for the issuance of letters of credit and up to $100.0 million will be available for borrowings in foreign currencies.

Subject to then market pricing and maturity extending longer than that of the senior secured credit facility, we will be able to add additional term and revolving credit facilities in an aggregate amount not to exceed $250.0 million. We anticipate that the senior secured credit facility, other than borrowings in foreign currencies by our foreign subsidiaries, will be secured by a first priority lien on substantially all of our domestic assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of our domestic subsidiaries and a portion of the capital stock of certain of our foreign subsidiaries. Borrowings in foreign currencies by our foreign subsidiaries will be secured by a first priority lien on substantially all of our foreign assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of all subsidiaries held by such borrowing subsidiary. We further anticipate that the senior secured credit facility will place certain restrictions on the ability to, among other things, incur debt, create liens, make investments, pay dividends, sell assets, undertake transactions with affiliates, and enter into unrelated lines of business.

After giving effect to the term loan, we expect to have approximately $367.6 million of indebtedness for borrowed money outstanding. We intend to use all proceeds from borrowings under the term loan portion of our senior secured credit facility and the $20 million of proceeds from the issuance of the Series A redeemable preferred stock of Holdco #2 to repay a portion of the indebtedness we owe Clear Channel Communications. We expect that approximately $200.0 million of the revolving credit facility will remain available for working capital and general corporate purposes of Holdco #3 and its subsidiaries immediately following the completion of the distribution, and after the transfer of approximately $50.0 million of letters of credit previously issued under Clear Channel Communications' credit facilities on behalf of certain Holdco #3 subsidiaries. The issuance of letters of credit will reduce this availability by the notional amount of issued letters of credit. However, on or prior to the distribution date, we may draw advances under the senior secured credit facility for working capital and other general corporate purposes.

The agreements governing the senior secured credit facility are subject to ongoing negotiation. We cannot be certain the terms described herein will not change or be supplemented. See "Description of Indebtedness."

Following the distribution, we currently anticipate that our primary sources of liquidity will be the cash flow generated from our operations, availability under the revolving credit facility and available cash and cash equivalents. These sources of liquidity are needed to fund our new debt service requirements, pay the annual dividend on Holdco #2's preferred stock, working capital requirements and capital expenditure requirements. As further described below, our ability to obtain funds from our subsidiaries may be restricted by the terms of the senior secured credit facility, the Holdco #2 preferred stock, and applicable state law. If cash flow generated from our operations is less than we expect, we may need to incur additional debt.

We may need to incur additional debt or issue equity to make strategic acquisitions or investments. We can not assure that such financing will be available to us on acceptable terms or that such financing will be available at all. Our ability to issue additional equity may be constrained because our issuance of additional stock may cause the distribution to be taxable under section 355(e) of the Code, and, under the tax matters agreement, we would be required to indemnify Clear Channel Communications against the tax,

if any. We may make significant acquisitions in the near term, subject to limitations imposed by our financing documents, market conditions and the tax matters agreement.

Our intra-year cash fluctuations are impacted by the seasonality of our various businesses. Examples of seasonal effects include our global music business, which reports the majority of its revenues in the second and third quarters, while our global theater business reports the majority of its revenues in the first, second and fourth quarters of the year. Cash inflows and outflows depend on the timing of event-related payments and generally occur prior to the event. See "— Seasonality." We believe that we have sufficient financial flexibility to fund these fluctuations and to access the global capital markets on satisfactory terms and in adequate amounts, although there can be no assurance that this will be the case. We expect cash flows from operations and borrowings under our planned senior secured credit facility to satisfy working capital, capital expenditure and debt service requirements in 2005, and for at least the succeeding year after the distribution.

Capital Expenditures

Venue operations is a capital intensive business, requiring consistent investment in our existing venues in order to address audience and artist expectations, technological industry advances and various federal and state regulations.

We categorize capital outlays into maintenance expenditures and new venue expenditures. Maintenance expenditures are associated with the upkeep of existing venues and, to a lesser extent, capital expenditures related to information systems and administrative offices. New venue expenditures relate to either the construction of new venues or major renovations to existing buildings that are being added to our venue network. Capital expenditures typically increase during periods when venues are not in operation.

Our capital expenditures have consisted of the following:

	Nine Months Ended September 30,		Year Ended December 31,		
(In millions)	2005	2004	2004	2003	2002
Maintenance expenditures	$ 44.1	$ 17.3	$ 31.4	$ 34.2	$ 58.4
New venue expenditures	27.9	39.2	42.0	35.7	9.8
Total capital expenditures	$ 72.0	$ 56.5	$ 73.4	$ 69.9	$ 68.2

Maintenance expenditures for the nine months ended September 30, 2005 increased $26.8 million over the same period in 2004 largely due to increased expenditures made to improve the audience experience at our owned and operated amphitheaters. We do not expect this higher level of maintenance expenditures to occur at the same level in future periods.

Our primary short-term liquidity needs are to fund general working capital requirements and maintenance expenditures while our long-term liquidity needs are primarily associated with new venue expenditures. Our primary sources of funds for our short-term liquidity needs will be cash flows from operations and borrowings under our credit facility, while our long-term sources of funds will be from cash from operations, long-term bank borrowings and other debt or equity financing.

Contractual Obligations and Commitments

Firm Commitments

In addition to the scheduled maturities on our debt, we have future cash obligations under various types of contracts. We lease office space, certain equipment and the venues used in our entertainment operations under long-term operating leases. Some of our lease agreements contain renewal options and annual rental escalation clauses (generally tied to the consumer price index), as well as provisions for our payment of utilities and maintenance. We also have minimum payments associated with noncancelable

contracts related to our operations such as artist guarantee contracts, employment contracts and theatrical production payments. As part of our ongoing capital projects, we will enter into construction related commitments for future capital expenditure work. The scheduled maturities discussed below represent contractual obligations as of December 31, 2004 and thus do not represent all expected expenditures for those periods.

The scheduled maturities of our long-term debt outstanding, future minimum rental commitments under noncancelable lease agreements, minimum payments under other noncancelable contracts and capital expenditures commitments as of December 31, 2004 are as follows:

	Payments Due by Period				
(In thousands)	Total	2005	2006 — 2007	2008 — 2009	2010 and thereafter
Long-term debt obligations, including current maturities	$ 650,675	$ 1,214	$ 2,597	$ 2,613	$ 644,251
Estimated interest payments(1)	296,132	44,293	98,104	112,320	41,415
Non-cancelable operating lease obligations	755,196	51,485	94,097	77,057	532,557
Non-cancelable contracts	251,191	171,288	46,553	18,067	15,283
Capital expenditures	30,601	13,601	17,000	—	—
Other long-term liabilities(2)					
Total	$ 1,983,795	$ 281,881	$ 258,351	$ 210,057	$ 1,233,506

(1) Based on accrued interest expense calculated on the outstanding balance of the debt with Clear Channel Communications at December 31, 2004.

(2) Assumes liabilities consist of $70.8 million of tax contingencies and $18.2 million of various other obligations. All of our other long-term liabilities do not have contractual maturities and, therefore, we can not predict when, or if, they will become due.

On a pro forma basis, after giving effect to the term loan under our senior secured credit facility in connection with the spin-off and the issuance of the preferred stock by Holdco #2 and the application of the proceeds therefrom to repay certain long-term debt as if such transactions had occurred at December 31, 2004, our contractual obligations consisted of the following:

	Payments Due by Period (Pro Forma)				
(In thousands)	Total	2005	2006 — 2007	2008 — 2009	2010 and thereafter
Long-term debt obligations, including current maturities	$ 346,778	$ 4,464	$ 5,847	$ 5,863	$ 330,604
Preferred stock	40,000	—	—	—	40,000
Estimated interest payments(1)	145,350	20,260	40,520	40,520	44,050
Non-cancelable operating lease obligations	755,196	51,485	94,097	77,057	532,557
Non-cancelable contracts	251,191	171,288	46,553	18,067	15,283
Capital expenditures	30,601	13,601	17,000	—	—
Other long-term liabilities(2)					
Total	$ 1,569,116	$ 261,098	$ 204,017	$ 141,507	$ 962,494

(1) Includes dividends on the Series A and Series B preferred stock.

(2) Assumes liabilities consist of $70.8 million of tax contingencies and $18.2 million of various other obligations. All of our other long-term liabilities do not have contractual maturities and, therefore, we can not predict when, or if, they will become due.

Cash Flows

(In thousands)	Nine Months Ended September 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
	(unaudited)				
Cash provided by (used in):					
Operating activities	$ 2,203	$ 88,557	$ 119,898	$ 138,713	$ 142,237
Investing activities	$ (72,603)	$ (64,662)	$ (84,076)	$ (51,960)	$ (31,329)
Financing activities	$ 156,618	$ 44,331	$ 23,254	$ (56,894)	$ (112,281)

Operating Activities

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004

Cash provided by operations was $2.2 million for the nine months ended September 30, 2005, compared to cash provided by operations of $88.6 million for the nine months ended September 30, 2004. The $86.4 million decrease in cash provided by operations resulted from a decrease in net income, changes in the event related operating accounts which are dependent on the number and size of events on-going at period end. We had prepaid more expenses in 2005, including artist deposits, and accrued more expenses, based on the size and timing of the upcoming tours.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Cash provided by operations was $119.9 million for the year ended December 31, 2004 as compared to cash provided by operations of $138.7 million for the year ended December 31, 2003. The $18.8 million decrease in cash provided by operations resulted primarily from a decrease in net income.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Cash provided by operations was $138.7 million for the year ended December 31, 2003 as compared to cash provided by operations of $142.2 million for the year ended December 31, 2002. The $3.5 million decrease in cash provided by operations primarily resulted from an increase in income before the cumulative effect of a change in accounting principle of $53.6 million offset by changes in working capital items.

Investing Activities

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004

Cash used in investing activities was $72.6 million for the nine months ended September 30, 2005, compared to cash used in investing activities of $64.7 million for the nine months ended September 30, 2004. The $7.9 million increase in cash used in investing activities was primarily due to an increase in capital expenditures of $15.5 million, partially offset by less acquisition related payments in 2005.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Cash used in investing activities was $84.1 million for the year ended December 31, 2004, compared to cash used in investing activities of $52.0 million for the year ended December 31, 2003. The $32.1 million increase in cash used in investing activities was primarily due to more acquisition-related payments in 2004 and the collection of a note receivable in 2003.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Cash used in investing activities was $52.0 million for the year ended December 31, 2003, compared to cash used in investing activities of $31.3 million for the year ended December 31, 2002. The $20.7 million increase in cash used in investing activities was primarily due to fewer asset disposal-related proceeds in 2003.

Financing Activities

Historically, we have funded our cash needs through an intercompany promissory with Clear Channel Communications. The intercompany promissory note functions as part of a sweep account that allows excess operating cash generated by our domestic operations to be transferred to Clear Channel Communications, generally on a daily basis. As we have cash needs, these are funded from Clear Channel Communications through this account.

Following the distribution, we expect to fund our cash needs through cash from operations, borrowings under our revolving credit facility and available cash and cash equivalents.

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004

Cash provided by financing activities was $156.6 million for the nine months ended September 30, 2005, compared to cash provided by financing activities of $44.3 million for the nine months ended September 30, 2004. The $112.3 million increase in cash provided by financing activities is a result of more cash being provided by Clear Channel Communications for 2005, primarily due to reduced cash from operations for the same period as discussed above.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Cash provided by financing activities was $23.3 million for the year ended December 31, 2004, compared to cash used in financing activities of $56.9 million for the year ended December 31, 2003. The $80.2 million increase in cash provided by financing activities is a result of more cash being provided by Clear Channel Communications for 2004, primarily due to higher cash used in investing activities in 2004 from more acquisition payments. This is also due to more cash generated from operations in our international businesses during 2004 which does not sweep to Clear Channel Communications as often as our domestic operations.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Cash used in financing activities was $56.9 million for the year ended December 31, 2003, compared to cash used in financing activities of $112.3 million for the year ended December 31, 2002. The $55.4 million decrease in cash used in financing activities is a result of fewer payments made on the debt with Clear Channel Communications for 2003.

Seasonality

For financial statement purposes, our global music segment typically experiences higher operating income in the second and third quarters as our outdoor venues and international festivals are primarily used or occur during May through September. Our global theater segment typically experiences its higher operating income during the first, second and fourth quarters of the calendar year as the theatrical touring season typically runs from September through April.

Cash flows from global music and global theater typically have a slightly different seasonality as advance payments are often made for artist performance fees and theatrical production costs in advance of the date the related event tickets go on sale. Once tickets for an event go on sale, we begin to receive payments from ticket sales, still in advance of when the event occurs. We record these ticket sales as revenue when the event occurs.

We expect these trends to continue in the future. See "Risk Factors — Our operations are seasonal and our results of operations vary from quarter to quarter, so our financial performance in certain financial quarters may not be indicative of or comparable to our financial performance in subsequent financial quarters."

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risks arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates.

Foreign Currency Risk

We have operations in countries throughout the world. The financial results of our foreign operations are measured in their local currencies, except in the hyper-inflationary countries in which we operate. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we have operations. Our foreign operations reported operating income of $49.8 million for the nine months ended September 30, 2005. We estimate that a 10% change in the value of the United States dollar relative to foreign currencies would change our net income for the nine months ended September 30, 2005 by $4.9 million. As of September 30, 2005, our primary foreign exchange exposure included the Euro, British Pound, Swedish Kroner and Canadian Dollar.

This analysis does not consider the implication such currency fluctuations could have on the overall economic activity that could exist in such an environment in the United States or the foreign countries or on the results of operations of these foreign entities.

Interest Rate Risk

Our market risk is also affected by changes in interest rates. We had $768.1 million total debt outstanding as of September 30, 2005, of which $0.2 million was variable rate debt.

Based on the amount of our floating-rate debt as of September 30, 2005, each 25 basis point increase or decrease in interest rates would not increase or decrease our annual interest expense and cash outlay by a significant amount. This potential increase or decrease is based on the simplified assumption that the level of floating-rate debt remains constant with an immediate across-the-board increase or decrease as of September 30, 2005 with no subsequent change in rates for the remainder of the period.

After our spin-off from Clear Channel Communications, we may use interest rate swaps and other derivative instruments and an increased proportion of fixed rate borrowings to reduce our exposure to market risk from changes in interest rates. The principal objective of such contracts is to minimize the risks and/or costs associated with our variable rate debt. We do not intend to hold or issue interest rate swaps for trading purposes.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standard No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29* ("Statement 153"). Statement 153 eliminates the APB Opinion No. 29 exception for nonmonetary exchanges of similar productive assets and replaces it with an exception for exchanges of nonmonetary assets that do not have commercial substance. Statement 153 is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after the date of issuance. The provisions of Statement 153 should be applied prospectively. We expect to adopt Statement 153 for its fiscal year beginning January 1, 2006 and management does not believe that adoption will materially impact our financial position or results of operations.

In December 2004, the FASB issued Staff Position 109-2, *Accounting and Disclosure Guidance for the Foreign Repatriation Provision within the American Jobs Creation Act of 2004* ("FSP 109-2"). FSP 109-2 allows an enterprise additional time beyond the financial reporting period in which the Act was enacted to evaluate the effects of the Act on its plans for repatriation of unremitted earnings for purposes

of applying Financial Accounting Standard No. 109, *Accounting for Income Taxes,* ("Statement 109"). FSP 109-2 clarifies that an enterprise is required to apply the provisions of Statement 109 in the period, or periods, it decides on its plan(s) for reinvestment or repatriation of its unremitted foreign earnings. FSP 109-2 requires disclosure if an enterprise is unable to reasonably estimate, at the time of issuance of its financial statements, the related range of income tax effects for the potential range of foreign earnings that it may repatriate and requires an enterprise to recognize income tax expense (benefit) if an enterprise decides to repatriate a portion of unremitted earnings under the repatriation provision while it is continuing to evaluate the effects of the repatriation provision for the remaining portion of the unremitted foreign earnings. FSP 109-2 is effective upon issuance. We currently have the ability and intent to reinvest any undistributed earnings of its foreign subsidiaries. Any impact from this legislation has not been reflected in the amounts shown since we are reinvested for the foreseeable future.

On December 16, 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* ("Statement 123(R)"), which is a revision of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("Statement 123"). Statement 123(R) supersedes Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"), and amends Statement No. 95, *Statement of Cash Flows.* Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Statement 123(R) is effective for financial statements for the first interim or annual period beginning after June 15, 2005. Early adoption is permitted in periods in which financial statements have not yet been issued. In April 2005, the SEC issued a press release announcing that it would provide for phased-in implementation guidance for Statement 123(R). The SEC would require that registrants that are not small business issuers adopt Statement 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first fiscal year beginning after June 15, 2005. We intend to adopt Statement 123(R) on January 1, 2006.

As permitted by Statement 123, we currently account for share-based payments to employees using APB 25 intrinsic value method and, as such, generally recognize no compensation cost for employee stock options. Accordingly, the adoption of Statement 123(R)'s fair value method will have a significant impact on our results of operations, although it will have no impact on our overall financial position. We are unable to quantify the impact of adoption of Statement 123(R) at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted Statement 123(R) in prior periods, the impact of that standard would have approximated the impact of Statement 123 as described in the disclosure of pro forma net income and earnings per share in Note A of the Notes to Combined Financial Statements included elsewhere herein. Statement 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow. This requirement will increase net financing cash flows in periods after adoption. We cannot estimate what those amounts will be in the future because they depend on, among other things, when employees exercise stock options.

In March 2005, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 107 *Share-Based Payment* ("SAB 107"). SAB 107 expresses the SEC staff's views regarding the interaction between Statement 123(R) and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements for public companies. In particular, SAB 107 provides guidance related to share-based payment transactions with nonemployees, the transition from nonpublic to public entity status, valuation methods (including assumptions such as expected volatility and expected term), the accounting for certain redeemable financial instruments issued under share-based payment arrangements, the classification of compensation expense, non-GAAP financial measures, first time adoption of Statement 123(R) in an interim period, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements upon adoption of Statement 123(R) and the modification of employee share options prior to adoption of Statement 123(R). The Company is unable to quantify the impact of adopting SAB 107 and

Statement 123(R) at this time because it will depend on levels of share-based payments granted in the future. Additionally, the Company is still evaluating the assumptions it will use upon adoption.

In April 2005, the SEC issued a press release announcing that it would provide for phased-in implementation guidance for Statement 123(R). The SEC would require that registrants that are not small business issuers adopt Statement 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first fiscal year beginning after June 15, 2005. The Company intends to adopt Statement 123(R) on January 1, 2006.

In June 2005, the Emerging Issues Task Force ("EITF") issued EITF 05-6, Determining the Amortization Period of Leasehold Improvements ("EITF 05-6"). EITF 05-6 requires that assets recognized under capital leases generally be amortized in a manner consistent with the lessee's normal depreciation policy except that the amortization period is limited to the lease term (which includes renewal periods that are reasonably assured). EITF 05-6 also addresses the determination of the amortization period for leasehold improvements that are purchased subsequent to the inception of the lease. Leasehold improvements acquired in a business combination or purchased subsequent to the inception of the lease should be amortized over the lesser of the useful life of the asset or the lease term that includes reasonably assured lease renewals as determined on the date of the acquisition of the leasehold improvement. We adopted EITF 05-6 on July 1, 2005 which did not materially impact our financial position or results of operations.

In October 2005, the FASB issued Staff Position 13-1 ("FSP 13-1"). FSP 13-1 requires rental costs associated with ground or building operating leases that are incurred during a construction period be recognized as rental expense. The guidance in FSP 13-1 shall be applied to the first reporting period beginning after December 15, 2005. We will adopt FSP 13-1 January 1, 2006 and do not anticipate adoption to materially impact our financial position or results of operations.

Critical Accounting Policies

The preparation of our financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. On an ongoing basis, we evaluate our estimates that are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such difference could be material. Our significant accounting policies are discussed in Note A, Summary of Significant Accounting Policies, of the Notes to Combined Financial Statements included elsewhere herein. Management believes that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. The following narrative describes these critical accounting estimates, the judgments and assumptions and the effect if actual results differ from these assumptions.

Allowance for Doubtful Accounts

We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations, we record a specific reserve to reduce the amounts recorded to what we believe will be collected. For all other customers, we recognize reserves for bad debt based on historical experience of bad debts as a percentage of revenues for each business unit, adjusted for relative improvements or deteriorations in the agings and changes in current economic conditions.

If our agings were to improve or deteriorate resulting in a 10% change in our allowance, it is estimated that our bad debt expense for the nine months ended September 30, 2005 would have changed by $1.1 million and our net income for the same period would have changed by $0.7 million.

Long-Lived Assets

Long-lived assets, such as property, plant and equipment are reviewed for impairment when events and circumstances indicate that depreciable and amortizable long-lived assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. When specific assets are determined to be unrecoverable, the cost basis of the asset is reduced to reflect the current fair market value.

We use various assumptions in determining the current fair market value of these assets, including future expected cash flows and discount rates, as well as future salvage values. Our impairment loss calculations require management to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. We review goodwill for potential impairment annually using the income approach to determine the fair value of our reporting units. The fair value of our reporting units is used to apply value to the net assets of each reporting unit. To the extent that the carrying amount of net assets would exceed the fair value, an impairment charge may be required to be recorded.

The income approach we use for valuing goodwill involves estimating future cash flows expected to be generated from the related assets, discounted to their present value using a risk-adjusted discount rate. Terminal values are also estimated and discounted to their present value.

As a result of adopting Statement 142 on January 1, 2002, we recorded a non-cash, net of tax, goodwill impairment charge of approximately $3.9 billion. As required by Statement 142, a subsequent impairment test was performed at October 1, 2002, which resulted in no additional impairment charge. The non-cash impairment of our goodwill was generally caused by unfavorable economic conditions, which persisted throughout 2001. These conditions adversely impacted the cash flow projections used to determine the fair value of each reporting unit at January 1, 2002, which resulted in the non-cash impairment charge of a portion of our goodwill. We may incur impairment charges in future periods under Statement 142 to the extent we do not achieve our expected cash flow growth rates, and to the extent that market values decrease and long-term interest rates increase.

Barter Transactions

Barter transactions represent the exchange of display space or tickets for advertising, merchandise or services. These transactions are generally recorded at the fair market value of the display space or tickets relinquished or the fair value of the advertising, merchandise or services received. Revenue is recognized on barter and trade transactions when the advertisements are displayed or the event occurs for which the tickets are exchanged. Expenses are recorded when the advertising, merchandise or service is received or when the event occurs. Barter and trade revenues for the years ended December 31, 2004, 2003 and 2002, were approximately $45.1 million, $33.4 million and $22.5 million, respectively, and are included in total revenues. Barter and trade expenses for the years ended December 31, 2004, 2003 and 2002, were approximately $44.5 million, $32.7 million and $17.7 million, respectively, and are included in divisional operating expenses. These transactions relate to each of our segments and generally occur relatively evenly throughout the year.

INDUSTRY OVERVIEW

Live Music Industry

The live music industry includes concert promotion and production, set design, venue operation and concession operation. Our main competitors in the North American live music industry include Anschutz Entertainment Group, which operates under a number of different names, House of Blues Entertainment, Inc., and SMG Entertainment, Inc. We also compete with numerous smaller national and regional companies in the United States and Europe.

According to Pollstar, from 1994 to 2004, gross concert revenues increased from $1.4 billion to $2.8 billion, a compounded annual growth rate of approximately 7%. In the 2002 to 2004 period, our global music revenues, comprised of gross concert revenues, increased from $1.8 billion to $2.2 billion, a compounded annual growth rate of 10%. We believe this growth was primarily due to increasing ticket prices and the continued willingness of top-grossing acts such as Madonna, The Rolling Stones and U2 to continue touring. According to Pollstar, while industry revenues increased from 2003 to 2004, ticket sales for the top 100 tours (representing approximately 70% of total domestic concert ticket revenues) declined by more than 2%. During the same period, our arena attendance actually increased approximately 24%. However, the attendance at our owned and operated amphitheaters declined by approximately 20% as a result of fewer events. The average attendance at these amphitheater events was slightly higher in 2004. While we believe the decrease in ticket sales was partially due to the unexpected cancellations of several high-profile tours, our surveys also have indicated that customers reacted to average ticket prices that had increased more than 28% from 2000 to 2004. Lower recorded music sales by popular artists may have also influenced this decline.

Typically, to initiate live entertainment events or tours, booking agents directly contract with performers to represent them for defined periods. Booking agents then contact promoters, who will contract with booking agents or directly with performers to arrange events. Booking agents generally receive fixed or percentage fees from performers for their services. Promoters earn revenues primarily from the sale of tickets, as well as percentages of revenues from concessions, and pay performers under one of several different formulas, which may include fixed guarantees, percentages of ticket sales or the greater of guaranteed amounts or profit sharing payments based on gross ticket revenues. In addition, promoters may also reimburse performers for certain costs of production, such as sound and lights. Under guaranteed payment formulas, promoters assume the risks of unprofitable events. Promoters may renegotiate lower guarantees or cancel events because of insufficient ticket sales in order to lessen their losses.

For musical tours, one to four months typically elapse between booking performers and the first performances. Promoters, in conjunction with performers, managers and agents, set ticket prices and advertise events to cover expenses. Promoters market events, sell tickets, rent or otherwise provide venues (if not provided by booking agents) and arrange for local production services, such as stages and sets.

Venue operators typically contract with promoters to rent their venues for specific events on specific dates. Venue operators provide services such as concessions, parking, security, ushering and ticket-taking, and receive some or all of the revenues from concessions, merchandise, sponsorships, parking and premium seats. For the events they host, venue operators typically receive fixed fees or percentages of ticket sales, as well as percentages of total concession sales from the vendors and percentages of total merchandise sales from the merchandisers.

Industry participants, including ourselves, often perform one or more of the booking, promotion and venue operation functions.

Theatrical Industry

The theatrical industry includes groups engaged in promoting, which is generally referred to in the theater industry as “presenting,” and producing live theatrical presentations, as well as operating venues. Our main North American competitors in the theatrical industry include Nederlander Producing Company

of America, Mirvish Productions, The Shubert Organization, The Walt Disney Company and Jujamcyn Theaters, as well as smaller regional players. In Europe, our competitors include Cameron Mackintosh, Really Useful Theater Group and Ambassadors Theatre Group, as well as smaller regional players.

According to data based on ticket sales of members of The League of American Theatres and Producers, Inc., or the League, as reported by such members to the League and disclosed on the League's website, gross ticket sales for the North American theatrical industry of touring Broadway theatrical performances has increased from $705 million during the 1993-1994 season to $714 million during the 2003-2004 season, a compounded annual growth rate of 1%, although in some years during this period ticket sales decreased, with a low of $541 million in 2000. In the 2002 to 2004 period, our global theater revenues increased from $296.5 million to $314.0 million, a compounded annual growth rate of 3%.

Live theater consists mainly of productions of existing musicals and dramatic works and the development of new works. While musicals require greater investments of time and capital than dramatic productions, they are more likely to become touring theatrical shows. For existing musicals, 12 to 24 months typically elapse between producers' acquisitions of theatrical stage rights and the first performances. During this time the producers assemble touring companies and ready the shows for tours. In comparison, dramatic productions typically have smaller production budgets, shorter pre-production periods, lower operating costs and tend to occupy smaller theaters for shorter runs as compared to musicals.

Producers of touring theatrical shows first acquire the rights to works from their owners, who typically receive royalty payments in return. Producers then assemble casts, hire directors and arrange for the design and construction of sets and costumes. Producers also arrange transportation and schedule shows with local presenters. Local presenters, who generally operate or have relationships with venues, provide all local services such as selling tickets, hiring local personnel, buying advertising and paying fixed guarantees to producers. Presenters then have the right to recover the guarantees plus their local costs from ticket revenues. Presenters and producers share any remaining ticket revenues. North American venues often sell tickets for touring theatrical performances through "subscription series," which are pre-sold season tickets for a defined number of shows in given venues.

In order to secure exclusive touring rights, investors may take equity positions in Broadway or West End shows. Touring rights are generally granted to investors for three to four years. After investors have received complete return of their investments, net profits are generally split between the limited partners and producers.

Other

Specialized Motor Sports

The specialized motor sports industry includes promoters and producers of specialized motor sports events as well as venue operators. Typical events include motorcycle road racing, supercross racing, monster truck shows, freestyle motocross events and other similar events. Our main competitors in the specialized motor sports industry are primarily smaller regional promoters. On a broader level, we compete against other outdoor motor sports such as the National Association for Stock Car Auto Racing, or NASCAR, and the Indy Racing League, or IRL, in the United States.

In general, most suitable markets where we operate host one to four motor sports events each year, with larger markets hosting more performances. Venue operators of stadiums and arenas typically work with producers and promoters to schedule individual events or full seasons of events. Corporate sponsorships and television exposure are important financial components that contribute to the success of a single event or seasons of events.

Specialized motor sports events make up a growing segment of the live entertainment industry. This growth has resulted from additional demand in existing markets and new demand in markets where arenas and stadiums have been built. The increasing popularity of specialized motor sports over the last several years has coincided with the increased popularity of other professional motor sports events, such as professional auto racing, including NASCAR and IRL. A number of events are also broadcast domestically and internationally.

Sports Representation

The sports representation industry generally encompasses the negotiation of player contracts and the creation and evaluation of endorsement, promotional and other business opportunities for clients. Sports agents may also provide ancillary services, such as financial advisory or management services to their clients. Our primary competition in the sports representation industry are other sports representation agencies such as International Management Group, or IMG, Octagon Worldwide, and Gaylord Sports Management, as well as regional agencies and individual agents.

BUSINESS

Our Company

We believe we are one of the world's largest diversified promoters and producers of, and venue operators for, live entertainment events. For the year ended December 31, 2004, we promoted or produced over 28,500 events, including music concerts, theatrical performances, specialized motor sports and other events, with total attendance exceeding 61 million. In addition, we believe we operate one of the largest networks of venues used principally for music concerts and theatrical performances in the United States and Europe. As of September 30, 2005, we owned or operated 117 venues, consisting of 75 domestic and 42 international venues. These venues include 39 amphitheaters, 58 theaters, 14 clubs, four arenas and two festival sites. In addition, through equity, booking or similar arrangements we have the right to book events at 33 additional venues. For the year ended December 31, 2004, we generated revenues of approximately $2.8 billion, net income of approximately $16.3 million, and operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets and non-cash compensation expense, or OIBDAN, of approximately $130.5 million. Please read "Selected Combined Financial Data — Non-GAAP Financial Measure" for an explanation of OIBDAN and a reconciliation of OIBDAN to operating income. Approximately 90% of our total revenues for 2004 resulted from our promotion or production of music concerts and theatrical performances and from revenues related to our owned or operated venues.

In addition, we believe we are a leading integrated sports marketing and management company specializing in the representation of sports athletes.

Our History

We were formed through acquisitions of various entertainment businesses and assets by our predecessors, and a number of our businesses have been operating in the live entertainment industry for more than 30 years. On August 1, 2000, Clear Channel Communications acquired our live entertainment business, which was initially formed in 1997. We were incorporated in our current form as a Delaware corporation on August 2, 2005 to own substantially all of the entertainment business of Clear Channel Communications, Inc.

Our Business

We operate in two reportable business segments: global music and global theater. In addition, we operate in the specialized motor sports, sport representation and other businesses, which are included under "other."

Global Music. Our global music business principally involves the promotion or production of live music shows and tours by music artists in our owned and operated venues and in rented third-party venues. For the year ended December 31, 2004, our global music business generated approximately $2.2 billion, or 78%, of our total revenues. We promoted or produced over 10,000 events in 2004, including tours for artists such as Madonna, Sting, Dave Matthews Band and Toby Keith. In addition, we produced several large festivals in Europe, including Rock Werchter in Belgium and the North Sea Jazz Festival in Holland. Part of our growth strategy is to expand our promotion and production of festivals, particularly in Europe. While our global music business operates year-round, we experience higher revenues during the second and third quarters due to the seasonal nature of our amphitheaters and international festivals, which are primarily used during or occur in May through September.

Global Theater. Our global theater business presents and produces touring and other theatrical performances. Our touring theatrical performances consist primarily of revivals of previous commercial successes and new productions of theatrical performances playing on Broadway in New York City or the West End in London. For the year ended December 31, 2004, our global theater business generated approximately $314.0 million, or 11%, of our total revenues. In 2004, we presented or produced over 12,000 theatrical performances of productions such as *The Producers, The Lion King, Mamma Mia!* and *Chicago.* We pre-sell tickets for our touring shows through one of the largest subscription series in the

United States and Canada in approximately 45 touring markets. While our global theater business operates year-round, we experience higher revenues during September through April, which coincides with the theatrical touring season.

Other. We believe we are one of the largest promoters and producers of specialized motor sports events, primarily in North America. In 2004, we held over 600 events in stadiums, arenas and other venues including monster truck shows, supercross races, motocross races, freestyle motocross events, motorcycle road racing and dirt track motorcycle racing. In addition, we own numerous trademarked properties, including monster trucks such as *Grave Digger*tm and *Blue Thunder*tm, which generate additional licensing revenues. While our specialized motor sports business operates year-round, we experience higher revenues during January through March, which is the period when a larger number of specialized motor sports events occur.

We also provide integrated sports marketing and management services, primarily for professional athletes. Our marketing and management services generally involve our negotiation of player contracts with professional sports teams and of endorsement contracts with major brands. As of September 30, 2005, we had approximately 600 clients, including Tracy McGrady (basketball), David Ortiz (baseball), Tom Lehman (golf), Andy Roddick (tennis), Roy E. Williams (football) and Steven Gerrard (soccer).

We also promote and produce other live entertainment events, including family shows, such as *Dora the Explorer* and *Blue's Clues,* as well as museum and other exhibitions, such as *Saint Peter and The Vatican: The Legacy of the Popes.* In addition, we produce and distribute television shows and DVDs, including programs such as *A&E Biographies: Rod Stewart* and HBO Sports' *The Curse of the Bambino.*

For the year ended December 31, 2004, businesses included under "other" generated approximately $291.1 million, or 11%, of our total revenues.

Our Business Activities

We principally act in the following capacities, performing one, some or all of these roles in connection with our events and tours:

Promotion. As a promoter, we typically book performers, arrange performances and tours, secure venues, provide for third-party production services, sell tickets and advertise events to attract audiences. We earn revenues primarily from the sale of tickets and pay performers under one of several formulas, including a fixed guaranteed amount and/or a percentage of ticket sales. For each event, we either use a venue we own or operate, or rent a third-party venue. In our global theater business, we generally refer to promotion as presentation. Revenues related to promotion activities represent the majority of our combined revenues. These revenues are generally related to the volume of ticket sales and ticket prices. Event costs, included in divisional operating expenses, such as artist and production service expenses are typically substantial in relation to the revenues. As a result, significant increases or decreases in promotion revenue do not typically result in comparable changes to operating income.

Production. As a producer, we generally develop event content, hire directors and artistic talent, develop sets and costumes, and coordinate the actual performances of the events. We produce tours on a global, national and regional basis. We generate revenues from fixed production fees and by sharing in a percentage of event or tour profits primarily related to the sale of tickets, merchandise and event and tour sponsorships. These production revenues are generally related to the size and profitability of the production. Production costs, included in divisional operating expenses, are typically substantial in relation to the revenues. As a result, significant increases or decreases in production revenue do not typically result in comparable changes to operating income.

Venue Operation. As a venue operator, we contract with promoters to rent our venues for events and provide related services such as concessions, merchandising, parking, security, ushering and ticket-taking. We generate revenues primarily from rental income, ticket service charges, premium seating and venue sponsorships, as well as sharing in percentages of concessions, merchandise and parking. Our outdoor entertainment venues are primarily used, and our international festivals occur, during May through

September. As a result, we experience higher revenues during the second and third quarters. Revenues generated from venue operations typically have a higher margin than promotion or production revenues and therefore typically have a more direct relationship to operating income.

Sponsorships and Advertising. We actively pursue the sale of national and local sponsorships and placement of advertising, including signage, promotional programs, naming of subscription series and tour sponsorships. Many of our venues also have name-in-title sponsorship programs. We believe national sponsorships allow us to maximize our network of venues and to arrange multi-venue branding opportunities for advertisers. Our national sponsorship programs have included companies such as American Express, Anheuser Busch and Coca-Cola. Our local and venue-focused sponsorships include venue signage, promotional programs, on-site activation, hospitality and tickets, and are derived from a variety of companies across various industry categories. Revenues generated from sponsorships and advertising typically have a higher margin than promotion or production revenues and therefore typically have a more direct relationship to operating income.

Global Music

We believe we are one of the largest live music promoters, producers and venue operators in North America and Europe. Within our global music segment, we are engaged in promoting and presenting music events and tours, owning and operating concert venues, and selling sponsorships and advertising. Our global music business principally involves the promotion and production of live music performances and tours by music artists in venues owned and operated by us and in third-party venues rented by us. For the year ended December 31, 2004, our global music business generated approximately $2.2 billion, or 78%, of our total revenues. We promoted or produced over 10,000 events in 2004, including tours for artists such as Madonna, Sting, Dave Matthews Band and Toby Keith. In addition, we produce several large festivals in Europe, including Rock Werchter in Belgium and the North Sea Jazz Festival in Holland. We primarily promote concerts performed by newer performers having widespread popularity, such as Coldplay and Beyoncé, as well as more established performers having relatively long-standing and more stable bases of popularity, such as U2, The Rolling Stones and Jimmy Buffett. While our global music business operates year-round, we experience higher revenues during the second and third quarters due to the seasonal nature of our amphitheaters and international festivals, which are primarily used during or occur in May through September.

Below is a ranking of the top 10 tours in 2004 (based on gross revenues) that we promoted and/or produced:

Rank	Artist
1	Madonna
2	Bette Midler
3	Sting
4	Dave Matthews Band
5	Toby Keith
6	Cher
7	Jimmy Buffett
8	Josh Groban
9	Linkin Park
10	Aerosmith

The musical venues we operate consist primarily of amphitheaters and music theaters. We typically receive higher music profits from events in venues we own due to our ability to share in a greater percentage of revenues received from concession and merchandise sales as well as the opportunity to sell sponsorships for venue naming rights and other display advertising.

In the live music industry, concert venues generally consist of:

- *Stadiums* — Stadiums are multi-purpose facilities, often housing local sports teams. Stadiums typically have 30,000 or more seats. Although they are the largest venues available for live music,

they are not specifically designed for live music. At September 30, 2005, we did not own or lease any stadiums, although on occasion we may rent them for certain music events.

- *Amphitheaters* — Amphitheaters are generally outdoor venues with between 5,000 and 30,000 seats that are used primarily in the summer season. We believe they are popular because they are designed specifically for concert events, with premium seat packages and better lines of sight and acoustics. At September 30, 2005, we owned 14 and leased 25 amphitheaters.
- *Arenas* — Arenas are indoor venues that are used as multi-purpose facilities, often housing local sports teams. Arenas typically have between 5,000 and 20,000 seats. Because they are indoors, they are able to offer amenities other similar-sized outdoor venues cannot such as luxury suites and premium club memberships. As a result, we believe they have become increasingly popular for higher-priced concerts aimed at audiences willing to pay for these amenities. At September 30, 2005, we owned one and leased two arenas.
- *Theaters* — Theaters are indoor venues that are built specifically for musical and theatrical events, but in some cases with minimal aesthetic and acoustic consideration. These venues typically have less than 5,000 seats. Because of their small size, they do not offer as much economic upside, but they also represent less risk to concert promoters because they have lower fixed costs associated with hosting a concert and also may provide a more appropriately sized venue for developing artists. At September 30, 2005, we owned six and leased 17 theaters.
- *Clubs* — Clubs are indoor venues that are built specifically for musical events, but in some cases with minimal aesthetic and acoustic consideration. These venues typically have less than 1,000 seats and often without full fixed seating. Because of their small size, they do not offer as much economic upside, but they also represent less of a risk to a concert promoter because they have lower fixed costs associated with hosting a concert and also may provide a more appropriate size venue for developing artists. At September 30, 2005, we owned three and leased ten clubs.

We own or operate the following domestic and international music venues:

City, State	DMA® Region Rank*	Type of Venue			
		Amphitheater	Theater	Club	Festival Site
New York, NY	1		•		
Monmouth, NJ	1	•			
Nassau, NY	1	•	•		
Los Angeles, CA	2	•(2)	•		
Chicago, IL	3	•(2)			
Philadelphia, PA	4	•	•	•	
Boston, MA	5	•(2)	•		
San Francisco, CA	6	•	•(2)	•	
Washington, DC	8	•			
Atlanta, GA	9	•	•	•	
Detroit, MI	10		•	•	
Houston, TX	11		•		
Seattle, WA	12	•			
Tampa, FL	13	•			
Phoenix, AZ	15	•			
Cleveland, OH	16	•		•	
Denver, CO	18		•		
San Jose, CA	19	•			
Sacramento, CA	19	•		•	

City, State	DMA® Region Rank*	Type of Venue			
		Amphitheater	Theater	Club	Festival Site
St. Louis, MO	21	•			
Pittsburgh, PA	22	•(2)			
Baltimore, MD	23	•			
Indianapolis, IN	25	•	•		
Hartford, CT	27	•			
New Haven, CT	27		•		
Charlotte, NC	28	•			
Raleigh-Durham, NC	29	•			
Nashville, TN	30	•			
Kansas City, MO	31	•	•		
Milwaukee, WI	32	•			
Cincinnati, OH	33	•	•	•	
Columbus, OH	34	•			
San Antonio, TX	37	•			
West Palm Beach, FL	39	•			
Birmingham, AL	40	•			
Virginia Beach, VA	41	•			
Buffalo, NY	46	•			
Albuquerque, NM	47	•			
Wilkes-Barre, PA	53	•			
Albany, NY	55	•			
Wheeling, WV	152		•		•

* DMA® region refers to a U.S. designated market area as of January 1, 2005. At that date, there were 210 DMA®'s. DMA® is a registered trademark of Nielsen Media Research, Inc.

• Bullet represents one venue by type, unless otherwise noted.

City, Country	Type of Venue			
	Arena	Theater	Club	Festival Site
Cardiff, Wales	•			
Dublin, Ireland	•			
London, England		•(4)	•(6	
Manchester, England		•		
Reading, England				•
Sheffield, England	•			
Southampton, England		•		
Stockholm, Sweden		•		

• Bullet represents one venue by type, unless otherwise noted.

Global Theater

We believe we are one of the largest presenters and producers of touring theatrical performances in the United States and the United Kingdom. Within our theater segment, we are engaged in presentation and the production of touring and other theatrical performances, owning and operating theatrical venues and selling sponsorships and advertising.

For the year ended December 31, 2004, our global theater business accounted for approximately $314.0 million, or approximately 11% of our total revenues. We presented or produced over 12,000 performances in 2004, including tours of shows such as *The Producers, The Lion King, Mamma Mia!* and *Chicago.* Touring theatrical performances consist primarily of revivals of previous commercial successes or new productions of theatrical performances currently playing on Broadway in New York City or the West End in London.

We pre-sell tickets for our touring and other theatrical performances through one of the largest subscription series in the United States and Canada (with 287,000 subscribers in the 2004-2005 season). We present these subscription series in approximately 45 touring markets in North America, including Atlanta, Georgia; Boston, Massachusetts; Chicago, Illinois; Houston, Texas; Nashville, Tennessee and Seattle, Washington.

We invest in the production of touring and other theatrical performances. Touring theatrical performances consist primarily of revivals of previous commercial successes or new productions of theatrical performances currently playing on Broadway in New York City or the West End in London. Frequently, we invest in shows or productions to obtain touring rights and favorable scheduling to distribute them across our presentation network.

In 2004, productions in which we had investments included *The Producers, Chicago, 700 Sundays (The Comedy of Billy Crystal), Grease* and *Fosse.*

We derive revenues from our theater and venue operations primarily from rental income, presenting engagements, sponsorships, concessions and merchandise. For each theatrical event we host, we typically receive a fixed fee for use of the venue, as well as fees representing a percentage of total concession sales from the vendors and total merchandise sales from the performer or tour producer. For each non-theatrical event we host, we may also present or co-present to increase our product mix and income. As a theater owner, we typically receive 100% of sponsorship revenues and a portion of ticketing surcharges.

Theaters are generally indoor venues that are built specifically for musical and theatrical events, with substantial aesthetic and acoustic consideration. These venues typically have less than 4,000 seats. Additionally, given their size, they are able to host events aimed at niche audiences. At September 30, 2005, we owned 13 and leased 22 theaters in our theater segment. The theater segment also leases one club. Of these venues, 12 theatrical venues are in North America and 24 are international venues used primarily for theatrical presentations in the United Kingdom.

North American Theater Venues:

Location	DMA® Region Rank*	Number of Theaters
New York, NY	1	•
Chicago, IL	3	•
Philadelphia, PA	4	•
Boston, MA	5	•(4)
Washington, DC	8	•
Baltimore, MD	23	•
Louisville, KY	50	•
Toronto, Canada	n/a	•(2)

* DMA® region refers to a U.S. designated market area as of January 1, 2005. At that date, there were 210 DMA®s. DMA® is a registered trademark of Nielsen Media Research, Inc.

• Bullet represents one venue by type, unless otherwise noted.

International Theater Venues:

Location	Number of Theaters	Number of Clubs
Ashton-Under-Lyne, England	•	
Barcelona, Spain	•	
Birmingham, England	•	
Bristol, England	•	
Edinburgh, Scotland	•	
Felixtowe, England	•	
Folkstone, England	•	
Grimsby, England	•	
Hastings, England	•	
Hayes, England	•	
Liverpool, England	•	
London, England	•(2)	
Madrid, Spain	•(3)	
Manchester, England	•(2)	
Oxford, England	•	•
Southport, England	•	
Sunderland, England	•	
Torbay, England	•	
York, England	•	

• Bullet represents one venue by type, unless otherwise noted.

Other

Specialized Motor Sports. We believe we are one of the largest producers and promoters of specialized motor sports events in North America, and, in 2004, held our first four events in Europe. These events are primarily held in stadiums and arenas and include monster truck shows, supercross races, motocross races, freestyle motocross events, motorcycle road racing and dirt track motorcycle racing. Other events included in this division are thrill acts and other motor sports concepts and events. Our specialized motor sports activities consist principally of the promotion and production of specialized motor sports, which generate revenues primarily from ticket sales and sponsorships, as well as merchandising and video rights.

Our specialized motor sports division produced and promoted over 600 specialized events in 2004, including supercross events and the U.S. Hot Rod Association® Monster Jam® Tour. In 2004, our specialized motor sports division had over 4 million spectators at its various events and properties. We own the rights to many specialized motor sports properties, including *Grave Digger*™ which we believe is one of the most popular monster trucks on the monster truck circuit, and we generate revenues from sponsorship, licensing and merchandising related to these properties. In addition, we provided approximately 200 hours of televised programming related to motor sports in 2004. While our specialized motor sports business operates year-round, we experience higher revenues during January through March, which is the period when a large number of specialized motor sports events occur.

Sports Representation. We believe we are a leading full-service talent management and marketing agency that represents clients in Major League Baseball, the National Basketball Association, the National Football League, the Professional Golf Association, the Association of Tennis Professionals, the Women's Tennis Association, the Premier League, Major League Soccer and Olympic competitors. We believe we are able to achieve and maintain our status as one of the premier sports management companies by combining and drawing upon the vast experience and expertise of our agents, who are among the leaders in

their respective industries. Within our sports representation business, we are engaged in talent representation, financial advisory services, consulting services, marketing and client endorsements and sponsorship sales.

Our sports representation business specializes in the negotiation of professional sports contracts and endorsement contracts for clients. Our clients have endorsed numerous products, both domestically and internationally, for many high profile companies. The amount of endorsement and other revenues that our clients generate is a function of, among other things, the clients' professional performances and public appeal.

The term of client representation agreements vary by sport, but on average are for a period of three years with automatic renewal options. In addition, we are generally entitled to the revenue streams generated during the remaining term of any contract we negotiate even if our representation agreement expires or is terminated. The sports representation business primarily earns revenue ratably over the year or contract life.

As of September 30, 2005, we had approximately 600 clients, including Tracy McGrady (basketball), David Ortiz (baseball), Tom Lehman (golf), Andy Roddick (tennis), Roy E. Williams (football) and Steven Gerrard (soccer).

Other live entertainment events. We also promote and produce other live entertainment events, including family shows, such as *Dora the Explorer* and *Blue's Clues,* as well as museum and other exhibitions, such as *Saint Peter and The Vatican: The Legacy of the Popes.* In addition, we produce and distribute television shows and DVDs, including programs such as *A&E Biographies: Rod Stewart* and HBO Sports' *The Curse of the Bambino.*

For the year ended December 31, 2004, our businesses included under "Other" represented approximately $291.1 million, or 11%, of our total revenues.

Our Strategy

Our goal is to increase stockholder value by maximizing our cash flow from operations. To accomplish this goal, we are pursuing the following key strategies:

- *Maximize efficiencies of owning and operating a leading distribution network of live entertainment venues.* We seek to increase the utilization of our owned or operated venues in order to increase attendance and revenue streams associated with live entertainment events.
- *Secure, promote and produce compelling live entertainment events.* We seek to attract large audiences by securing compelling live entertainment events. We believe we have an established reputation for high standards of performance and extensive knowledge of the live entertainment industry. We use our industry relationships and experience to attract popular established artists and events, while also using our local presence to identify and develop new artists and events. We also make selective investments in content, such as Broadway and West End theatrical performances, to secure touring or other distribution rights.

- *Use venues, live events and cutomers to develop and maintain relationships with sponsorship and marketing partners.* We seek to use our live events and captive audience to provide differentiated marketing solutions to advertisers. We believe our extensive geographic network of events and venues and a wide range of audience demographics allow us to provide both broad and targeted advertising opportunities. In addition, we seek to sell directly to our customers an expanded line of products and services such as premium seat packages and merchandise related to live entertainment events.

- *Selectively pursue investment and acquisition opportunities.* We intend to pursue investments and acquisitions that enhance our business and where the returns and growth potential are consistent with our long-term goal of increasing stockholder value. We believe that significant opportunities exist both in the U.S. and foreign markets, and that such expansion will create additional outlets and cross-over opportunities for performers and events between these markets. However, our ability to make acquisitions in the near term may be constrained by the limitations imposed by our financing documents, market conditions and the tax matters agreement.

Competition

Competition in the live entertainment industry is intense. We compete primarily on the basis of our ability to deliver quality entertainment products and enhanced fan experiences from music concerts, touring theatrical performances and specialized motor sports events, including:

- quality of service delivered to our clients;

- track record in promoting and producing live entertainment events and tours both in the U.S. and internationally;

- track record in negotiating favorable terms of professional sports contracts and endorsement contracts for clients;

- scope and effectiveness of our expertise of marketing and sponsorship programs; and

- financial stability.

Although we believe that our entertainment products and services currently compete favorably with respect to such factors, we cannot provide any assurance that we can maintain our competitive position against current and potential competitors after the spin-off, especially those with significantly greater brand recognition, financial, marketing, service, support, technical and other resources.

Global Music. In the markets in which we promote musical concerts, we face competition from promoters, as well as from certain artists that promote their own concerts. We believe that barriers to entry into the promotion services business are low and that certain local promoters are increasingly expanding the geographic scope of their operations. In markets where we own or operate a venue, we compete with other venues to serve artists likely to perform in that general region. In markets where we do not own or operate venues, we compete with other venues for popular tours. Consequently, touring artists have significant alternatives to our venues in scheduling tours.

Our main competitors in the North American live music industry include AEG Live and House of Blues Entertainment, in addition to numerous smaller regional companies in the U.S. and Europe. Also, Clear Channel Communications' radio business conducts concert events from time to time and such events may compete with us. Some of our competitors in the live music industry have a stronger presence in certain markets, and have access to other sports and entertainment assets, as well as greater financial resources and brand recognition, which may enable them to gain a greater competitive advantage in relation to us following the spin-off.

Global Theater. We compete with other presenters to obtain presentation arrangements with venues and performing arts organizations in various markets, including markets with more than one venue suitable for presenting a touring or other theatrical show. We compete with other New York and London-based production companies for the rights to produce particular shows. As a producer of Broadway and London

shows, we compete with producers of other theatrical performances for box office sales, talent and theater space. As the producer of a touring show, we compete with producers of other touring or other theatrical performances to book the production in desirable presentation markets.

Our main competitors in the global theatrical industry include Nederlander Producing Company of America, Mirvish Productions, The Shubert Organization, The Walt Disney Company and Jujamcyn Theaters. Some of our competitors in the theatrical industry operate more theaters and have more Broadway show interests than we do in New York City, from which most North American theatrical touring productions originate. In addition, these competitors may have significantly greater brand recognition and greater financial and other resources than we will following the spin-off, which could enable them to strengthen their competitive positions against us.

Other. Our main competitors in the specialized motor sports industry are primarily smaller regional promoters. On a broader level, we compete against other outdoor motor sports such as NASCAR and IRL in the U.S. Some of our competitors in the specialized motor sports industry, such as NASCAR, enjoy stronger brand recognition and larger revenues in the motor sports industry than we do and, following the spin-off, may have greater financial and other resources enabling them to gain a greater competitive advantage in relation to us.

Our primary competition in sports representation includes numerous agencies such as IMG, Octagon and Gaylord, as well as regional agencies and individual agents. Some of our competitors in the sports representation industry have stronger international presence than we do in the sports representation business, as well as larger television sports programming and distribution capabilities.

Government Regulations

We are subject to federal, state and local laws both domestically and internationally governing matters such as construction, renovation and operation of our venues as well as:

- licensing and permitting;
- human health, safety and sanitation requirements;
- the service of food and alcoholic beverages;
- working conditions, labor, minimum wage and hour, citizenship, and employment laws;
- compliance with The Americans with Disabilities Act of 1990;
- sales and other taxes and withholding of taxes;
- historic landmark rules; and
- environmental protection.

We believe that our venues are in material compliance with these laws. The regulations relating to our food and support service in our venues are many and complex. A variety of regulations at various governmental levels relating to the handling, preparation and serving of food (including in some cases requirements relating to the temperature of food), the cleanliness of food production facilities, and the hygiene of food-handling personnel are enforced primarily at the local public health department level.

We also must comply with applicable licensing laws, as well as state and local service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to certain persons such as an individual who is intoxicated or a minor. If we violate dram shop laws, we may be liable to third parties for the acts of the patron. Although we generally hire outside vendors to provide these services at our operated venues and regularly sponsor training programs designed to minimize the likelihood of such a situation, we cannot guarantee that intoxicated or minor patrons will not be served or that liability for their acts will not be imposed on us.

We are also required to comply with The Americans with Disabilities Act of 1990, or the ADA, and certain state statutes and local ordinances, among other things, require that places of public accommodation, including both existing and newly constructed theaters, be accessible to customers with disabilities. The ADA requires that theaters be constructed to permit persons with disabilities full use of a live entertainment venue. The ADA may also require that certain modifications be made to existing theaters in order to make them accessible to patrons and employees who are disabled. In order to comply with the ADA, we may face substantial capital expenditures in the future.

From time to time, state and federal governmental bodies have proposed legislation that could have an affect on our business. For example, some legislatures have proposed laws in the past that would impose strict liability on us and other promoters and producers of live entertainment events for incidents that occur at our events.

In addition, we and our venues are subject to extensive environmental laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances, as well as zoning and noise level restrictions which may affect, among other things, the hours of operations of our venues.

Properties and Facilities

We own or operate or lease 75 venues and 46 facilities throughout North America and 42 venues and 22 facilities internationally, as of September 30, 2005. We believe our venues and facilities are generally well maintained and in good operating condition and have adequate capacity to meet our current business needs. Our corporate headquarters for our domestic operations is located in Beverly Hills, California and includes a substantial portion of our executive and operations management staff; the headquarters of our international operations is in New York, New York.

Our leases are for varying terms ranging from monthly to yearly. These leases can be for terms of three to ten years for our office leases and 15 to 25 years for our venue leases, and many provide for renewal options. There is no significant concentration of venues under any one lease or subject to negotiation with any one landlord. We believe that an important part of our management activity is to negotiate suitable lease renewals and extensions.

Employees

At September 30, 2005, we had approximately 3,300 full-time employees, including 2,000 domestic and 1,300 international employees, of which approximately 3,200 were employed in our operations departments and approximately 100 were employed in our corporate area. We expect to hire additional employees in our corporate area as we transition to providing services that were previously provided to us by Clear Channel Communications. However, due to the current reorganization, we expect to reduce total head count by approximately 300 by the end of 2005.

Our staffing needs vary significantly throughout the year. Therefore, we also, from time to time, employ part-time or seasonal employees. At September 30, 2005, we employed approximately 11,300 seasonal part-time employees and during peak seasonal periods, particularly in the summer months, we have employed as many 15,900 part-time employees. The stagehands at some of our venues, and the actors, musicians and others involved in some of our business operations are subject to collective bargaining agreements. Our union agreements typically have a term of three years and thus regularly expire and require negotiation in the course of our business. We believe that we enjoy good relations with our employees and other unionized labor involved in our events, and there have been no significant work stoppages in the past three years. Upon the expiration of any of our collective bargaining agreements, however, we may be unable to negotiate new collective bargaining agreements on terms favorable to us, and our business operations at one or more of our facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating our collective bargaining agreements. A work stoppage at one or more of our owned or operated venues or at our produced or presented events could have a material adverse effect on our business, results of operations and financial condition. We cannot

predict the effect that new collective bargaining agreements will have on our expenses or that caps on agents' fees will have on the revenues and operating income of our sports representation business.

Legal Proceedings

At the United States House Judiciary Committee hearing on July 24, 2003, an Assistant United States Attorney General announced that the Department of Justice, or DOJ, is pursuing an antitrust inquiry concerning whether Clear Channel Communications, or Clear Channel, and its subsidiaries, including us, have tied radio airplay or the use of certain concert venues to the use of our concert promotion services, in violation of antitrust laws. We are cooperating with DOJ requests.

We initiated a lawsuit in July 2003 in the State Court of Santa Clara County, California against the City of Mountain View and Shoreline Regional Park Community, seeking declaratory judgment, specific performance and injunctive relief and remedies for breach of contract, inverse condemnation and indemnification as a result of the defendants' failure to provide parking lots and calculate rent payments in accordance with our lease agreement with the defendants. The defendants in that suit have counterclaimed against us seeking accounting and declaratory judgment and alleging theft, conversion, false claims, breach of contract, and racketeering relating to our payments under the lease agreement. An accounting firm engaged by the city issued a report dated August 30, 2005, in which the firm asserted that we owe the defendants $3,627,658, excluding interest, for rent payments for the period 1999-2004. On September 2, 2005, the defendants issued a Notice of Default and Demand for Cure to us, demanding the payment of these amounts and certain other non-monetary demands. The defendants agreed to accept bond in lieu of cash for satisfaction of its demand, which bond we filed with the court on October 11, 2005 as a cure under protest, pending the outcome of the litigation. Trial has been set for February 2006.

We are among the defendants in a lawsuit filed September 3, 2002 by JamSports in the United States Federal District Court for the Northern District of Illinois. The plaintiff alleged that we violated federal antitrust laws and wrongfully interfered with plaintiff's business and contractual rights. On March 21, 2005, the jury rendered its verdict finding that we had not violated the antitrust laws, but had tortiously interfered with a contract which the plaintiff had entered into with co-defendant AMA Pro Racing and with the plaintiff's prospective economic advantage. In connection with the findings regarding tortious interference, the jury awarded to the plaintiff approximately $17.0 million in lost profits and $73.0 million in punitive damages. In April, 2005, we filed a Renewed Motion for Judgment as a Matter of Law and Motion For a New Trial, to seek a judgment notwithstanding the verdict or a new trial from the U.S. District Court that tried the case. On August 15, 2005, the District Court granted that motion in part, granting judgment in favor of the Clear Channel defendants on the plaintiff's claim for tortious interference with prospective economic advantage and granting the Clear Channel defendants a new trial with respect to the issue of damages on the plaintiff's claim for tortious interference with contract. The District Court has set a new date for this trial, on February 6, 2006. We are vigorously defending this remaining claim.

We are a defendant in a lawsuit filed by Melinda Heerwagen on June 13, 2002 in the U.S. District Court for the Southern District of New York. The plaintiff, on behalf of a putative class consisting of certain concert ticket purchasers, alleges that anti-competitive practices for concert promotion services by us nationwide caused artificially high ticket prices. On August 11, 2003, the Court ruled in our favor, denying the plaintiff's class certification motion. The plaintiff has appealed this decision to the U.S. Court of Appeals for the Second Circuit, and oral argument was held on November 3, 2004. A decision has not yet been issued.

We are aware of putative class actions filed by different named plaintiffs in U.S. District Court in Philadelphia, Miami, Los Angeles and Chicago: *Cooperberg v. Clear Channel Communications, Inc., et al.,* Civ. No. 2:05-cv-04492 (E.D. Pa.), *Diaz v. Clear Channel Communications, Inc., et al.,* Civ. No. 05-cv-22413 (S.D. Fla.), *Thompson v. Clear Channel Communications, Inc.,* Civ. No. 2:05-cv-6704 (C.D. Cal.), and *Bhatia v. Clear Channel Communications, Inc., et al.,* Civ. No. 1:05-cv-05612 (N.D. Ill.). The claims made in these actions are substantially similar to the claims made in the *Heerwagen* action, except that

the geographic markets alleged are local in nature and the members of the putative classes are limited to individuals who purchased tickets to concerts in the relevant geographic markets alleged. Clear Channel has been served in two of these actions. We are seeking an extension of the answer dates until after the Court of Appeals rules.

We are among the defendants in a lawsuit by Keith Beccia on July 10, 2002 and pending in the Morris County Superior Court in New Jersey. Plaintiff alleges tortious interference with a contract, plus claims for breach of contract, breach of covenant of good faith and fair dealing and unfair competition, and interference with prospective economic advantage. On November 17, 2003, plaintiff filed a statement of damages asserting that his estimated compensatory damages are $3.94 million exclusive of losses for salary increases, value of benefits, and lost profits associated with the contract at issue. Plaintiff is also seeking unliquidated punitive damages. A trial date has been set for February 6, 2006, and we intend to vigorously defend all claims.

We are a defendant in an arbitration proceeding brought by Eric Nederlander and Louis Raizin before the American Arbitration Association, New York, New York in March 2004 in which the claimants allege that they are entitled to certain earn-out payments pursuant to a purchase agreement in connection with the construction and operation of an amphitheater owned by us. Claimants have not provided an estimate of the value of their damages. We have counterclaimed, alleging breach of contract and bad faith. The parties have conducted settlement negotiations and such negotiations are expected to continue.

From time to time, we are involved in other legal proceedings arising in the ordinary course of our business, including proceedings and claims based upon violations of antitrust laws and tortious interference, which could cause us to incur significant expenses. We also have been the subject of personal injury and wrongful death claims relating to accidents at our venues in connection with our operations. Under our agreements with Clear Channel Communications, we have assumed and will indemnify Clear Channel Communications for liabilities related to our business.

MANAGEMENT

Executive Officers, Directors, and Significant Employees

Set forth below are the names and ages and current positions of our executive officers, current and proposed directors and significant employees as of the distribution date. Immediately prior to the distribution, we expect to appoint Henry Cisneros, Jeffrey T. Hinson, Connie McCombs McNab, John N. Simons, Jr., Timothy P. Sullivan and Michael Rapino as additional directors to our board of directors. Each director will serve for a term expiring at the annual meeting of stockholders in the year indicated below. See "— Composition of the Board of Directors" below.

Name	Age	Position	Term as Director
Henry Cisneros	57	Proposed Director	Expires 2009
Jeffrey T. Hinson	60	Proposed Director	Expires 2008
Connie McCombs McNab	50	Proposed Director	Expires 2009
L. Lowry Mays	70	Director	Expires 2007
Mark P. Mays	42	Director	Expires 2008
Randall T. Mays	40	Chairman of the Board of Directors	Expires 2009
John N. Simons, Jr.	45	Proposed Director	Expires 2007
Timothy P. Sullivan	42	Proposed Director	Expires 2008
Michael Rapino	40	Chief Executive Officer and Proposed Director	Expires 2007
Alan Ridgeway	38	Chief Financial Officer	
Bruce Eskowitz	47	President — Global Venues/ Sponsorship	
Arthur Fogel	51	Chairman — Global Music	
Thomas O. Johansson	57	Chairman — International Music	
David I. Lane	44	Chairman — Global Theatre and Chief Executive Officer — European Theatre	
Carl B. Pernow	44	President — International Music	
Charles S. Walker	34	President — North American Live Music	
Steve K. Winton	44	Chief Executive Officer — North American Theater	

In late 2004 and 2005, we reorganized our entertainment management, and the former chief executive officer, chief financial officer, general counsel and two co-heads of music are no longer with the company or have different responsibilities.

Henry Cisneros has been nominated to serve on our board of directors. Mr. Cisneros has been the Chairman of American CityVista and City View since August 2000. From January 1997 to August 2000, Mr. Cisneros was the President of Univision Communications. Prior thereto, Mr. Cisneros served as the secretary of the U.S. Department of Housing and Urban Development and was a four-term Mayor of San Antonio, Texas.

Jeffrey T. Hinson has been nominated to serve on our board of directors. From July 2005 to December 2005, he was a consultant to Univision Communications Inc., a Spanish language media company in the United States. Mr. Hinson served as Executive Vice President and Chief Financial Officer of Univision Communications from March 2004 to June 2005. He served as Senior Vice President and Chief Financial Officer of Univision Radio, the radio division of Univision Communications, from September 2003 to March 2004. From 1997 to 2003, Mr. Hinson served as Senior Vice President and Chief Financial Officer of Hispanic Broadcasting Corporation, which was acquired by Univision Communications in 2003 and became the radio division of Univision Communications.

Connie McCombs McNab has been nominated to serve on our board of directors. Ms. McCombs McNab served as Chair of the Board of Trustees for Saint Luke's Episcopal School from 2000 to 2002 and has served as a Board member for Saint Luke's Episcopal School since 1997. She has served as a Board member of Saint Mary's Hall since 2001 and has served on the Board of the McNay Art Institute since 2004. Ms. McNab is the daughter of Red McCombs, the co-founder of Clear Channel Communications, and serves as an officer on the McCombs Foundation.

L. Lowry Mays has served as a member of our board of directors since our formation. Mr. Mays is the Chairman of the Board of Clear Channel Communications, Inc., which he founded in 1972, and prior to October 2004 he was that company's Chief Executive Officer. Mr. Mays has been a member of Clear Channel Communications' board of directors since its inception, and has served on the board of Clear Channel Outdoor Holdings, Inc. since 1997. Mr. Mays is the father of Mark P. Mays and Randall T. Mays, both of whom are members of our board of directors.

Mark P. Mays has served as a member of our board of directors since our formation. Mr. Mark Mays is President and Chief Executive Officer of Clear Channel Communications and has served on the board of directors of Clear Channel Communications since May 1998. Prior thereto, he served as the Interim Chief Executive Officer and President and Chief Operating Officer of Clear Channel Communications from May 2004 to October 2004 and as the President and Chief Operating Officer of Clear Channel Communications for the remainder of the relevant five-year period. Since 1997, Mr. Mays has served on the board of Clear Channel Outdoor Holdings, Inc. Mr. Mark Mays is the son of L. Lowry Mays, Clear Channel Communications' Chairman and one of our board members, and the brother of Randall T. Mays, Clear Channel Communications' Executive Vice President and Chief Financial Officer and one member of our board of directors. Mr. Mark Mays is also a member of the board of directors of Clear Media Limited.

Randall T. Mays is our Chairman of the Board and during August 2005 he served as our Interim Chief Executive Officer. He also serves as the Executive Vice President and Chief Financial Officer of Clear Channel Communications. He has served as a member of our board of directors since our formation, has served on the board of directors of Clear Channel Communications since April 1999, and has served on the board of Clear Channel Outdoor Holdings, Inc. since 1997. Mr. Randall Mays is the son of L. Lowry Mays, Clear Channel Communications, Inc.'s Chairman and one of our board members, and the brother of Mark P. Mays, Clear Channel Communications' President and Chief Executive Officer and Chairman of our board of directors.

John N. Simons, Jr. has been nominated to serve on our board of directors. From 2002 to 2005, he served as President and Chief Executive Officer of Swift & Company. Mr. Simons served as President and Chief Operating Officer of ConAgra Red Meats, Inc. from 1999 to 2002.

Timothy P. Sullivan has been nominated to serve on our board of directors. Mr. Sullivan has been the Chief Executive Officer of My Family.com, Inc. since September 2005 and is the Chief Executive Officer of Group Publisher, Inc., a company he founded in July 2005. From February 2001 to September 2004, Mr. Sullivan was the Chief Executive Officer of Match.com. Prior to joining Match.com, Sullivan served as vice president of e-commerce for Ticketmaster's predecessor, Ticketmaster Online-Citysearch, Inc.

Michael Rapino is our Chief Executive Officer and has served in this capacity with Clear Channel Entertainment since August 2005. He has also been nominated to serve on our board of directors. From August 2004 to August 2005, Mr. Rapino was CEO and President of our Global Music division. From July 2003 to July 2004, Mr. Rapino served as CEO and President of our International Music division. From July 2001 to 2003, Mr. Rapino served as CEO of our European Music division. Prior to July 2001, Mr. Rapino was an executive in our marketing services group.

Alan Ridgeway is our Chief Financial Officer and has served in this capacity with Clear Channel Entertainment since September 2005. Prior to that, Mr. Ridgeway served as President of our European Music division. From October 2003 to 2004, Mr. Ridgeway was Chief Operating Officer of the European Music division. Mr. Ridgeway served as Chief Financial Officer for the European Music division from

January 2002 to October 2003. For the balance of the relevant period, he was Finance Director for Hertz Rent-A-Car's French operation.

Bruce Eskowitz is the President of our Global Venues/ Sponsorship division and has served in this capacity with Clear Channel Entertainment since 2005. Prior to that, he served as President and Chief Executive Officer of our Properties division from 2004 to 2005. Prior to 2004 and for the remainder of the relevant period, Mr. Eskowitz was President of our National Sales and Marketing division.

Arthur Fogel is the Chairman of our Global Music division and has served in this capacity with Clear Channel Entertainment since 2005. Prior to that, Mr. Fogel served as President of our Music Touring division since 1999.

Thomas O. Johansson is the Chairman of our International Music division and has served in this capacity with Clear Channel Entertainment since September 2004. Prior to that, Mr. Johansson served as the Chief Executive Officer of our subsidiary Ema Telstar Group, a company he founded in April 1969 and which we acquired in 1999.

David I. Lane is the Chairman of our Global Theatre division and Chief Executive Officer of our European Theatre division and has served in these capacities with Clear Channel Entertainment since 2005 and 2001, respectively. Prior to 2001, he served as Managing Director of our UK Theatre division.

Carl B. Pernow is the President of our International Music division and has served in this capacity with Clear Channel Entertainment since September 2005. From 2004 to September 2005 he served as the Chief Financial Officer for our European Music division. From 1995 to 2004, he served as the Chief Financial Officer for our EMA Telstar Group, Nordic division, which the company acquired in 1999.

Charles S. Walker is the President of our North American Live Music division and has served in this capacity with Clear Channel Entertainment since 2005. Prior to that, Mr. Walker served as the Chief Operating Officer for our North American Live Music division. From 2000 to 2002, 2002 to 2003, and 2003 to 2004 he served as a Senior Vice President of the Southwest, Northeast and West regions of Clear Channel Entertainment's North American Live Music division, respectively, and in 2000 he was a General Manager in our North American Live Music division. For the balance of the relevant period, Mr. Walker served in various capacities with our PACE Concerts division.

Steven K. Winton is the Chief Executive Officer of our North American Theater division and has served in this capacity with Clear Channel Entertainment since May 2005. Prior to that, from January through March, 2005, Mr. Winton was President and COO of the Naples Philharmonic Center in Naples Florida. In 2004, Mr. Winton served as the President of our North American Theater division. Prior to that, Mr. Winton was the Chief Operating Officer of our European Theater division from 2002 to 2003. For the balance of the relevant period, Mr. Winton was an Executive Vice President of our European Theatre division.

Composition of the Board of Directors

Prior to the completion of the distribution, we intend to restructure our board of directors. Our board of directors will consist of nine directors. We intend to appoint six additional directors immediately prior to the completion of the distribution, each of whom has consented to so serve. We anticipate that , and will be independent as determined by our board of directors under the applicable securities law requirements and listing standards.

Concurrent with the completion of the spin-off, our directors will be divided into three classes serving staggered three year terms. At each annual meeting of our stockholders, directors will be elected to succeed the class of directors whose terms have expired. Class I directors' terms will expire at the 2007 annual meeting of our stockholders, Class II directors' terms will expire at the 2008 annual meeting of our stockholders and Class III directors' terms will expire at the 2009 annual meeting of our stockholders, and L. Lowry Mays, John N. Simons, Jr. and Michael Rapino initially will be our Class I directors, Jeffrey T. Hinson, Mark P. Mays and Timothy P. Sullivan initially will be our Class II directors and Henry Cisneros,

Connie McCombs McNab and Randall T. Mays will initially be our Class III directors. Our classified board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of our board. Generally, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of the board of directors.

Committees of the Board of Directors after Distribution

The standing committees of our board of directors will be an audit committee, nominating and governance committee and compensation committee, each of which is described below.

Audit Committee

The three independent (as defined in the NYSE listing standards) audit committee members will be , who will serve as the chairman, and . We anticipate that will be designated by our board of directors as the audit committee financial expert (as defined in the applicable regulations of the Securities and Exchange Commission). The audit committee will operate under a written charter adopted by the board of directors which reflects standards set forth in SEC regulations and NYSE rules. The composition and responsibilities of the audit committee and the attributes of its members, as reflected in the charter, are intended to be in accordance with applicable requirements for corporate audit committees. The charter will be reviewed, and amended if necessary, on an annual basis. The full text of the audit committee's charter can be found on our website at www. .com or may be obtained upon request from our Secretary.

As set forth in more detail in the charter, the audit committee's purpose is to assist the board of directors in its general oversight of CCE Spinco's financial reporting, internal control and audit functions. Clear Channel Communications' internal audit department will document, test and evaluate our internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The responsibilities of the audit committee will include:

- recommending the hiring or termination of the independent registered public accounting firm and approving any non-audit work performed by such firm;
- approving the overall scope of the audit;
- assisting our board of directors in monitoring the integrity of our financial statements, the independent registered public accounting firm's qualifications and independence, the performance of the independent registered public accounting firm and our internal audit function and our compliance with legal and regulatory requirements;
- annually reviewing our independent registered public accounting firm's report describing the independent registered public accounting firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the firm;
- discussing the annual audited financial and quarterly statements with our management and the independent registered public accounting firm;
- discussing earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- discussing policies with respect to risk assessment and risk management;
- meeting separately, periodically, with management, internal auditors and the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- setting clear hiring policies for employees or former employees of the independent auditors;
- annually reviewing the adequacy of the audit committee's written charter;

- reviewing with management any legal matters that may have a material impact on us; and
- reporting regularly to our full board of directors.

Nominating and Governance Committee

The nominating and governance committee members will be , who will serve as chairman, , and . The nominating and governance committee will operate under a written charter adopted by the board of directors. The committee will be primarily responsible for assembling, reviewing background information for and recommending candidates for our board of directors, including those candidates designated by our stockholders. The committee will also make recommendations to our board of directors regarding the structure and membership of the other board committees, annually review director compensation and benefits and oversee annual self-evaluations of our board of directors and committees.

Compensation Committee

The compensation committee members will be , who will serve as chairman, , and . The compensation committee will operate under a written charter adopted by the board of directors. The committee will be primarily responsible for administering CCE Spinco's incentive stock plan, performance-based annual incentive compensation plan and other incentive compensation plans. Also, the committee will determine compensation arrangements for all of our executive officers and will make recommendations to the board of directors concerning compensation policies for us and our subsidiaries.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

Other than Randall T. Mays, who serves as an executive officer and member of the board of directors of Clear Channel Communications, none of our executive officers serve as a member of the compensation committee or as a member of the board of directors of any other company of which any member of our compensation committee or board of directors is an executive officer.

Code of Business Conduct and Ethics

We adopted a Code of Business Conduct and Ethics applicable to all of our directors and employees, including our chief executive officer and chief financial officer, which is a "code of ethics" as defined by applicable SEC rules. This code is publicly available on our website at www._____.com or may be obtained upon request from our Secretary. If we make any amendments to this code, other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from any provisions of this code that apply to our chief executive officer and chief financial officer and relate to an element of the SEC's "code of ethics" definition, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website or in a report on Form 8-K filed with the SEC.

Director Compensation

We do not currently pay any compensation to any of our directors. In conjunction with this distribution, we will be adding independent directors to our board of directors and plan to pay our non-employee directors an annual cash retainer of $. We may also grant stock options and/or other stock-based awards to our non-employee directors, and non-employee directors may be permitted to elect to receive their fees in the form of shares of our common stock. We plan to pay the chairpersons of the audit committee, compensation committee and nominating and governance committee an additional annual cash retainer.

Executive Compensation

CCE Spinco. Inc. was formed on August 2, 2005. The following table sets forth compensation information for our chief executive officer and our other four most highly compensated executive officers, based on employment with Clear Channel Communications, as determined by reference to total annual salary and bonus during 2004, who will become our executive officers. All of the information included in this table reflects compensation earned by the individuals for services with Clear Channel Communications. We refer to these individuals as our "named executive officers" elsewhere in this information statement. Certain of the four most highly compensated executive officers in 2004 are no longer with the newly formed company in those capacities.

Summary Compensation Table

	Annual Compensation			Long-Term Compensation			
				Awards		Payouts	
Name and Principal Position	Salary ($)	Bonus ($)	Other Annual Compensation ($) (1)	Restricted Stock Award(s) ($)	Options (#)	LTIP Payouts ($)	All Other Compensation ($)
Michael Rapino Chief Executive Officer	467,411	200,000	—	123,793(2)	—	—	—
David Ian Lane (3) Chairman — Global Theatrical	641,480	387,249	—	—	6,900	—	122,798(4)
Brian Becker* Former Chief Executive Officer	516,561	—	—	—	60,000	—	5,125(5)
Miles Wilkin* Former Chief Operating Officer	482,464	400,000	—	—	16,000	—	5,125(5)
Dale Head* Former Executive Vice-President and General Counsel	407,037	136,810	—	—	13,700	—	5,125(5)

* No longer serves in this capacity with the newly formed company.

(1) Perquisites that are less than $50,000 in the aggregate for any named executive officer are not disclosed in the table in accordance with SEC rules.

(2) Mr. Rapino received an award of 2,780 shares of restricted stock on February 19, 2004. The restricted stock had a fair market value of $93,102 as of December 31, 2004. The restriction will lapse on 695 shares on February 19, 2007, 695 shares on February 19, 2008, and the remaining 1,390 shares on February 19, 2009. Mr. Rapino will receive all cash dividends declared and paid during the vesting period. See "— CCE Stock Incentive Plan — Forms of Award — Restricted Stock and Deferred Stock Awards."

(3) Mr. Lane is a citizen of the United Kingdom. The compensation amounts reported in this table have been converted from British pounds to U.S. dollars using the average annual exchange rates for the year.

(4) Represents $58,650 in contracted payment to Mr. Lane in lieu of a company automobile. The remaining $64,148 represents the amount of contributions paid by Clear Channel Communications to Mr. Lane's pension plan.

(5) Represents the amount of matching contributions paid by Clear Channel Communications under its 401(k) Plan.

Stock Options

The following table sets forth certain information regarding stock options to acquire shares of Clear Channel Communications' common stock granted to our named executive officers in 2004. The options are subject to the terms of the Clear Channel Communications 2001 Stock Incentive Plan. At the time of the distribution, we will have in place our own stock incentive plan. We expect to make stock option and/or other stock-based awards under our new stock incentive plan at or shortly after the time of the spin-off. However, the number of shares covered by the initial awards and details relating to individual awards have not yet been determined. The effect of the spin-off on the Clear Channel Communications stock options held by our employees who separate from Clear Channel Communications is described below under the heading "— Employee Benefit Plans."

Stock Option Grant Table

	Individual Grants				
Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise of Base Price ($/Sh)	Expiration Date	Grant Date Present Value $ (1)
Michael Rapino Chief Executive Officer	—	—	—	—	—
David Ian Lane Chairman — Global Theatrical	6,900	*	44.53	2/19/09	104,190
Brian Becker** Former Chief Executive Officer	60,000	1.30%	44.53	2/19/09	906,000
Miles Wilkin** Former Chief Operating Officer	16,000	0.03%	44.53	2/19/09	241,600
Dale Head** Former Executive Vice-President and General Counsel	13,700	0.03%	44.53	2/19/09	206,870

* Percentage of securities granted to such person is less than 0.01%.

** No longer serves in this capacity with the newly formed company.

(1) Present value for this option was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk-free of 2.21%, a dividend yield of .90%, a volatility factor of the expected market price of Clear Channel Communications' common stock of 50% and the expected life of 3 years. The present value of stock options granted is based on a theoretical option-pricing model. In actuality, because Clear Channel Communications' employee stock options are not traded on an exchange, optionees can receive no value nor derive any benefit from holding stock options under these plans without an increase in the market price of Clear Channel Communications stock. Such an increase in stock price would benefit all stockholders commensurately.

Exercise of Stock Options

The following table discloses information regarding the exercise of stock options to acquire shares of Clear Channel Communications' common stock by our named executive officers in 2004 and the value of unexercised stock options held by the named executive officers.

Aggregated Option Exercises and Fiscal Year-End Option Value Table

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End ($) Exercisable/Unexercisable
Michael Rapino Chief Executive Officer	—	—	0/10,000	0/0
David Ian Lane Chairman — Global Theatrical	—	—	6,900/12,500	0/15,975
Brian Becker* Former Chief Executive Officer	—	—	434,160/352,840	720,968/1,273,725
Miles Wilkin* Former Chief Operating Officer	—	—	71,975/63,375	249,872/0
Dale Head* Former Executive Vice-President and General Counsel	—	—	16,450/8,250	0/0

* No longer serves in this capacity with the newly formed company.

Employee Benefit Plans

Upon completion of the distribution, we will have in place an employee matters agreement with Clear Channel Communications covering a number of compensation and benefits matters relating to our employees. See "Our Relationship with Clear Channel Communications After the Distribution — Employee Matters Agreement." The principal features of the employee matters agreement are summarized in this section. In general, we will be responsible for all liabilities and expenses relating to our current and former employees and their covered dependents and beneficiaries.

Our employees currently participate in various Clear Channel Communications incentive compensation, welfare and other employee benefit plans. Our employees' participation in the Clear Channel Communications plans will end at the time of the spin-off, or, in the case of certain plans, at the end of the month in which the spin-off occurs. We currently maintain our own 401(k)plan, which we will continue to maintain after the spin-off. We will also have in effect at the time of the spin-off such other incentive and employee benefit plans (some of which are described below) as we deem necessary or appropriate in order to maintain continuity or otherwise further our best interests.

For 2005, certain of our executive officers and other key employees may be entitled to receive incentive compensation in accordance with the terms of the performance-based awards previously made to them under the Clear Channel Communications, Inc. 2005 Annual Incentive Plan. However, at least as to our named executive officers, we will be responsible for determining the amounts, if any, that are payable under those awards, subject to such adjustments as are deemed appropriate in light of the corporate restructuring being undertaken by Clear Channel Communications. The annual incentive bonuses which may be payable to our named executive officers for 2005 performance will be based on improvement to OIBDAN over 2004 levels. The performance goals and bonus opportunities were fixed in early 2005 in accordance with the Clear Channel Communications' Annual Incentive Plan. The bonus opportunities vary by participant and are not based on a standard formula or other guidelines. We will not make adjustments to the performance goals or bonus opportunities to reflect the spin-off. For 2006, we will have in place our own performance based annual incentive plan for designated executive officers and other key employees. Our plan is described below under the heading "— Our 2006 Annual Incentive Plan."

Some of our employees hold shares of Clear Channel Communications stock in their 401(k) accounts. Following the spin-off, these shares will be held as a wasting asset, in the sense that our employees will be permitted to direct the sale of Clear Channel Communications stock credited to their accounts, but not the purchase of such stock. At some point in the future, it is anticipated that any Clear Channel Communications Stock still held in our 401(k)plan will be sold and the proceeds re-invested. We may add our stock to the list of available investments under our 401(k)plan, but there is no assurance this will occur or continue.

We will assume sole responsibility for payment of deferred compensation owed to our employees under the Clear Channel Communications, Inc. Non-Qualified Deferred Compensation Plan. Clear Channel Communications will cause assets held for the payment of such deferred compensation to be transferred to a trust to be maintained by us, subject to applicable tax law requirements and the terms of our own deferred compensation plan (which will be similar to the Clear Channel Communications Plan).

Some of our employees and other personnel hold stock options and/or shares of Clear Channel Communications restricted stock under the Clear Channel Communications, Inc. 2001 Stock Incentive Plan and certain predecessor stock incentive plans. In connection with the spin-off, adjustments will be made to the outstanding vested Clear Channel Communications options held by our employees in order to preserve both the aggregate intrinsic value of the options (aggregate value of option shares less aggregate exercise price) and the ratio of the option exercise price per share to the value per share covered by the options. However, because the spin-off will result in the termination of our employees' employment with the Clear Channel Communications group of companies, the non-vested Clear Channel Communications options held by our employees will be forfeited at the time of the spin-off, and the vested options (as adjusted) will be forfeited to the extent they are not exercised within the applicable post-employment exercise period provided in their option agreements. Our employees who hold restricted shares of Clear Channel Communications stock at the time of the spin-off will participate in the spin-off distribution of shares of our common stock on the same basis as Clear Channel Communications stockholders generally. Our employees will be fully vested in the shares of our stock they receive in the spin-off distribution with respect to their restricted shares of Clear Channel Communications stock. The restricted shares of Clear Channel Communications stock held by our employees will be forfeited following the spin-off due to the termination of their employment with the Clear Channel Communications group of companies.

After the spin-off, our employees will no longer be eligible for stock awards under the Clear Channel Communications stock incentive plans. However, upon completion of the spin-off, we will have in place our own stock incentive plan under which we will be able to grant options, restricted stock and other awards for our stock. See "— CCE Spinco Stock Incentive Plan" below. We expect to make awards under our new incentive stock plan at the time of or shortly after the spin-off. However, the number of shares covered by the initial awards and details relating to individual awards have not yet been determined.

Our employees who participate in the Clear Channel Communications, Inc. Employee Stock Purchase Plan will be permitted to continue to participate until the spin-off. The plan custodian will distribute to our employees any shares of Clear Channel Communications stock and shares of our stock that remain in their plan accounts more than 90 days after the spin-off. During that 90-day period, our employees will be permitted to direct the sale of the stock credited to their plan accounts (both Clear Channel Communications stock and our stock) and the distribution of the proceeds.

CCE Spinco Stock Incentive Plan

Our board of directors adopted and Clear Channel Communications, as our sole stockholder, approved the CCE Spinco 2005 Stock Incentive Plan. The purpose of the plan is to help us attract, motivate and retain qualified executives and other key personnel. In furtherance of this purpose, the plan authorizes us to grant various forms of incentive awards, including stock options, stock appreciation rights, restricted stock, deferred stock awards and performance-based cash and stock awards. See "— Forms of Award" below.

The plan and certain tax aspects of awards made under the plan are summarized below.

Administration

The plan will be administered by the compensation committee of our board of directors; however, the full board of directors will have sole responsibility and authority for making and administering awards to any of our non-employee directors. Subject to the terms of the plan, the committee has broad authority to select the persons to whom awards will be made, fix the terms and conditions of each award, and construe, interpret and apply the provisions of the plan and of any award made under the plan. The committee may delegate any of its responsibilities and authority to other persons, subject to applicable law. Subject to certain limitations, we will indemnify the members of the committee against claims made and liabilities and expenses incurred in connection with their service under the plan.

Securities Covered by the Plan

We can issue a total of 9,000,000 shares of our common stock under the plan. The following shares are not taken into account in applying these limitations: (a) shares covered by awards that expire or are forfeited, canceled or settled in cash, (b) shares withheld by us for the payment of taxes associated with an award, (c) shares withheld by us for the payment of the exercise price under an award, and (d) previously-owned shares received by us in payment of the exercise price under an award.

Individual Award Limitations

No participant may receive awards in any calendar year covering more than one million shares plus the amount of the participant's unused annual limit as of the close of the preceding calendar year. No participant may receive performance-based cash awards under the plan in any calendar year covering more than $5 million plus the amount of the participant's unused annual limit as of the close of the preceding calendar year.

Eligibility

Awards may be made under the plan to any of our present or future directors, officers, employees, consultants or advisers.

Forms of Award

Stock Options and Stock Appreciation Rights. We may grant stock options that qualify as "incentive stock options" under Section 422 of the Code ("ISOs"), as well as stock options that do not qualify as ISOs. ISOs may not be granted more than ten years after the date the plan is adopted. We may also grant stock appreciation rights ("SARs"). In general, an SAR gives the holder the right to receive the appreciation in value of the shares of Company stock covered by the SAR from the date the SAR is granted to the date the SAR is exercised. The per share exercise price of a stock option and the per share base value of an SAR may not be less than the fair market value per share of common stock on the date the option or SAR is granted. The maximum term of a stock option is ten years. (Different limitations apply to ISOs granted to ten-percent stockholders: the term may not be greater than five years and the exercise price may not be less than 110% of the value of our common stock on the date the option is granted.) The committee may impose such exercise, forfeiture and other conditions and limitations as it

deems appropriate with respect to stock options and SARs. The exercise price under a stock option may be paid in cash or in any other form or manner permitted by the committee, including, without limitation, payment of previously-owned shares of common stock, or payment pursuant to broker-assisted cashless exercise procedures. Methods of exercise and settlement and other terms of SARs will be determined by the committee.

Restricted Stock and Deferred Stock Awards. The plan authorizes the committee to make restricted stock awards, pursuant to which shares of common stock are issued to designated participants subject to transfer restrictions and vesting conditions. In general, if the recipient of a restricted stock award terminates employment before the end of the specified vesting period or if the recipient fails to meet performance or other specified vesting conditions, the restricted shares will be forfeited by the recipient and will revert to us. Subject to such conditions as the committee may impose, the recipient of a restricted stock award may be given the rights to vote and receive dividends on shares covered by the award pending the vesting or forfeiture of the shares.

Deferred stock awards generally consist of the right to receive shares of common stock in the future, subject to such conditions as the committee may impose including, for example, continuing employment or service for a specified period of time or satisfaction of specified performance criteria. Deferred stock awards may be made in a number of different forms, including "stock units" and "restricted stock units." Prior to settlement, deferred stock awards do not carry voting, dividend or other rights associated with stock ownership; however, dividend equivalents may be payable or accrue if the committee so determines.

Other Stock-Based Awards. The plan gives the committee broad discretion to grant other types of equity-based awards, including, for example, dividend equivalent rights, phantom shares and bonus shares, and to provide for settlement in cash and/or shares. The plan also allows non-employee directors to elect to receive their director fees in the form of shares of our common stock in lieu of cash.

Performance-Based Awards. The committee may also grant performance-based awards under the plan. In general, performance awards would provide for the payment of cash and/or shares of common stock upon the achievement of performance objectives established by the committee for a fiscal year or other designated performance period. Performance objectives may be based upon any one or more of the following business criteria: (i) earnings per share, (ii) share price or total shareholder return, (iii) pre-tax profits, (iv) net earnings, (v) return on equity or assets, (vi) revenues, (vii) operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets, and non-cash compensation expense, or OIBDAN, (viii) market share or market penetration, or (ix) any combination of the foregoing. Performance objectives may be based upon the performance of such person or persons as the committee may determine, including an individual or group of individuals, our company on a combined basis, one or more subsidiaries or other affiliates, and one or more divisions or business units. Performance objectives may be expressed in fixed or relative quantitative terms or in other ways, including, for example, targets relative to past performance, or targets compared to the performance of other companies, such as a published or special index or a group of companies selected by the committee for comparison.

Adjustments of Awards

Capital Changes. In the event of material changes to our capital structure, including, for example, a recapitalization, stock split or spin-off, appropriate adjustments will be made to the maximum number of shares and the class of shares or other securities which may be issued under the plan, the maximum number and class of shares which may be covered by awards made to an individual in any calendar year, the number and class of shares or other securities subject to outstanding awards and, where applicable, the exercise price, base value or purchase price under outstanding awards.

Merger and other Transactions. If we enter into a merger or other transaction involving the sale of the company, outstanding options and SARs will either become fully vested and exercisable, or assumed by and converted into options or SARs for shares of the acquiring company. Our board of directors may make similar adjustments to other outstanding awards under the plan and may direct a cashout of any or all outstanding awards based upon the value of the consideration paid for our shares in the merger or other

transaction giving rise to the adjustment of plan awards. Additional or different types of adjustments may be permitted or required under the terms of individual plan awards, as the committee may determine.

No Repricing of Stock Options. Subject to the provisions of the plan regarding adjustments due to a change in capital structure, the committee will have no authority to reprice outstanding options, whether through amendment, cancellation or replacement grants, without approval of our stockholders.

Amendment and Termination of the Plan; Term

Except as may otherwise be required by law or the requirements of any stock exchange or market upon which the common stock may then be listed, our board of directors, acting in its sole discretion and without further action on the part of our stockholders, may amend the plan at any time and from time to time and may terminate the plan at any time.

United States Income Tax Considerations

The grant of a stock option or SAR under the plan is not a taxable event for federal income tax purposes. In general, ordinary income is realized upon the exercise of a stock option (other than an ISO) in an amount equal to the excess of the fair market value on the exercise date of the shares acquired pursuant to the exercise over the option exercise price paid for the shares. The amount of ordinary income realized upon the exercise of an SAR is equal to the excess of the fair market value of the shares covered by the exercise over the SAR base price. We are entitled to a deduction equal to the amount of ordinary income realized by a plan participant upon the exercise of an option or SAR. The tax basis of shares acquired upon the exercise of a stock option (other than an ISO) or SAR is equal to the value of the shares on the date of exercise. Upon a subsequent sale of the shares, capital gain or loss will be realized in an amount equal to the difference between the selling price and the basis of the shares.

No income is realized upon the exercise of an ISO other than for purposes of the alternative minimum tax. Income or loss is realized upon a disposition of shares acquired pursuant to the exercise of an ISO. If the disposition occurs more than one year after the ISO exercise date and more than two years after the ISO grant date, then gain or loss on the disposition, measured by the difference between the selling price and the option exercise price for the shares, will be long-term capital gain or loss. If the disposition occurs within one year of the exercise date or within two years of the grant date, then the gain realized on the disposition will be taxable as ordinary income to the extent such gain is not more than the difference between the value of the shares on the date of exercise and the exercise price, and the balance of the gain, if any, will be capital gain. We are not entitled to a deduction with respect to the exercise of an ISO; however, we are entitled to a deduction corresponding to the ordinary income realized by a participant upon a disposition of shares acquired pursuant to the exercise of an ISO before the satisfaction of the applicable one- and two-year holding period requirements described above.

In general, a participant will realize ordinary income with respect to common stock received pursuant to restricted stock, deferred stock and other non-stock option and non-SAR forms of award at the time the shares become vested in accordance with the terms of the award in an amount equal to the fair market value of the shares at the time they become vested, and we are entitled to a corresponding deduction. A participant may make an “early income election” with respect to the receipt of restricted shares of common stock, in which case the Participant will realize ordinary income on the date the restricted shares are received equal to the difference between the value of the shares on that date and the amount, if any, paid for the shares. In such event, any appreciation in the value of the shares after the date of the award will be taxable as capital gain upon a subsequent disposition of the shares. Our deduction is limited to the amount of ordinary income realized by the participant as a result of the early income election.

Compensation that qualifies as “performance-based” is exempt from the $1 million deductibility limitation imposed by Section 162(m) of the Code. It is contemplated that stock options and SARs granted under the plan with an exercise price or base price at least equal to 100% of fair market value of the underlying stock at the date of grant and certain other plan awards which are conditioned upon achievement of performance goals will be able to qualify for the “performance-based” compensation

exemption, assuming the applicable requirements are satisfied. It is anticipated that the plan will be re-submitted for stockholder approval at or before the annual meeting of our stockholders next following the first anniversary of the spin-off. Such approval would enable us to continue to qualify for an exception to the annual $1.0 million executive compensation deduction limitation of Section 162(m) of the Code with respect to certain awards made under the plan.

The above summary pertains solely to certain U.S. federal income tax consequences associated with awards made under the plan. The summary does not address all federal income tax consequences and it does not address state, local and non-U.S. tax considerations.

Our 2006 Annual Incentive Plan

For 2006, our executive officers and other designated key employees will participate in our own 2006 Annual Incentive Plan, which has been adopted by our board of directors and approved by Clear Channel Communications, in its capacity as our sole stockholder. In general, the plan provides for the payment of annual bonuses tied to the achievement of pre-established performance objectives fixed by the committee. We intend that bonuses under our plan will qualify for the performance-based-compensation exemption from the executive compensation deduction limitations of Section 162(m) of the Code. Toward that end, in order to satisfy regulations issued under section 162(m), we expect to submit our plan for approval at the annual meeting of our stockholders occurring after the first anniversary of the spin-off.

Our annual incentive plan will be administered by the compensation committee of our board of directors. The committee will have the authority to select the executive officers and other key employees to whom awards will be made, to prescribe the performance objectives which must be satisfied pursuant to such awards, and to make the determinations necessary with respect to the administration and payment of such awards. The performance objectives that may be established for awards made under the plan may be based upon any one or more of the following business criteria: revenue growth, operating income (loss) before depreciation, amortization, loss (gain) on sale of operating assets and non-cash compensation expense (“OIBDAN”), OIBDAN growth, funds from operations, funds from operations per share and per share growth, operating income and operating income growth, net earnings, earnings per share and per share growth, return on equity, return on assets, share price performance on an absolute basis and relative to an index, improvements in attainment of expense levels, implementing or completing critical projects, or improvement in cash-flow (before or after tax). Performance objectives may be based upon the performance of such person or persons as the committee may determine, including an individual or group of individuals, our company on a combined basis, one or more subsidiaries or other affiliates, and one or more divisions or business units. Performance objectives may be expressed in fixed or relative quantitative terms or in other ways, including, for example, targets relative to past performance, or targets compared to the performance of other companies, such as a published or special index or a group of companies selected by the committee for comparison. The committee may provide that the amount, if any, of a participant’s annual bonus will be higher or lower, depending upon the extent to which the applicable performance objective is achieved. Performance objectives applicable to a performance period must be established by the committee prior to, or reasonably soon after the beginning of a performance period, but no later than the 90 days from the beginning of the period or, if earlier, the date 25% of the period has elapsed.

Upon certification of the achievement of performance objectives by the committee which entitle a participant to the payment of a performance award, subject to deferral arrangements that may be permitted or required by the committee, the award shall be settled in cash or other property. The maximum performance bonus that may be earned by any participant in any calendar year is limited to $15 million.

The committee is authorized to reduce or eliminate the performance award of any participant, for any reason, including changes in the participant’s position or duties, whether due to termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. To the extent necessary to preserve the intended economic effects of the plan or an award under the plan, the committee is authorized to adjust pre-established performance objectives and/or performance

awards to take into account certain material events, such as a change in corporate capitalization, a corporate transaction, a partial or complete liquidation of our company or any subsidiary, or certain changes in accounting rules; provided that no such adjustment may cause a performance award to fail to be non-deductible under Section 162(m) of the Internal Revenue Code.

Our board of directors or the committee may, at any time or from time to time, amend the plan. Any such amendment may be made without stockholder approval unless such approval is required to maintain the status of the plan under Section 162(m) of the Code. Our board of directors may terminate the plan at any time.

Employment Agreements

Michael Rapino. On August 17, 2005, we entered into an Employment Agreement with Michael Rapino. The initial term of the agreement ends on August 31, 2007; the term automatically extends one day at a time beginning on August 31, 2007, until one party gives the other one year's notice of termination. The contract calls for Mr. Rapino to receive a base salary of $550,000 per year. Mr. Rapino is also eligible to receive a performance bonus as decided at the sole discretion of the compensation committee of our board of directors. Contingent on the closing of the spin-off, we will grant Mr. Rapino options to purchase 120,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the third day after the closing of the spin off. We may terminate Mr. Rapino's employment at any time after August 31, 2007, without "Cause" by giving him one year's written notice. We may also terminate Mr. Rapino's employment at any time with "Cause," as defined in the agreement. If Mr. Rapino is terminated without "Cause," he is entitled to receive a lump sum payment of accrued and unpaid base salary and prorated bonus, if any, and any payments to which he may be entitled under any applicable employee benefit plan. In addition, he would have the option to elect to become a part-time consultant to us for one year, and agree not to compete with us during that time, in exchange for severance pay equal to his base salary and acceleration of certain stock options. Mr. Rapino may also terminate his employment agreement if neither the spin off nor a "Change of Control" of us occurs prior to December 31, 2006, in which case he will be entitled to receive a payment of $1 million in addition to the severance pay described above. In the event that we experience a "Change of Control" (other than in connection with the spin off), all of Mr. Rapino's outstanding stock options will become fully exercisable and any restricted stock will no longer be restricted. If a "Change of Control" occurs prior to the spin off and prior to December 31, 2006, and the successor does not offer Mr. Rapino comparable employment terms, or Mr. Rapino declines to be employed by the successor, Mr. Rapino will be entitled to a payment of $1 million within 30 days of the "Change of Control" transaction, subject to certain conditions. Mr. Rapino is prohibited by his employment agreement from soliciting our employees for employment for 12 months after termination regardless of the reason for termination of employment.

Alan Ridgeway. We have entered into a Contract of Service (Executive Service Agreement) with Alan Ridgeway which was amended on October 1, 2004. Mr. Ridgeway receives a base salary of £200,000 per year (equivalent to approximately $352,500 based on the exchange rate in effect on September 30, 2005), which is subject to an annual 5% increase. Mr. Ridgeway is also eligible to receive a performance bonus based on the achievement of certain annual objectives and EBITDA growth rate. We may terminate the contract by giving six (6) months notice or paying salary in lieu of notice. The contract allows us to summarily terminate the contract for cause. The agreement provides that Mr. Ridgeway may not compete with us in England, Wales or Scotland or solicit our customers or employees or a period of twelve (12) months following the termination.

Arthur Fogel. On December 3, 2002, we entered into a Personal Services Agreement with Arthur Fogel, which was amended on January 20, 2005. The term of the agreement ends on December 31, 2007. The contract calls for Mr. Fogel to receive a base salary of $600,000 per year, subject to cost of living increases. Mr. Fogel is also entitled to certain additional payments aggregating approximately $150,000 during the term of the contract as well as being eligible for performance bonuses based on the signing of certain key and non-key touring performance acts. We advanced $1.5 million of bonus payments to Mr. Fogel when the contract was signed and at a time when he was not an executive officer of Clear

Channel Communications and these amounts were fully repaid as the bonuses were earned. We may terminate Mr. Fogel's employment for "Cause" or "Justification" at any time prior to a "Change of Control." If we terminate Mr. Fogel's employment for "Cause" or he terminates his employment with us without "Good Reason," Mr. Fogel is required to repay the unpaid portion of the bonus advances; if we terminate his employment for "Justification," a pro rata portion of the advances must be repaid. If we terminate Mr. Fogel's employment without "Cause" or "Justification" or he terminates his employment with us for "Good Reason," he is entitled to receive his base salary for an additional 18 months or, if less, until December 31, 2007, provided that he complies with non-solicitation, non-disparagement and non-competition restrictions during the 12 months following termination. Mr. Fogel is prohibited by his employment agreement from soliciting our employees for employment for 12 months after termination regardless of the reason for termination of employment. If Mr. Fogel is terminated by us without "Cause" or "Justification" or he terminates his employment for "Good Reason," then Mr. Fogel is not subject to non-competition restrictions for 12 months after termination.

Thomas O. Johansson. On October 1, 2004, we entered into an Executive Agreement with Thomas Johansson. The contract calls for Mr. Johansson to receive a base salary of SEK 2,900,000 (Swedish kroner) per year and a pension contribution of SEK 400,000 per year (equivalent to approximately $374,500 and $51,654, respectively, based on the exchange rate in effect on September 30, 2005), each of which is subject to an annual 5% increase. Mr. Johansson was also entitled to a sign-on fee of $200,000 and certain performance bonuses based on the EBITDA and growth rates of certain of our European operations. The initial term of the agreement continues until December 31, 2007, and the term will automatically continue after that date until terminated. The agreement may be terminated by either party by giving 12 months written notice. If we terminate the agreement effective prior to December 31, 2007, we must pay Mr. Johansson severance equal to his annual base salary and bonuses subject to offset for other compensation he receives from alternative employment. Mr. Johansson is subject to non-competition and non-solicitation restrictions for two years following the termination of his employment and we must compensate him for these restrictions by paying him 80% of his annual base salary and pension, subject to offset for other compensation he receives from alternative employment and for severance payments. These restrictions on Mr. Johansson will lapse if we or certain of our European operations are sold.

David Ian Lane. On October 5, 2000, we entered into a Service Agreement with David Ian Lane, which was amended in 2005. The agreement expires on December 31, 2010. The contract calls for Mr. Lane to receive a base salary of £350,000 per year (equivalent to approximately $616,850 based on the exchange rate in effect on September 30, 2005). Mr. Lane is also eligible to receive a performance bonus based on EBITDA growth rate and the success of certain productions. We may terminate the contract at any time, without cause, by giving twelve (12) months written notice and we may terminate the contract immediately for cause. The agreement provides that Mr. Lane will not compete with us within the United Kingdom for a period of six (6) months following the termination and that he will not solicit our customers or employees for a period of twelve (12) months following the termination. If Mr. Lane terminates the agreement prior to its expiration, he must repay a pro rata portion of the £500,000 retention bonus previously paid to him (equivalent to approximately $881,213 based on the exchange rate in effect on September 30, 2005). If we terminate the agreement prior to its expiration, Mr. Lane will not be required to repay any portion of this retention bonus. If Mr. Lane terminates the agreement in certain circumstances, we must waive the non-competition provisions of the agreement.

OUR RELATIONSHIP WITH CLEAR CHANNEL COMMUNICATIONS AFTER THE DISTRIBUTION

We have provided below a summary description of the master separation and distribution agreement between Clear Channel Communications and us and the other key agreements that relate to our separation from Clear Channel Communications. This description, which summarizes the material terms of these agreements, is not complete. You should read the full text of these agreements, which have been included as exhibits to the registration statement of which this information statement is a part.

Overview

The master separation and distribution agreement contains many of the key provisions related to our separation from Clear Channel Communications and the distribution of our shares to Clear Channel Communications' common stockholders. The other agreements referenced in the master separation and distribution agreement govern certain aspects relating to the separation and various interim and ongoing relationships between Clear Channel Communications and us following the distribution. These agreements are:

- the tax matters agreement;
- the employee matters agreement;
- the trademark and copyright license agreement; and
- the transition services agreement.

Master Separation and Distribution Agreement

We will enter into a master separation and distribution agreement with Clear Channel Communications prior to the completion of this offering. In this information statement, we refer to this agreement as the Master Agreement. The Master Agreement will set forth our agreements with Clear Channel Communications regarding the principal transactions required to effect the transfer of assets and the assumption of liabilities necessary to separate our company from Clear Channel Communications. It also will set forth other agreements governing our relationship after the separation.

The Transfers

To effect the separation, Clear Channel Communications will, and will cause its affiliates to, transfer to us the assets related to our businesses not currently owned by us. We or our subsidiaries will assume and agree to perform, discharge and fulfill the liabilities related to our businesses (which, in the case of tax liabilities, will be governed by the tax matters agreement described below). If any governmental approval or other consent required to transfer any assets to us or for us to assume any liabilities is not obtained prior to the completion of this offering, we will agree with Clear Channel Communications that such transfer or assumption will be deferred until the necessary approvals or consents are obtained. Clear Channel Communications will continue to hold the assets and be responsible for the liabilities for our benefit and at our expense until the necessary approvals or consents are obtained.

Similarly, we will, and will cause our subsidiaries to, transfer to Clear Channel Communications the assets related to its business currently owned by us. Clear Channel Communications will assume from us, and agree to perform, discharge and fulfill the liabilities related to its business.

Except as expressly set forth in the Master Agreement or in any other transaction document, neither we nor Clear Channel Communications will make any representation or warranty as to:

- the assets, businesses or liabilities transferred or assumed as part of the separation;
- any consents or approvals required in connection with the transfers;
- the value, or freedom from any security interests, of, or any other matter concerning, any assets transferred;

- the absence of any defenses or right of set-off or freedom from counterclaim with respect to any claim or other asset of either us or Clear Channel Communications; or
- the legal sufficiency of any document or instrument delivered to convey title to any asset transferred.

Except as expressly set forth in any transaction document, all assets will be transferred on an "as is," "where is" basis, and we and our subsidiaries will agree to bear the economic and legal risks that any conveyance was insufficient to vest in us good title, free and clear of any security interest, and that any necessary consents or approvals are not obtained or that any requirements of laws or judgments are not complied with.

The Distribution

Overview. The Master Agreement also governs the rights and obligations of Clear Channel Communications and our company regarding the proposed distribution by Clear Channel Communications to its common stockholders of the shares of our common stock held by Clear Channel Communications, which is also referred to in this information statement as the "distribution."

Pre-Distribution Transactions and Conditions to the Distribution. The Master Agreement provides that the distribution is subject to several pre-distribution transactions and conditions that must be satisfied or waived by Clear Channel Communications, in its sole discretion, including, among others discussed in this information statement:

- the SEC has declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, as amended, and no stop order relating to the registration statement is in effect;
- we and Clear Channel Communications have received all permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of foreign jurisdictions in connection with the distribution;
- Clear Channel Communications has received a private letter ruling from the IRS and the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, in each case, to the effect that the spin-off will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code;
- Clear Channel Communications has contributed $383.0 million of our outstanding intercompany note to Clear Channel Communications to our capital and we have repaid the remaining portion of the intercompany note to Clear Channel Communications, prior to or concurrently with the distribution date;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the Master Agreement, is in effect;
- we and Clear Channel Communications have received an opinion that we will be solvent following the distribution and the concurrent transactions described herein;
- the Series A redeemable preferred stock and the Series B redeemable preferred stock described under "The Distribution — Preferred Stock Issuance" have been issued;
- we have entered into the credit agreement in connection with the senior secured credit facility described under "Description of Indebtedness"; and
- we have received any material government approvals and other consents necessary to consummate the distribution.

The fulfillment of the foregoing transactions and conditions will not create any obligations on Clear Channel Communications' part to effect the distribution, and Clear Channel Communications' board of directors has reserved the right to amend, modify or abandon the distribution and the related transactions

at any time prior to the distribution date. Clear Channel Communications' board of directors may, in its sole discretion, also waive any of these conditions.

In addition, Clear Channel Communications has the right not to complete the distribution if, at any time, Clear Channel Communications' board of directors determines, in its sole discretion, that the distribution is not in the best interest of Clear Channel Communications or its stockholders.

If Clear Channel Communications' board of directors decides not to complete the distribution or waives a material condition to the distribution after the date of this information statement, we intend to issue a press release and file a report on Form 8-K with the Securities and Exchange Commission disclosing this waiver.

Pursuant to the Master Agreement, we are required to cooperate with Clear Channel Communications to accomplish the distribution and, at Clear Channel Communications' discretion, to promptly take any and all actions necessary or desirable to effect the distribution.

Intercompany Debt. Prior to the completion of the distribution, Clear Channel Communications will contribute to our capital $383.0 million of the intercompany indebtedness owed by us. Prior to or concurrently with the completion of the distribution, we intend to use the proceeds from borrowings from our term loan under our senior secured credit facility and the $20 million of proceeds from the issuance of the Series A preferred stock of Holdco #2, one of our subsidiaries, to repay the remaining portion of the intercompany note.

Credit Support Releases. We will also agree to use commercially reasonable efforts to cause Clear Channel Communications to be released unconditionally from all credit support obligations that Clear Channel Communications issued for our benefit. If we do not obtain releases for all credit support obligations, in the event that Clear Channel Communications is required to indemnify a third-party for certain liabilities, Clear Channel Communications will have the right to offset any amounts paid by Clear Channel Communications with respect to the credit support obligations against any obligations Clear Channel Communications may have to us. Additionally, we will agree to indemnify Clear Channel Communications from all liabilities relating to these credit support obligations and Clear Channel Communications will have the right to obtain, at our expense, insurance coverage to cover any such liabilities.

Termination and Amendment. Clear Channel Communications, in its sole discretion, will determine the terms of the distribution, including the form, structure and terms of any transactions or offerings to effect the distribution and the timing and the conditions to the distribution. Clear Channel Communications may at any time until the completion of the distribution decide to abandon the distribution or modify or change its terms, including accelerating or delaying the timing of the distribution. In addition, Clear Channel Communications has the right not to complete the distribution if, at any time, Clear Channel Communications' board of directors determines, in its sole discretion, that the distribution is not in the best interest of Clear Channel Communications or its stockholders, or that market conditions are such that it is not advisable to spin-off the entertainment business. Neither we nor Clear Channel Communications may amend the Master Agreement unless the other agrees.

Auditors and Audits; Annual Financial Statements and Accounting

We will agree that for our 2005 fiscal year and for all fiscal years thereafter for so long as Clear Channel Communications is required to consolidate our results of operations and financial position with its results of operations and financial position:

- not to select an independent registered public accounting firm different from Clear Channel Communications;
- to use reasonable commercial efforts to cause our independent registered public accounting firm to date their opinion on our audited annual financial statements on the same date that Clear Channel Communications' independent registered public accounting firm date their opinion on Clear Channel Communications' consolidated financial statements and to enable Clear Channel

Communications to meet its timetable for the printing, filing and the dissemination to the public of any of its annual financial statements;

- to provide Clear Channel Communications with all relevant information that Clear Channel Communications reasonably requires to enable Clear Channel Communications to prepare its quarterly and annual financial statements for quarters or years that include any financial reporting period for which our financial results are consolidated with Clear Channel Communications' financial statements.
- to make our auditors available to Clear Channel Communications' auditors so that the Clear Channel Communications' auditors are able to perform any procedures necessary to take responsibility for our auditors' work as it relates to Clear Channel Communications' financial statements;
- to provide Clear Channel Communications' internal auditors with access to our books and records to enable Clear Channel Communications to conduct reasonable audits of our financial statements provided by us to Clear Channel Communications, as well as our internal accounting controls and procedures; and
- to provide prior notice to Clear Channel Communications of any proposed determination of, or significant changes in, our accounting estimates or accounting principles.

Exchange of Other Information

The Master Agreement will also provide for other arrangements with respect to the mutual sharing of information between us and Clear Channel Communications in order to comply with reporting, filing, audit or tax requirements, for use in judicial proceedings and in order to comply with our respective obligations after the completion of the separation. We will also agree to provide mutual access to historical records relating to the other's businesses that may be in our possession.

Releases and Indemnification

Except for each party's obligations under the Master Agreement, the other transaction documents and certain other specified liabilities, we and Clear Channel Communications will release and discharge each other and each of our affiliates from all liabilities existing or arising between us on or before the separation, including in connection with the separation, the distribution, the preferred stock offering by Holdco #2 and the senior secured credit facility. The releases will not extend to obligations or liabilities under any agreements between us and Clear Channel Communications that remain in effect following the separation.

We will indemnify, hold harmless and defend Clear Channel Communications, each of its affiliates and each of their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure by us or any of our affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities or contractual obligations associated with our businesses, whether arising before or after the separation;
- the operations, liabilities and contractual obligations of our business, whether arising before or after the separation;
- any guarantee, indemnification obligation, surety bond or other credit support arrangement by Clear Channel Communications or any of its affiliates for our benefit;
- any breach by us or any of our affiliates of the Master Agreement, the other transaction documents or our amended and restated certificate of incorporation or amended and restated bylaws;
- any untrue statement of, or omission to state, a material fact in Clear Channel Communications' public filings to the extent the statement or omission was as a result of information that we furnished to Clear Channel Communications or that Clear Channel Communications incorporated

by reference from our public filings, if the statement or omission was made or occurred after the distribution; and

- any untrue statement of, or omission to state, a material fact in the registration statement of which this information statement is a part, any offering memorandum, registration statement or information statement related to the senior secured credit facility, or otherwise related to the distribution or related transactions, except to the extent the statement was made or omitted in reliance upon information provided to us by Clear Channel Communications expressly for use in any such offering memorandum, registration statement or information statement.

Clear Channel Communications will indemnify, hold harmless and defend us, each of our affiliates and each of our and their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure of Clear Channel Communications or any of its affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities of Clear Channel Communications or its affiliates, other than liabilities associated with our businesses, whether arising before or after the separation;
- the liabilities of Clear Channel Communications and its affiliates' businesses, other than liabilities associated with our businesses;
- any breach by Clear Channel Communications or any of its affiliates of the Master Agreement or the other transaction documents;
- any untrue statement of, or omission to state, a material fact in our public filings, other than any registration statement or information statement related to the distribution, our debt offerings or associated exchange offer, to the extent the statement or omission was as a result of information that Clear Channel Communications furnished to us or that we incorporated by reference from Clear Channel Communications' public filings, if the statement or omission was made or occurred after the distribution; and
- any untrue statement of, or omission to state, a material fact contained in the registration statement of which this information statement is a part, in any offering memorandum, registration statement or information statement or related to the senior secured credit facility, or otherwise related to the distribution or related transactions, but only to the extent the statement was made or omitted in reliance upon information provided by Clear Channel Communications expressly for use in any such offering memorandum, registration statement or information statement.

The Master Agreement will also specify procedures with respect to claims subject to indemnification and related matters and will provide for contribution in the event that indemnification is not available to an indemnified party.

Expenses of the Separation and Debt Offering

Clear Channel Communications will pay or reimburse us for all out-of-pocket fees, costs and expenses (including all legal, accounting and printing expenses) incurred prior to the completion of the distribution in connection with our separation from Clear Channel Communications, other than our out-of-pocket fees and expenses related to the senior secured credit facility, and the issuance of preferred stock by Holdco #2.

Insurance Matters

Until the distribution, Clear Channel Communications will maintain in full force its existing insurance policies that apply to us, our assets and our business. Following the distribution, Clear Channel Communications will continue to own its insurance policies and we will be responsible for establishing and maintaining separate property damage, business interruption and liability insurance policies and programs. The Master Agreement contains provisions regarding the handling after the distribution of claims relating to our business that were initiated or arise from occurrences before the distribution.

Litigation

As of the distribution date, generally we will assume all actions, claims, demands, disputes, lawsuits, arbitrations, inquiries, proceedings or investigations (referred to as "Actions") relating in any material respect to our business in which Clear Channel Communications or any of its subsidiaries is a defendant or the party against whom the Action is directed. We will conduct the defense of all of the Actions we assume at our sole cost and expense and we will be responsible for all liabilities resulting from the Actions we assume. We will continue to be liable for Actions in which we are named as a defendant or we are the party against whom the Action is directed. As of the distribution date, Clear Channel Communications will transfer to us specified Actions relating primarily to our business in which Clear Channel Communications is a claimant or plaintiff. Clear Channel Communications may participate in any Action we assume at its cost and expense and we will cooperate with Clear Channel Communications in any settlement of an Action we assume. If an Action is commenced after the distribution naming both Clear Channel Communications and us as defendants and one party is a nominal defendant, the other party will use commercially reasonable efforts to have the nominal defendant removed from the Action.

Dispute Resolution Procedures

We will agree with Clear Channel Communications that neither party will commence any court action to resolve any dispute or claim arising out of or relating to the Master Agreement, subject to certain exceptions. Instead, any dispute that is not resolved in the normal course of business will be submitted to senior executives of each business entity involved in the dispute for resolution. If the dispute is not resolved by negotiation within 45 days after submission to the executives, either party may submit the dispute to mediation. If the dispute is not resolved by mediation within 30 days after the selection of a mediator, either party may submit the dispute to binding arbitration before a panel of three arbitrators. The arbitrators will determine the dispute in accordance with Texas law. Most of the other agreements between us and Clear Channel Communications have similar dispute resolution provisions.

Other Provisions

The Master Agreement also will contain covenants between us and Clear Channel Communications with respect to other matters, including processing the confidentiality of our and Clear Channel Communications' information.

Transition Services Agreement

We will enter into a transition services agreement with Clear Channel Communications or one of its affiliates prior to the completion of the distribution to provide us certain transitional administrative and support services and other assistance. In this information statement, we refer to this agreement as the Transition Services Agreement.

Clear Channel Communications will provide services to us, including, but not limited to, the following:

- treasury, payroll and other financial related services;
- human resources and employee benefits;
- legal and related services;
- information systems, network and related services;
- investment services; and
- corporate services.

The agreement also will provide for the lease or sublease of certain facilities used in the operation of our respective businesses.

The charges for the transition services generally are intended to allow Clear Channel Communications to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and

expenses, generally without profit. The allocation of costs will be based on various measures depending on the service provided, including relative revenue, employee headcount or number of users of a service.

The services provided under the Transition Services Agreement will terminate at various times specified in the agreement (generally ranging from three months to one year after the completion of the distribution), but we may terminate any service, other than certain information technology and tax services, by giving at least 90 days' prior written notice to Clear Channel Communications, and we may terminate tax services with 120 days' prior written notice. Under the terms of the Transition Services Agreement, Clear Channel Communications will not be liable to us for or in connection with any services rendered pursuant to the agreement or for any actions or inactions taken by Clear Channel Communications in connection with the provision of services. However, Clear Channel Communications will be liable for, and will indemnify us for, liabilities resulting from its gross negligence, willful misconduct, improper use or disclosure of customer information or violations of law, subject to a cap on Clear Channel Communications' liability of an amount equal to payments made by us to Clear Channel Communications pursuant thereto during the twelve months preceding such event. Additionally, we will indemnify Clear Channel Communications for any losses arising from the provision of services, except to the extent the liabilities are caused by Clear Channel Communications' gross negligence or material breach of the Transition Services Agreement.

Tax Matters Agreement

We currently are included in the U.S. federal consolidated income tax return filed by Clear Channel Communications. Additionally, we (and/or one or more of our subsidiaries), on the one hand, and Clear Channel Communications (and/or one or more of its subsidiaries), on the other hand, file tax returns on a consolidated, combined or unitary basis for certain foreign, state and local tax purposes. We and Clear Channel Communications will continue to file tax returns on a consolidated, combined or unitary basis for federal, foreign, state and local tax purposes until the time of the spin-off (each, a "Combined Tax Return").

We and Clear Channel Communication have entered into a tax matters agreement that will become effective at the time of the spin-off, to govern the respective rights, responsibilities and obligations of Clear Channel Communications and us with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding income taxes, non-income taxes and preparing and filing Combined Tax Returns for taxable periods (or portions thereof) ending on or before the date of the spin-off, which period we refer to as a pre-spin-off period, as well as with respect to any additional taxes incurred by Clear Channel Communications attributable to actions, events or transactions relating to our stock, assets or business following the spin-off, including taxes imposed if the spin-off fails to qualify for tax-free treatment under Section 355 of the Code or if Clear Channel Communications is not able to recognize the Holdco #3 Loss (as defined below).

Preparing and Filing Combined Tax Returns

Under the tax matters agreement, Clear Channel Communications will have the right and obligation to prepare and file all Combined Tax Returns. We will be required to provide information and to cooperate with Clear Channel Communications in the preparation and filing of these Combined Tax Returns.

Allocation of Tax Liability

For pre-spin-off periods, Clear Channel Communications generally is responsible for all federal, foreign, state and local taxes attributable to our business and assets to the extent the amount of these taxes exceeds the amount we have paid or will pay to Clear Channel Communications prior to the spin-off in connection with the filing of relevant tax returns. Clear Channel Communications is not required to pay us for its utilization of our tax attributes (or benefits) to reduce federal, foreign, state and local taxes for pre-spin-off periods, whether such utilization occurs upon the filing of a relevant tax return or upon an adjustment to such taxes and whether the tax being reduced is attributable to its or our business and assets.

In some circumstances, including those discussed below, we will be responsible, and we will indemnify Clear Channel Communications, for any additional federal, foreign, state and local taxes that are imposed for pre-spin-off periods to the extent such additional taxes are imposed as a result of actions, events or transactions relating to our stock, assets or business following the spin-off, or a breach of the relevant representations or covenants made by us in the tax matters agreement. We will also be responsible for all federal, foreign, state and local taxes attributable to our business and assets for taxable periods (or portions thereof) beginning after the date of the spin-off, which period we refer to as a post-spin-off period.

Spin-Off

We and Clear Channel Communications intend that the spin-off qualify as a reorganization under Sections 355 and 368(a)(1)(D) of the Code. However, if the failure of the spin-off to qualify as a tax-free transaction under Section 355 of the Code (including as a result of Section 355(e) of the Code) is attributable to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the tax matters agreement, we have agreed in the tax matters agreement to indemnify Clear Channel Communications and its affiliates against any and all tax-related liabilities. If the failure of the spin-off to qualify under Section 355 of the Code is for any reason for which neither we nor Clear Channel Communications is responsible, we and Clear Channel Communications have agreed in the tax matters agreement that we will each be responsible for 50% of the tax-related liabilities arising from the failure to so qualify.

Tax Contests

Clear Channel Communications will generally have the right to control all administrative, regulatory and judicial proceedings relating to federal, foreign, state and local taxes attributable to pre-spin-off periods and all proceedings relating to taxes resulting from the failure of the spin-off, or transactions relating to the internal reorganization prior to the spin-off, to qualify as tax-free.

Post-Spin-Off Tax Attributes

Generally, we may not carry back a loss, credit or other tax attribute from a post-spin-off period to a pre-spin-off period, unless we obtain the consent of Clear Channel Communications and then only to the extent permitted by applicable law.

Holdco #3 Loss

Prior to the spin-off, Clear Channel Communications will transfer (the "Holdco #3 Exchange") all of the outstanding stock of Holdco #3 to Holdco #2 in exchange for Holdco #2 common stock and all of Holdco #2's Series B non-voting preferred stock. Pursuant to a pre-existing binding commitment to be entered into prior to the Holdco #3 Exchange, Clear Channel Communications will immediately sell the Series B preferred stock to a third-party investor. As a result of these transactions, Clear Channel Communications expects to recognize the Holdco #3 Loss.

Prior to the spin-off, Clear Channel Communications will contribute the common stock of Holdco #2 to us, which we will then contribute to one of our wholly-owned subsidiaries. If Clear Channel Communications is unable to deduct the Holdco #3 Loss for U.S. federal income tax purposes as a result of any action we take following the spin-off or our breach of a relevant representation or covenant made by us in the tax matters agreement, we have agreed in the tax matters agreement to indemnify Clear Channel Communications for the lost tax benefits that Clear Channel Communications would have otherwise realized if it were able to deduct the Holdco #3 Loss.

Employee Matters Agreement

Upon completion of the distribution, we will have in place an employee matters agreement with Clear Channel Communications covering a number of compensation and employee benefit matters relating to our employees. In general, the employee matters agreement provides that we will be solely responsible for all liabilities and expenses relating to our current and former employees and their covered dependents and beneficiaries, regardless of when incurred. In addition, for a period of one year following the distribution

date, neither we nor Clear Channel Communications may, nor will they permit any of their respective subsidiaries, affiliates or agents to, solicit or recruit for employment any employees at the level of vice president and above currently and then in the employ of the other company or its subsidiaries or affiliates, without the prior written consent of the other company.

Our employees' participation in the Clear Channel Communications employee plans will end at the time of the spin-off or, in the case of certain plans (including group health), at the end of the month in which the spin-off occurs. We will adopt our own group health plan and certain other welfare benefit plans in order to avoid coverage gaps following the date(s) our employees cease to be covered by the Clear Channel Communications' plans. We will continue to maintain our 401(k) plan and we will adopt such other incentive compensation and employee plans as we deem necessary or appropriate. Our plans will recognize and give full credit to our current employees for their service with the Clear Channel Communications group before the spin-off.

Other matters addressed by the employee matters agreement, including the effect of the spin-off on Clear Channel Communications stock options and restricted stock held by our employees, are described in more detail at "Management — Employee Benefit Plans" above.

Use of Clear Channel Communications' Name and Mark

After the distribution date, Clear Channel Communications will continue to own all rights in the "Clear Channel" name and logo. We will be required to remove the "Clear Channel" name from the names of our subsidiaries and stop using the "Clear Channel" name and logo shortly after the distribution date.

Products and Services Provided between Clear Channel Communications and Us

We have provided to, and received from, Clear Channel Communications various products and services on terms comparable to those we provide to third parties. We expect to continue to provide and receive these services following completion of the distribution.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Clear Channel Communications beneficially and of record holds, and will hold before the spin-off, all of the outstanding shares of our common stock. Holders of Clear Channel Communications common stock, including our directors and executive officers will receive shares of our common stock for shares of Clear Channel Communications common stock held by them.

The following table provides information with respect to the anticipated beneficial ownership of our common stock by (1) each of our stockholders who we believe will be a beneficial owner of more than 5% of our outstanding common stock, (2) each of our directors and those persons nominated to serve as our directors, (3) each officer named in the Summary Compensation Table, and (4) all of our executive officers and directors as a group. We base the share amounts on each person's beneficial ownership of Clear Channel Communications common stock as of , 2005, unless we indicate some other basis for the share amounts.

Name of Beneficial Owner	Shares to Be Owned (1)	Percent (2)
Henry Cisneros		
Jeffrey T. Hinson		
Connie McCombs McNab		
L. Lowry Mays (3)		
Mark P. Mays (4)		
Randall T. Mays (5)		
John N. Simons, Jr.		
Timothy P. Sullivan		
Michael Rapino		
David Ian Lane		
FMR Corp. (6)		
Capital Research and Management Company (7)		
All directors and executive officers as a group — persons (8)		

(1) The amounts included in this column represent the shares of our common stock which will be beneficially owned by the listed individuals based on the distribution ratio of one share of common stock to be received for every eight shares of Clear Channel Communications common stock beneficially owned by such individuals on , 2005 (unless otherwise specified).

(2) Represents the percentage of our common stock which we expect to be outstanding (based on the expected number of our shares to be distributed based on the number of Clear Channel Communications shares outstanding on , 2005). An asterisk indicates that the percentage of common stock projected to be beneficially owned by the named individual does not exceed 1% of our common stock.

(3) Includes shares held by trusts of which Mr. L. Mays is the trustee, but not a beneficiary, shares held by the LLM Partners Ltd of which Mr. L. Mays shares control of the sole general partner, shares held by the Mays Family Foundation and shares held by the Clear Channel Foundation over which Mr. L. Mays has either sole or shared investment or voting authority.

(4) Includes shares held by trusts of which Mr. M. Mays is the trustee, but not a beneficiary, and shares held by the MPM Partners, Ltd. Mr. M. Mays controls the sole general partner of MPM Partners, Ltd.

(5) Includes shares held by trusts of which Mr. R. Mays is the trustee, but not a beneficiary, and shares held by RTM Partners, Ltd. Mr. R. Mays controls the sole general partner of RTM Partners, Ltd.

(6) Address: 82 Devonshire Street, Boston, Massachusetts 02109. Based on a Schedule 13G/A filed by FMR Corp., Edward C. Johnson III and Abigail Johnson with the SEC on February 14, 2005. The Schedule 13G/A states that the filers have sole voting power with respect to shares and sole dispositive power with respect to shares.

(7) Address: 333 South Hope Street, Los Angeles, California 90071. Based on a Schedule 13G/A filed by Capital Research and Management Company with the SEC on July 8, 2005. The Schedule 13G/A states that Capital Research, as an investment adviser, is deemed to be the beneficial owner of Clear Channel Communications shares as a result of acting as investment adviser to various investment companies registered under the Investment Company Act of 1940. Capital Research has sole voting power with respect to shares and sole dispositive power with respect to all shares.

(8) Includes shares held by trusts of which such persons are trustees, but not beneficiaries, shares held by the LLM Partners, Ltd., shares held by the MPM Partners, Ltd., shares held by the RTM partners, Ltd., shares held by the Mays Family Foundation and shares held by the Clear Channel Foundation.

DESCRIPTION OF OUR CAPITAL STOCK

Below we have provided a summary description of our capital stock. This description is not complete. You should read the full text of our amended and restated certificate of incorporation and amended and restated bylaws, which will be included as exhibits to the registration statement of which this information statement is a part, as well as the provisions of applicable Delaware law.

General

Our authorized capital stock consists of 450 million shares of common stock, par value $0.01 per share, and 50 million shares of preferred stock, par value $0.01 per share. Immediately following the distribution, there will be approximately 67,565,591 shares of common stock outstanding (based on the number of outstanding shares of Clear Channel Communications' common stock at November 4, 2005) and no shares of preferred stock outstanding, other than shares of our preferred stock that may become issuable pursuant to our rights plan described below.

Common Stock

Each share of our common stock entitles its holder to one vote on all matters on which holders are permitted to vote. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available for that purpose. Upon liquidation, subject to preferences that may be applicable to any outstanding preferred stock, the holders of our common stock will be entitled to a pro rata share in any distribution to stockholders. The holders of our common stock are not entitled to any preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to our common stock. All outstanding shares of our common stock are fully paid and nonassessable.

Preferred Stock

Our board of directors has the authority, without action by our stockholders, to designate and issue our preferred stock in one or more series and to designate the rights, preferences and privileges of each series, which may be greater than the rights of our common stock. It is not possible to state the actual effect of the issuance of any shares of our preferred stock upon the rights of holders of our common stock until our board of directors determines the specific rights of the holders of our preferred stock. However, the effects might include, among other things:

- restricting dividends on our common stock;
- diluting the voting power of our common stock;
- impairing the liquidation rights of our common stock; or
- delaying or preventing a change in control of our company without further action by our stockholders.

At the closing of the distribution, no shares of our preferred stock will be outstanding, other than shares of our preferred stock that may become issuable pursuant to our rights plan described below. We have no present plans to issue any additional shares of our preferred stock.

As of the completion of the distribution, 20 million shares of our junior participating preferred stock will be reserved for issuance upon exercise of our preferred share purchase rights. See "— The Rights Agreement."

Provisions of Our Amended and Restated Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities

In order to address potential conflicts of interest between us and Clear Channel Communications, our amended and restated certificate of incorporation contains provisions regulating and defining the conduct of our affairs as they may involve Clear Channel Communications and its officers and directors, and our powers, rights, duties and liabilities and those of our officers, directors and stockholders in connection with our relationship with Clear Channel Communications. In general, these provisions recognize that we and Clear Channel Communications may engage in the same or similar business activities and lines of business, have an interest in the same areas of corporate opportunities and will continue to have contractual and business relations with each other, including officers and directors or both of Clear Channel Communications serving as our officers or directors or both.

Our amended and restated certificate of incorporation provides that, subject to any written agreement to the contrary, Clear Channel Communications will have no duty to refrain from engaging in the same or similar business activities or lines of business as us or doing business with any of our clients, customers or vendors or employing or otherwise engaging or soliciting any of our officers, directors or employees.

If one of our directors or officers who is also a director or officer of Clear Channel Communications learns of a potential transaction or matter that may be a corporate opportunity for both us and Clear Channel Communications, our amended and restated certificate of incorporation provides that we will have renounced our interest in the corporate opportunity unless that opportunity is expressly offered to that person in writing solely in his or her capacity as our director or officer.

If one of our officers or directors, who also serves as a director or officer of Clear Channel Communications, learns of a potential transaction or matter that may be a corporate opportunity for both us and Clear Channel Communications, our amended and restated certificate of incorporation provides that the director or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of Clear Channel Communications' actions with respect to that corporate opportunity.

Clear Channel Communications' radio business conducts concert events from time to time. In the event Clear Channel Communications expands its operations in this area, it may compete with us.

For purposes of our amended and restated certificate of incorporation, "corporate opportunities" include, but are not limited to, business opportunities that we are financially able to undertake, that are, from their nature, in our line of business, are of practical advantage to us and are ones in which we would have an interest or a reasonable expectancy.

The corporate opportunity provisions in the restated certificate will expire on the date that no person who is a director or officer of us is also a director or officer of Clear Channel Communications.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to corporate opportunities that are described above.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Delaware Law

Some provisions of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws could make the following more difficult:

- acquisition of us by means of a tender offer or merger;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions also are designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company outweigh the disadvantages of discouraging those proposals because negotiation of them could result in an improvement of their terms.

Election and Removal of Directors

Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes. The term of the first class of directors expires at our 2007 annual meeting of stockholders, the term of the second class of directors expires at our 2008 annual meeting of stockholders and the term of the third class of directors expires at our 2009 annual meeting of stockholders. At each of our annual meetings of stockholders, the successors of the class of directors whose term expires at that meeting of stockholders will be elected for a three-year term, one class being elected each year by our stockholders. This system of electing and removing directors may discourage a third-party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of our directors.

Our amended and restated certificate of incorporation requires that directors may only be removed for cause and only by the affirmative vote of not less than 80% of votes entitled to be cast by the outstanding capital stock in the election of our board of directors.

Size of Board and Vacancies

Our amended and restated certificate of incorporation provides that the number of directors on our board of directors will be fixed exclusively by our board of directors. Newly created directorships resulting from any increase in our authorized number of directors will be filled solely by the vote of our remaining directors in office. Any vacancies in our board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause will be filled solely by the vote of our remaining directors in office.

Stockholder Action by Written Consent; Calling of Special Meeting

Our amended and restated certificate of incorporation provides that except as otherwise provided by the resolution or resolutions adopted by our board of directors designating the rights, powers and preferences of any preferred stock, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting. Except as otherwise required by law or provided by the resolution or resolutions adopted by our board of directors designating the rights, powers and preferences of any preferred stock, special meetings of our stockholders may be called only by the chairman of our board of directors or our board of directors pursuant to a resolution approved by a majority of our entire board of directors and any other power of stockholders to call a special meeting is specifically denied. No business other than that stated in the notice of the special meeting shall be transacted at any special meeting.

Amendments to our Amended and Restated Bylaws

Our amended and restated certificate of incorporation and amended and restated bylaws provide that the provisions of our amended and restated bylaws relating to the calling of meetings of stockholders, notice of meetings of stockholders, quorum and adjournment, conduct of business at meetings of stockholders, procedure for election of directors, stockholder action by written consent, advance notice of stockholder business or director nominations, the authorized number of directors, the classified board structure, the filling of director vacancies or the removal of directors and indemnification of directors and officers (and any provision relating to the amendment of any of these provisions) may only be amended by

the vote of a majority of our entire board of directors or by the vote of at least 80% of the voting power of the outstanding capital stock entitled to vote generally in the election of our board of directors. Our amended and restated certificate of incorporation and amended and restated bylaws provide that any other provision of our amended and restated bylaws may only be amended by the vote of a majority of our entire board of directors or by the vote of holders of a majority of the voting power of the outstanding capital stock entitled to vote generally in the election of our board of directors.

Amendment of Certain Amended and Restated Certificate of Incorporation Provisions

Our amended and restated certificate of incorporation provides that the provisions of our amended and restated certificate of incorporation relating to corporate opportunities and conflicts of interest, board of directors, bylaws, limitations on liability and indemnification of directors and officers, stockholder action (and any provision relating to the amendment of any of these provisions) may only be amended by at least 80% of the voting power of the outstanding capital stock entitled to vote generally in the election of our board of directors. Our amended and restated certificate of incorporation provides that any other provision of our amended and restated certificate of incorporation may only be amended by the vote of a majority of the voting power of the outstanding capital stock entitled to vote generally in the election of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our board of directors or a committee of our board of directors.

In general, for nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must give notice in writing to our secretary 90 to 120 days before the first anniversary of the preceding year's annual meeting, and the business must be a proper matter for stockholder action. The stockholder's notice must include for each proposed nominee and business, as applicable, (i) all required information under the Securities Exchange Act of 1934, as amended, (ii) the proposed nominee's written consent to serve as a director if elected, (iii) a brief description of the proposed business, (iv) the reasons for conducting the business at the meeting, (v) the stockholder's material interest in the business, (vi) the stockholder's name and address and (vii) the class and number of our shares which the stockholder owns.

In general, only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to our notice of meeting. At a special meeting of stockholders at which directors are to be elected pursuant to our notice of meeting, a stockholder who is a stockholder of record at the time of giving notice, who is entitled to vote at the meeting and who complies with the notice procedures, may nominate proposed nominees. In the event we call a special meeting of stockholders to elect one or more directors, a stockholder may nominate a person or persons if the stockholder's notice is delivered to our secretary 90 to 120 days before the such special meeting, or, if later, within 10 days of public announcement of the special meeting.

Only such persons who are nominated in accordance with the procedures set forth in our amended and restated bylaws shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in our amended and restated bylaws. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed in accordance with the procedures set forth in our amended and restated bylaws and, if any proposed nomination or business is not in compliance with our amended and restated bylaws, to declare that such defective proposal or nomination shall be disregarded.

Delaware Anti-Takeover Law

Our amended and restated certificate of incorporation and the Delaware General Corporation Law (the "DGCL") contain provisions that may delay or prevent an attempt by a third-party to acquire control of us. The requirements of Section 203 of the DGCL will be applicable to us. In general, Section 203 prohibits, for a period of three years, designated types of business combinations, including mergers, between us and any third-party that owns 15% or more of our common stock. This provision does not apply if:

- our board of directors approves of the transaction before the third-party acquires 15% of our stock;
- the third-party acquires at least 85% of our stock at the time its ownership goes past the 15% level; or
- our board of directors and two-thirds of the shares of our common stock not held by the third-party vote in favor of the transaction.

In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person that, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status, did own, 15% or more of a corporation's voting stock. This may have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for the shares of our common stock.

No Cumulative Voting

Our amended and restated certificate of incorporation and amended and restated bylaws do not provide for cumulative voting in the election of directors.

Undesignated Preferred Stock

The authorization of our undesignated preferred stock makes it possible for our board of directors to issue our preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes of control of our management.

The Rights Agreement

Our board of directors will adopt a rights agreement prior to the distribution. Pursuant to our rights agreement, one preferred share purchase right will be issued for each outstanding share of our common stock (a "right"). Each right being issued will be subject to the terms of our rights agreement.

Our board of directors will adopt our rights agreement to protect our stockholders from coercive or otherwise unfair takeover tactics. In general terms, our rights agreement works by imposing a significant penalty upon any person or group that acquires 15% or more of our outstanding common stock, and in the case of certain Schedule 13G filers, 20% or more of our outstanding common stock, without the approval of our board of directors.

We provide the following summary description below. Please note, however, that this description is only a summary, is not complete, and should be read together with our entire rights agreement, which has been publicly filed with the Securities and Exchange Commission as an exhibit to the registration statement of which this information statement is a part.

The Rights

Our board of directors will authorize the issuance of one right for each share of our common stock outstanding on the date the distribution is completed.

Our rights will initially trade with, and will be inseparable from, our common stock. Our rights will be evidenced only by certificates that represent shares of our common stock. New rights will accompany any new shares of common stock we issue after the date the distribution is completed until the date on which the rights are distributed as described below.

Exercise Price

Each right will allow its holder to purchase from us one one-hundredth of a share of our Series A junior participating preferred stock for $80.00, once the rights become exercisable. Prior to exercise, our right does not give its holder any dividend, voting or liquidation rights.

Exercisability

Each right will not be exercisable until:

- ten days after the public announcement that a person or group has become an "acquiring person" by obtaining beneficial ownership of 15% or more of our outstanding common stock or, in the case of certain Schedule 13G filers, 20% or more of our outstanding common stock, or, if earlier,
- ten business days (or a later date determined by our board of directors before any person or group becomes an acquiring person) after a person or group begins a tender or exchange offer that, if completed, would result in that person or group becoming an acquiring person.

Until the date our rights become exercisable, our common stock certificates also evidence our rights, and any transfer of shares of our common stock constitutes a transfer of our rights. After that date, our rights will separate from our common stock and be evidenced by book-entry credits or by rights certificates that we will mail to all eligible holders of our common stock. Any of our rights held by an acquiring person are void and may not be exercised.

Consequences of a Person or Group Becoming an Acquiring Person

- *Flip In.* If a person or group becomes an acquiring person, all holders of our rights except the acquiring person may, for the then applicable exercise price, purchase shares of our common stock with a market value of twice the then applicable exercise price, based on the market price of our common stock prior to such acquisition.
- *Flip Over.* If we are later acquired in a merger or similar transaction after the date our rights become exercisable, all holders of our rights except the acquiring person may, for the then applicable exercise price, purchase shares of the acquiring corporation with a market value of twice the then applicable exercise price, based on the market price of the acquiring corporation's stock prior to such merger.

Expiration

Our rights will expire on the tenth anniversary of the distribution date.

Redemption

Our board of directors may redeem our rights for $0.01 per right at any time before the rights separate from our common stock and rights certificates are mailed to eligible holders of our common stock. If our board of directors redeems any of our rights, it must redeem all of our rights. Once our rights are redeemed, the only right of the holders of our rights will be to receive the redemption price of

$0.01 per right. The redemption price will be adjusted if we have a stock split or stock dividends of our common stock.

Exchange

After a person or group becomes an acquiring person, but before an acquiring person owns 50% or more of our outstanding common stock, our board of directors may extinguish our rights by exchanging one share of our common stock or an equivalent security for each right, other than rights held by the acquiring person.

Anti-Dilution Provisions

Our board of directors may adjust the purchase price of our preferred stock, the number of shares of our preferred stock issuable and the number of our outstanding rights to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of our preferred stock or common stock. No adjustments to the purchase price of our preferred stock of less than 1% will be made.

Amendments

The terms of our rights agreement may be amended by our board of directors without the consent of the holders of our rights. After a person or group becomes an acquiring person, our board of directors may not amend the agreement in a way that adversely affects holders of our rights.

Pre-Distribution Transactions with Clear Channel Communications

Our amended and restated certificate of incorporation provides that neither any agreement nor any transaction entered into between us or any of our affiliated companies and Clear Channel Communications and any of its affiliated companies prior to the distribution nor the subsequent performance of any such agreement will be considered void or voidable or unfair to us because Clear Channel Communications or any of its affiliated companies is a party or because directors or officers of Clear Channel Communications were on our board of directors when those agreements or transactions were approved. In addition, those agreements and transactions and their performance will not be contrary to any fiduciary duty of any directors or officers of our company or any affiliated company.

Limitation on Liability of Directors and Indemnification of our Directors and Officers

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party by reason of the fact that the person is or was a director, officer, employee of or agent to the corporation (other than an action by or in the right of the corporation — a "derivative action"), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement, or otherwise.

Our amended and restated certificate of incorporation provides that no director shall be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except as required by

law, as in effect from time to time. Currently, Section 102(b)(7) of the DGCL requires that liability be imposed for the following:

- any breach of the director's duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; and
- any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws and our amended and restated certificate of incorporation provide that, to the fullest extent permitted by the DGCL, as now in effect or as amended, we will indemnify and hold harmless any person made or threatened to be made a party to any action by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was our director or officer, or while our director or officer is or was serving, at our request, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by us, whether the basis of such proceeding is an alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director or officer, employee or agent. We will reimburse the expenses, including attorneys' fees, incurred by a person indemnified by this provision when we receive an undertaking by or on behalf of such person to repay such amounts if it is ultimately determined that the person is not entitled to be indemnified by us. Any amendment of this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

We intend to obtain policies insuring our directors and officers and those of our subsidiaries against certain liabilities they may incur in their capacity as directors and officers. Under these policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is The Bank of New York.

New York Stock Exchange Listing

We have applied to list our common stock on the New York Stock Exchange under the symbol " ."

DESCRIPTION OF INDEBTEDNESS

The following is a description of some of the anticipated material terms of the senior secured credit facility. This summary is qualified in its entirety by the specific terms and provisions reflected in the form of this agreement, a copy of which will be filed as an exhibit to the registration statement of which this information statement is a part. We encourage you to read the forms of this agreement. Negotiation of this agreement is ongoing and subject to the completion of definitive documentation. We cannot be certain that the terms described below will not change or be supplemented.

Senior Secured Credit Facility

Prior to or concurrently with the completion of the distribution, one of our operating subsidiaries, Holdco #3, which owns more than 95% of the gross value of our assets, will enter into a $575.0 million senior secured credit facility consisting of:

- a $325.0 million 7½-year term loan; and
- a $250.0 million 6½-year revolving credit facility, of which up to $200.0 million will be available for the issuance of letters of credit and up to $100.0 million will be available for borrowings in foreign currencies.

The 6½-year revolving credit facility will provide for up to $200.0 million to be available for the issuance of letters of credit, drawings under which reduce the amount available under the revolving credit facility. Availability under the senior secured credit facility will be subject to various conditions precedent typical of syndicated loans.

Subject to then market pricing and maturity extending longer than that of the senior secured credit facility, we will be able to add additional term and revolving credit facilities in an aggregate amount not to exceed $250.0 million.

The terms and provisions governing the senior secured credit facility are under ongoing negotiations, and we currently anticipate that the significant agreements of that facility will consist of the following:

- the senior secured credit facility, other than borrowings in foreign currencies by our foreign subsidiaries, will be secured by a first priority lien on substantially all of our domestic assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of our domestic subsidiaries and a portion of the capital stock of certain of our foreign subsidiaries;
- borrowings in foreign currencies by our foreign subsidiaries will be secured by a first priority lien on substantially all of our foreign assets (other than real property and deposits maintained by us in connection with promoting or producing live entertainment events) and a pledge of the capital stock of all subsidiaries held by such borrowing subsidiary;
- borrowings under the 7½-year term loan facility and U.S. Dollar-denominated borrowings under the 6½-year revolving facility will bear interest at floating rates equal, at our option, to either (1) the base rate (which is the greater of the prime rate offered by the administrative agent or the federal funds rate plus 0.50%) plus 0.75% or (2) Adjusted LIBOR plus 1.75%, subject in either case to a decrease of by 0.25% based on our credit ratings determined on specific reference dates;
- Sterling and Euro-denominated borrowings under the 6½-year revolving facility will bear interest at floating rates equal to either Adjusted LIBOR or Adjusted EURIBOR, respectively, plus 1.75%, subject to a decrease of 0.25% based on our credit ratings determined on specific reference dates;
- borrowings in other foreign currency denominations under the 6½-year revolving facility will bear interest at rates to be agreed upon;
- following delivery of our December 31, 2005 audited financial statements to our lenders, the interest rates applicable to U.S. Dollar, Sterling or Euro-denominated borrowings under the 6½-year revolving facility will be determined based on our total leverage;
- interest rates will be increased by 2.00% on past-due amounts;
- interest on base rate loans will be payable quarterly on the last day of each March, June, September and December;
- interest on Adjusted LIBOR and Adjusted EURIBOR loans will generally be payable as of the last day of an interest period but in any event, no less frequently than every three months on interest periods of greater than three months;

- we will pay a commitment fee based on the undrawn balance of the 6½-year revolving credit facility and we will pay letter of credit fees on letter of credit amounts that are available for drawing;
- scheduled installments of principal reductions on the 7½-year term loan will commence three months after its funding and will be payable quarterly and in amounts to be determined;
- we will be permitted to prepay the term loan and to permanently reduce revolving credit commitments, in whole or in part, at any time without penalty; however, if a prepayment of principal is made with respect to an Adjusted LIBOR or Adjusted EURIBOR loan on a date other than the last day of the applicable interest period, we will be required to compensate the lenders for losses and expenses incurred as a result of the prepayment;
- amounts prepaid at our option will be applied, at our discretion, to prepay the term loans or revolving loans;
- we will be required to prepay the 7½-year term loan from certain asset sale proceeds that we do not reinvest within a 365-day period or from debt issuance proceeds if our leverage condition then exceeds a prescribed ratio, with all such proceeds being applied pro ratably to scheduled installments of principal reductions;
- the senior secured credit facility will require us to meet minimum financial requirements, and in addition, the senior secured credit facility may include restrictive covenants that, among other things, restrict our ability to:
  - •• incur additional debt;
  - •• pay dividends and make distributions;
  - •• make certain investments and acquisitions;
  - •• repurchase our stock and prepay certain indebtedness;
  - •• create liens;
  - •• enter into agreements with affiliates;
  - •• modify our nature of business;
  - •• enter into sale and leaseback transactions;
  - •• transfer and sell material assets; and
  - •• merge or consolidate; and
- the senior secured credit facility may contain customary events of default, including without limitation payment defaults, material breaches of representations and warranties, covenant defaults, cross defaults to certain material indebtedness in excess of specified amounts, certain events of bankruptcy and insolvency, imposition of final judgments in excess of specified amounts, certain ERISA defaults, failure of any guaranty or security documents materially supporting the senior secured credit facility to be in full force and effect and a change of control.

Our failure to comply with the terms and covenants in our indebtedness could lead to a default under the terms of those documents, which would entitle the lenders to accelerate the indebtedness and declare all amounts owed due and payable. We cannot be certain the terms described herein will not change or be supplemented.

After giving effect to the borrowings under our senior secured credit facility, we expect to have approximately $367.6 million of indebtedness for borrowed money outstanding. We expect that approximately $200.0 million of the revolving credit facility will remain available for working capital and general corporate purposes of Holdco #3 and its subsidiaries immediately following the completion of the distribution and the transfer of approximately $50.0 million of letters of credit previously issued under

Clear Channel Communications' credit facilities on behalf of certain Holdco #3 subsidiaries. The issuance of letters of credit will reduce this availability by the notional amount of issued letters of credit. However, on or prior to the distribution date, we may draw advances under the senior secured credit facility for working capital and other general corporate purposes.

DESCRIPTION OF SUBSIDIARY PREFERRED STOCK

Prior to the completion of the distribution, third-party investors unrelated to Clear Channel Communications will acquire all of the shares of mandatorily redeemable Series A (voting) and Series B (non-voting) preferred stock of Holdco #2, one of our subsidiaries. The terms of the preferred stock are subject to ongoing negotiation. We cannot be certain the terms described below will not be changed or supplemented.

This preferred stock will consist of 200,000 shares of Series A redeemable preferred stock having an aggregate liquidation preference of $20 million and 200,000 shares of Series B redeemable preferred stock having an aggregate liquidation preference of $20 million. We expect the holders of the Series A redeemable preferred stock will have the right to appoint one out of four members to Holdco #2's board of directors and to otherwise control 25% of the voting power of all outstanding shares of Holdco #2. We anticipate the Series B redeemable preferred stock will have no voting rights other than the right to vote as a class with the Series A redeemable preferred stock to elect one additional member to the board of directors of Holdco #2 in the event Holdco #2 breaches certain terms of the designations of the preferred stock. Each of the Series A and Series B redeemable preferred stock is expected to pay an annual cash dividend of approximately 10% and will be mandatorily redeemable upon the six year anniversary of the date of issuance. Holdco #2 will be required to make an offer to purchase the Series A and Series B redeemable preferred stock at 101% of each series liquidation preference in the event of a change of control. The Series A and Series B redeemable preferred stock will rank pari passu to each other and will be senior to all other classes or series of capital stock of Holdco #2 with respect to dividends and with respect to liquidation or dissolution of Holdco #2. In addition, Holdco #2 is prohibited from issuing any capital stock ranking senior to the Series A and Series B redeemable preferred stock without the prior consent of the holders of a majority of the Series A redeemable preferred stock and the holders of a majority of the Series B redeemable preferred stock.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission (SEC) a registration statement on Form 10 under the Securities Exchange Act of 1934 (Exchange Act) with respect to the common stock being distributed. This information statement, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement. For further information with respect to us and the shares of our common stock, reference is made to the registration statement. Statements contained in this information statement as to the contents of any contract or other document are not necessarily complete. We are not currently subject to the informational requirements of the Exchange Act. As a result of the distribution of the shares of our common stock, we will become subject to the informational requirements of the Exchange Act and, in accordance therewith, will file reports and other information with the SEC. The registration statement, such reports and other information can be inspected and copied at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials, including copies of all or any portion of the registration statement, can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC's home page on the Internet at http://www.sec.gov.

As a result of the distribution, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

No person is authorized to give any information or to make any representations with respect to the matters described in this information statement other than those contained in this information statement or in the documents incorporated by reference in this information statement and, if given or made, such information or representation must not be relied upon as having been authorized by us or Clear Channel Communications. Neither the delivery of this information statement nor consummation of the spin-off contemplated hereby shall, under any circumstances, create any implication that there has been no change in our affairs or those of Clear Channel Communications since the date of this information statement, or that the information in this information statement is correct as of any time after its date.

INDEX TO COMBINED FINANCIAL STATEMENTS AND SCHEDULE

CCE SPINCO, INC.

The following report is in the form that will be signed upon completion of the transaction described in Basis of Presentation of Note A to the financial statements.

/s/ Ernst & Young LLP

San Antonio, Texas
November 14, 2005

Report of Independent Registered Public Accounting Firm

Board of Directors
Clear Channel Communications, Inc.

We have audited the accompanying combined balance sheets of CCE Spinco, Inc. and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related combined statements of operations, changes in owner's equity, and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of CCE Spinco, Inc. and subsidiaries at December 31, 2004 and 2003, and the combined results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note B to the combined financial statements, in 2002 the Company changed its method of accounting for goodwill.

Ernst & Young LLP

San Antonio, Texas

July 29, 2005, except as to Basis of
Presentation of Note A, as to
which date is , 2005 and
Note M, as to which the date is November 7, 2005

COMBINED BALANCE SHEETS

	December 31, 2004	December 31, 2003
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 179,137	$ 116,360
Accounts receivable, less allowance of $10,174 in 2004 and $11,595 in 2003	167,868	180,387
Prepaid expenses	83,546	88,657
Other current assets	42,006	38,213
Total Current Assets	472,557	423,617
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings and improvements	880,881	804,722
Furniture and other equipment	155,563	137,579
Construction in progress	14,917	42,319
	1,051,361	984,620
Less accumulated depreciation	258,045	202,466
	793,316	782,154
INTANGIBLE ASSETS		
Definite-lived intangibles, net	14,838	15,633
Goodwill	44,813	127,076
OTHER ASSETS		
Notes receivable	7,110	9,198
Investments in, and advances to, nonconsolidated affiliates	27,002	19,717
Deferred tax asset	97,317	92,274
Other assets	21,753	26,046
Total Assets	$ 1,478,706	$ 1,495,715
LIABILITIES AND OWNER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 31,440	$ 41,298
Deferred income	184,413	169,370
Accrued expenses	362,278	335,800
Current portion of long-term debt	1,214	1,283
Total Current Liabilities	579,345	547,751
Long-term debt	20,564	21,344
Debt with Clear Channel Communications	628,897	595,211
Other long-term liabilities	88,997	139,403
Minority interest	3,927	3,723
Commitment and contingent liabilities (Note F)		
OWNER'S EQUITY		
Owner's net investment	4,358,352	4,387,447
Retained deficit	(4,187,855)	(4,204,115)
Accumulated other comprehensive income (loss)	(13,521)	4,951
Total Owner's Equity	156,976	188,283
Total Liabilities and Owner's Equity	$ 1,478,706	$ 1,495,715

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
Revenue	$ 2,806,128	$ 2,707,902	$ 2,473,319
Operating expenses:			
Divisional operating expenses	2,645,293	2,506,635	2,302,707
Depreciation and amortization	64,095	63,436	64,836
Loss (gain) on sale of operating assets	6,371	(978)	(15,241)
Corporate expenses	31,386	30,820	26,101
Operating income	58,983	107,989	94,916
Interest expense	3,119	2,788	3,998
Intercompany interest expense	42,355	41,415	58,608
Equity in earnings (loss) of nonconsolidated affiliates	2,906	1,357	(212)
Other income (expense) — net	(1,690)	3,224	332
Income before income taxes and cumulative effect of a change in accounting principle	14,725	68,367	32,430
Income tax (expense) benefit:			
Current	55,946	68,272	(40,102)
Deferred	(54,411)	(79,607)	11,103
Income before cumulative effect of a change in accounting principle	16,260	57,032	3,431
Cumulative effect of a change in accounting principle, net of tax of, $198,640	—	—	(3,932,007)
Net income (loss)	16,260	57,032	(3,928,576)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(18,472)	(22,163)	30,545
Comprehensive income (loss)	$ (2,212)	$ 34,869	$ (3,898,031)
Basic and diluted pro forma income before cumulative effect of a change in accounting principle per common share (unaudited)	$ 0.24	$ 0.84	$ 0.05
Basic and diluted pro forma common shares outstanding (unaudited)	67,565	67,565	67,565

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF CHANGES IN OWNER'S EQUITY

	Owner's Net Investment	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
		(In thousands)		
Balances at December 31, 2001	$ 4,037,976	$ (332,571)	$ (3,431)	$ 3,701,974
Net loss	—	(3,928,576)	—	(3,928,576)
Contributions from Owner	426,971	—	—	426,971
Dividends to Owner	—			—
Currency translation adjustment	—	—	30,545	30,545
Balances at December 31, 2002	4,464,947	(4,261,147)	27,114	230,914
Net income		57,032	—	57,032
Contributions from Owner	15,050	—	—	15,050
Dividends to Owner	(92,550)			(92,550)
Currency translation adjustment	—	—	(22,163)	(22,163)
Balances at December 31, 2003	4,387,447	(4,204,115)	4,951	188,283
Net income	—	16,260	—	16,260
Contributions from Owner	34,968	—	—	34,968
Dividends to Owner	(64,063)			(64,063)
Currency translation adjustment	—	—	(18,472)	(18,472)
Balances at December 31, 2004	$ 4,358,352	$ (4,187,855)	$ (13,521)	$ 156,976

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 16,260	$ 57,032	$ (3,928,576)
Reconciling items:			
Cumulative effect of a change in accounting principle, net of tax	—	—	3,932,007
Depreciation	60,918	60,421	61,548
Amortization of intangibles	3,177	3,015	3,288
Deferred income tax expense (benefit)	54,411	79,607	(11,103)
Current tax expense (benefit) contributed by (dividends to) owner	(64,063)	(92,550)	9,332
Non-cash compensation expense	1,084	1,302	1,401
Loss (gain) on sale of operating and fixed assets	10,687	(978)	(15,241)
Equity in (earnings) loss of nonconsolidated affiliates	(2,906)	(1,357)	212
Minority interest expense	3,300	3,280	3,794
Increase (decrease) other, net	(462)	(266)	(311)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Decrease (increase) in accounts receivable	11,100	(28,061)	28,507
Decrease (increase) in prepaid expenses	5,527	9,053	(23,038)
Decrease (increase) in other assets	1,178	2,646	(10,334)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	6,195	55,172	64,238
Increase (decrease) in deferred income	16,047	(7,328)	30,822
Increase (decrease) in minority interest liability	(2,555)	(2,275)	(4,309)
Net cash provided by operating activities	119,898	138,713	142,237
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in notes receivable, net	1,943	14,795	1,311
Decrease (increase) in investments in, and advances to, nonconsolidated affiliates — net	(1,413)	8,437	1,667
Purchases of property, plant and equipment	(73,435)	(69,936)	(68,185)
Proceeds from disposal of assets	3,581	584	47,518
Acquisition of operating assets	(13,727)	(5,284)	(12,785)
Decrease (increase) in other — net	(1,025)	(556)	(855)
Net cash used in investing activities	(84,076)	(51,960)	(31,329)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from (payments on) debt with Clear Channel Communications	24,079	(53,859)	(104,829)
Proceeds from long-term debt	6,725	—	1,500
Payments on long-term debt	(7,550)	(3,035)	(8,952)
Net cash provided by (used in) financing activities	23,254	(56,894)	(112,281)
Effect of exchange rate changes on cash	3,701	(18,396)	8,366
Net increase in cash and cash equivalents	62,777	11,463	6,993
Cash and cash equivalents at beginning of year	116,360	104,897	97,904
Cash and cash equivalents at end of year	$ 179,137	$ 116,360	$ 104,897
SUPPLEMENTAL DISCLOSURE			
Cash paid during the year for:			
Interest	3,048	2,564	4,424

See Notes to Combined Financial Statements

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

CCE Spinco, Inc. (the "Company") is currently a wholly-owned subsidiary of Clear Channel Communications, Inc. ("Clear Channel Communications"), a diversified media company with operations in radio broadcasting, outdoor advertising and live entertainment. On April 29, 2005, Clear Channel Communications announced its plan to separate its entertainment businesses into a separate company. Clear Channel Communications and its subsidiaries will contribute and transfer to the Company all of the assets and liabilities of the entertainment businesses prior to the completion of the transaction. It is the intention of Clear Channel Communications to distribute its remaining ownership interest of the Company to its common shareholders. Clear Channel Communications expects the distribution to take the form of a spin-off by means of a special dividend to the common shareholders of Clear Channel Communications.

On August 2, 2005 the Company was incorporated in Delaware as a wholly-owned subsidiary of Clear Channel Communications. On this date, 1,000 shares of the Company's common stock, par value $0.01 per share, were issued, authorized and outstanding.

Nature of Business

The Company has two principal business segments: global music and global theater. Global music operations include the promotion and production of live music performances and tours by music artists in venues owned and operated by the Company and in third-party venues rented by the Company. Global theater operations present and produce touring and other theatrical performances in venues owned and operated by the Company and in third-party venues rented by the Company. In addition, the Company has operations in the specialized motor sports, sport representation and other businesses.

Principles of Combination

The combined financial statements include assets and liabilities of Clear Channel Communications not currently owned by the Company that will be transferred to the Company prior to or concurrent with the spin-off transaction. The combined financial statements are comprised of businesses included in the consolidated financial statements and accounting records of Clear Channel Communications, using the historical basis of assets and liabilities of the entertainment business. The international assets of the Company were contributed by Clear Channel Communications through a non-cash capital contribution to the Company of $383.1 million in 2002. Significant intercompany accounts among the combined businesses have been eliminated in consolidation. Investments in nonconsolidated affiliates are accounted for using the equity method of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Allowance for Doubtful Accounts

The Company evaluates the collectibility of its accounts receivable based on a combination of factors. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, it records a specific reserve to reduce the amounts recorded to what it believes will be collected. For all other customers, it recognizes reserves for bad debt based on historical experience of bad debts as a percent of revenues for each business unit, adjusted for relative improvements or deteriorations in the agings and changes in current economic conditions. When accounts receivable are determined to be uncollectible, the amount of the receivable is written off against the allowance for doubtful accounts.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Prepaid Expenses

The majority of the Company's prepaid expenses relate to event expenses including show advances and deposits and other costs directly related to future entertainment events. Such costs are charged to operations upon completion of the related events.

Purchase Accounting

The Company accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying identifiable net assets based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. In addition, reserves have been established on the Company's balance sheet related to acquired liabilities and qualifying restructuring costs and contingencies based on assumptions made at the time of acquisition. The Company evaluates these reserves on a regular basis to determine the adequacies of the amounts.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or fair value at date of acquisition. Depreciation is computed using the straight-line method at rates that, in the opinion of management, are adequate to allocate the cost of such assets over their estimated useful lives, which are as follows:

Buildings and improvements — 10 to 50 years
Furniture and other equipment — 3 to 10 years
Leasehold improvements — shorter of economic life or lease term assuming renewal periods, if appropriate

Expenditures for maintenance and repairs are charged to operations as incurred, whereas expenditures for renewal and betterments are capitalized.

The Company tests for possible impairment of property, plant, and equipment whenever events or changes in circumstances, such as a reduction in operating cash flow or a dramatic change in the manner that the asset is intended to be used indicate that the carrying amount of the asset may not be recoverable. If indicators exist, the Company compares the estimated undiscounted future cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded in depreciation and amortization expense in the statement of operations for amounts necessary to reduce the carrying value of the asset to fair value. The impairment loss calculations require management to apply judgment in estimating future cash flows and the discount rates that reflect the risk inherent in future cash flows.

Intangible Assets

The Company classifies intangible assets as definite-lived or goodwill. Definite-lived intangibles include primarily non-compete and building or naming rights, all of which are amortized over the respective lives of the agreements, typically four to twenty years. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived assets. These assets are stated at cost. The excess cost over fair value of net assets acquired is classified as goodwill. The goodwill is not subject to amortization, but is tested for impairment at least annually.

The Company tests for possible impairment of definite-lived intangible assets whenever events or changes in circumstances, such as a reduction in operating cash flow or a dramatic change in the manner that the asset is intended to be used indicate that the carrying amount of the asset may not be recoverable.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

If indicators exist, the Company compares the estimated undiscounted future cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded in depreciation and amortization expense in the statement of operations for amounts necessary to reduce the carrying value of the asset to fair value. The impairment loss calculations require management to apply judgment in estimating future cash flows and the discount rates that reflect the risk inherent in future cash flows.

At least annually, the Company performs its impairment test for each reporting unit's goodwill using a discounted cash flow model to determine if the carrying value of the reporting unit, including goodwill, is less than the fair value of the reporting unit. Certain assumptions are used in determining the fair value, including assumptions about cash flow rates, discount rates, and terminal values. If the fair value of the Company's reporting unit is less than the carrying value of the reporting unit, the Company reduces the carrying amount of goodwill. Impairment charges, other than the charge taken under the transitional rules of Statement 142, *Goodwill and Other Intangible Assets*, are recorded in depreciation and amortization expense in the statement of operations.

The loss recorded as a cumulative effect of a change in accounting principle during 2002 relates to our adoption of Statement 142 on January 1, 2002. Statement 142 required that we test goodwill for impairment using a fair value approach. As a result of the goodwill test, we recorded a non-cash, net of tax, impairment charge of approximately $3.9 billion.

Nonconsolidated Affiliates

In general, investments in which the Company owns 20 percent to 50 percent of the common stock or otherwise exercises significant influence over the company are accounted for under the equity method. The Company does not recognize gains or losses upon the issuance of securities by any of its equity method investees. The Company reviews the value of equity method investments and records impairment charges in the statement of operations for any decline in value that is determined to be other-than-temporary.

Operational Assets

As part of our operations, the Company will invest in certain assets or rights to use assets, generally in theatrical productions or exhibitions. The Company reviews the value of these assets and records impairment charges in the statement of operations for any decline in value that is determined to be other-than-temporary.

Financial Instruments

Due to their short maturity, the carrying amounts of accounts receivable, accounts payable and accrued expenses approximated their fair values at December 31, 2004 and 2003. Additionally, as none of the Company's debt is publicly-traded, the carrying amounts of long-term debt approximated their fair value at December 31, 2004 and 2003.

Income Taxes

The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if the Company believes it is more likely than not that some portion or the entire asset will not be realized. As all earnings from the Company's foreign operations are permanently reinvested and not distributed, the Company's income tax provision does not include additional U.S. taxes on foreign operations. It is not practical to determine the amount of federal income taxes, if any, that might become due in the event that the earnings were distributed.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications. The Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries. Certain tax liabilities owed by the Company are remitted to the appropriate taxing authority by Clear Channel Communications and are accounted for as non-cash capital contributions by Clear Channel Communications to the Company. Tax benefits recognized on employee stock options exercises are retained by Clear Channel Communications.

The Company computes its deferred income tax provision using the liability method in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*, as if the Company was a separate taxpayer. The Company's provision for income taxes is further disclosed in Note H.

Revenue Recognition

Revenue from the presentation and production of an event is recognized on the date of the performance. Revenue collected in advance of the event is recorded as deferred income until the event occurs. Revenue collected from sponsorships and other revenue, which is not related to any single event, is classified as deferred income and generally amortized over the operating season or the term of the contract.

The Company believes that the credit risk, with respect to trade receivables is limited due to the large number and the geographic diversification of its customers.

Barter Transactions

Barter transactions represent the exchange of display space or tickets for advertising, merchandise or services. These transactions are generally recorded at the fair market value of the display space or tickets relinquished or the fair value of the advertising, merchandise or services received. Revenue is recognized on barter and trade transactions when the advertisements are displayed or the event occurs for which the tickets are exchanged. Expenses are recorded when the advertising, merchandise or service is received or when the event occurs. Barter and trade revenues for the years ended December 31, 2004, 2003 and 2002, were approximately $45.1 million, $33.4 million and $22.5 million, respectively, and are included in total revenues. Barter and trade expenses for the years ended December 31, 2004, 2003 and 2002, were approximately $44.5 million, $32.7 million and $17.7 million, respectively, and are included in divisional operating expenses.

Foreign Currency

Results of operations for foreign subsidiaries and foreign equity investees are translated into U.S. dollars using the average exchange rates during the year. The assets and liabilities of those subsidiaries and investees, other than those of operations in highly inflationary countries, are translated into U.S. dollars using the exchange rates at the balance sheet date. The related translation adjustments are recorded in a separate component of owner's equity, "Accumulated other comprehensive income (loss)". Foreign currency transaction gains and losses, as well as gains and losses from translation of financial statements of subsidiaries and investees in highly inflationary countries, are included in operations.

Advertising Expense

The Company records advertising expense as it is incurred. Advertising expenses of $194.2 million, $172.7 million and $152.4 million were recorded during the year ended December 31, 2004, 2003 and 2002, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments, and assumptions that affect the amounts reported in the financial statements and accompanying notes including, but not limited to, legal, tax and insurance accruals. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standard No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29* ("Statement 153"). Statement 153 eliminates the APB Opinion No. 29 exception for nonmonetary exchanges of similar productive assets and replaces it with an exception for exchanges of nonmonetary assets that do not have commercial substance. Statement 153 is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after the date of issuance. The provisions of Statement 153 should be applied prospectively. The Company expects to adopt Statement 153 for its fiscal year beginning January 1, 2006 and management does not believe that adoption will materially impact the Company's financial position or results of operations.

In December 2004, the FASB issued Staff Position 109-2, *Accounting and Disclosure Guidance for the Foreign Repatriation Provision within the American Jobs Creation Act of 2004* ("FSP 109-2"). FSP 109-2 allows an enterprise additional time beyond the financial reporting period in which the Act was enacted to evaluate the effects of the Act on its plans for repatriation of unremitted earnings for purposes of applying Financial Accounting Standard No. 109, *Accounting for Income Taxes* ("Statement 109"). FSP 109-2 clarifies that an enterprise is required to apply the provisions of Statement 109 in the period, or periods, it decides on its plan(s) for reinvestment or repatriation of its unremitted foreign earnings. FSP 109-2 requires disclosure if an enterprise is unable to reasonably estimate, at the time of issuance of its financial statements, the related range of income tax effects for the potential range of foreign earnings that it may repatriate and requires an enterprise to recognize income tax expense (benefit) if an enterprise decides to repatriate a portion of unremitted earnings under the repatriation provision while it is continuing to evaluate the effects of the repatriation provision for the remaining portion of the unremitted foreign earnings. FSP 109-2 is effective upon issuance. The Company currently has the ability and intent to reinvest any undistributed earnings of its foreign subsidiaries. Any impact from this legislation has not been reflected in the amounts shown since the Company is reinvested for the foreseeable future.

On December 16, 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* ("Statement 123(R)") which is a revision of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("Statement 123"). Statement 123(R) supersedes Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"), and amends Statement No. 95, *Statement of Cash Flows.* Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Statement 123(R) is effective for financial statements for the first interim or annual period beginning after June 15, 2005. Early adoption is permitted in periods in which financial statements have not yet been issued. In April 2005, the SEC issued a press release announcing that it would provide for phased-in implementation guidance for Statement 123(R). The SEC would require that registrants that are not small business issuers adopt Statement 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first fiscal year beginning after June 15, 2005. The Company intends to adopt Statement 123(R) on January 1, 2006.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

As permitted by Statement 123, the Company currently accounts for share-based payments to employees using APB 25 intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of Statement 123(R)'s fair value method will have a significant impact on the Company's result of operations, although it will have no impact on its overall financial position. The Company is unable to quantify the impact of adoption of Statement 123(R) at this time because it will depend on levels of share-based payments granted in the future. However, had the Company adopted Statement 123(R) in prior periods, the impact of that standard would have approximated the impact of Statement 123 as described in the disclosure of pro forma net income and earnings per share below. Statement 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow. This requirement will increase net financing cash flows in periods after adoption. The Company cannot estimate what those amounts will be in the future because they depend on, among other things, when employees exercise stock options.

Stock Based Compensation

The Company does not have any compensation plans under which it grants stock awards to employees. On behalf of the Company, Clear Channel Communications grants the Company's officers and other key employees stock options to purchase shares of Clear Channel Communications common stock. Clear Channel Communications accounts for its stock-based award plans in accordance with APB 25, and related interpretations, under which compensation expense is recorded to the extent that the current market price of the underlying stock exceeds the exercise price. Clear Channel Communications calculates the pro forma stock compensation expense as if the stock-based awards had been accounted for using the provisions of Statement 123, *Accounting for Stock-Based Compensation.* The stock compensation expense is then allocated to the Company based on the percentage of options outstanding to employees of the Company. The required pro forma disclosures, based on this allocated expense are as follows:

	2004	2003	2002
		(In thousands, except per share data)	
Income before cumulative effect of a change in accounting principle:			
Reported	$ 16,260	$ 57,032	$ 3,431
Pro forma stock compensation expense, net of tax	(11,368)	(6,499)	(7,809)
Pro Forma	$ 4,892	$ 50,533	$ (4,378)
Pro forma basic and diluted income (loss) before cumulative effect of a change in accounting principle per common share (unaudited):			
As reported	$ 0.24	$ 0.84	$ 0.05
Pro forma	$ 0.07	$ 0.75	$ (0.06)

Clear Channel Communications calculated the fair value for these options at the date of grant using a Black-Scholes option-pricing model with the following assumptions for 2004, 2003 and 2002:

	2004	2003	2002
Risk-free interest rate	2.21% – 4.51%	2.91% – 4.03%	2.85% – 5.33%
Dividend yield	.90% – 1.65%	0% – 1.01%	0%
Volatility factors	42% – 50%	43% – 47%	36% – 49%
Weighted average expected life	3 – 7.5	5 – 7.5	3.5 – 7.5

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

NOTE B — LONG-LIVED ASSETS

Definite-lived Intangibles

The Company has definite-lived intangible assets which consist primarily of non-compete and building or naming rights, all of which are amortized over the shorter of either the respective lives of the agreements or over the period of time the assets are expected to contribute to the Company's future cash flows. These definite-lived intangibles had a gross carrying amount and accumulated amortization of $26.9 million and $12.1 million, respectively, as of December 31, 2004, and $26.4 million and $10.8 million, respectively, as of December 31, 2003.

Total amortization expense from definite-lived intangible assets for the years ended December 31, 2004, 2003 and 2002 was $3.2 million, $3.0 million and $3.3 million, respectively. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets that exist at December 31, 2004:

	(In thousands)
2005	$ 2,540
2006	1,823
2007	1,240
2008	1,240
2009	1,240

As acquisitions and dispositions occur in the future amortization expense may vary.

Goodwill

The Company tests goodwill for impairment using a two-step process. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. The second step, used to measure the amount of the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The following table presents the changes in the carrying amount of goodwill in each of the Company's reportable segments for the years ended December 31, 2004 and 2003:

	Global Music	Global Theater	Total
		(In thousands)	
Balance as of December 31, 2002	$ 109,495	$ 32,706	$ 142,201
Acquisitions	2,677	799	3,476
Dispositions	—	—	—
Foreign currency	1,095	327	1,422
Adjustments	(15,418)	(4,605)	(20,023)
Balance as of December 31, 2003	97,849	29,227	127,076
Acquisitions	13,199	3,942	17,141
Dispositions	—	—	—
Foreign currency	(2,266)	(677)	(2,943)
Adjustments	(74,275)	(22,186)	(96,461)
Balance as of December 31, 2004	$ 34,507	$ 10,306	$ 44,813

During 2004, the Company made adjustments to goodwill for $96.5 million primarily related to tax contingencies that were recorded at the time of acquisition that were resolved favorably in 2004. The

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Company made adjustments to goodwill for $20.0 million for the year ended December 31, 2003 primarily related to the favorable outcome of certain contingencies recorded at the time of acquisition.

Upon adopting Statement of Financial Accounting Standards No. 142 ("Statement 142"), the Company completed the two-step impairment test during the first quarter of 2002. As a result of this test, the Company recognized an impairment of approximately $3.9 billion, net of deferred taxes of $198.6 million related to tax deductible goodwill, as a component of the cumulative effect of a change in accounting principle during the first quarter of 2002.

Other Operating Assets

The Company makes investments in various operating assets, including investments in assets and rights related to assets for museum exhibitions. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. For the year ended December 31, 2004, the Company recorded an impairment write-down related to these exhibitions, included in the Company's other operations, of $1.1 million. This write-down was recorded as "Divisional operating expenses". There were no similar write-offs in 2003 or 2002.

NOTE C — BUSINESS ACQUISITIONS

The Company made cash payments of $13.8 million, $5.3 million and $12.8 million during the years ended December 31, 2004, 2003 and 2002, respectively, primarily related to acquisitions of music promoters and venue operators and exhibition related assets as well as various earn-outs and deferred purchase price consideration on prior year acquisitions. In addition, Clear Channel Communications made cash payments of $16.2 million, $2.8 million and $18.5 million during the years ended December 31, 2004, 2003 and 2002, respectively, related to these acquisitions. These payments by Clear Channel Communications were recorded as non-cash capital contributions to the Company.

Acquisition Summary

The following is a summary of the assets and liabilities acquired and the consideration given for all acquisitions made during 2004 and 2003:

	2004	2003
	(In thousands)	
Accounts receivable	$ 24	$ —
Property, plant and equipment	31	245
Goodwill	17,141	3,476
Other assets	473	—
	17,669	3,721
Other liabilities	(504)	(24)
	(504)	(24)
Cash paid for acquisitions	$ 17,165	$ 3,697

The Company has entered into certain agreements relating to acquisitions that provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired company. During the years ended December 31, 2004, 2003 and 2002, the cash payments discussed above include payments related to earn-outs and deferred purchase price consideration of $12.8 million, $4.4 million and $9.2 million, respectively, that were recorded to goodwill. The Company will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

contingent payments, if performance targets were met, would not significantly impact the Company's financial position or results of operations.

Restructuring

The Company restructured its operations in connection with its merger with Clear Channel Communications in August of 2000. A portion of the Company's international corporate office in New York was closed on June 30, 2001. As of December 31, 2004, the accrual balance for the restructuring was $2.6 million. All restructuring has resulted in the actual termination of approximately 150 employees. The Company recorded a liability in purchase accounting primarily related to severance for terminated employees and lease terminations as follows:

	2004	2003	2002
		(In thousands)	
Severance and lease termination costs:			
Accrual at January 1	$ 2,648	$ 5,312	$ 8,521
Payments charged against restructuring accrual	(69)	(2,664)	(3,209)
Remaining accrual at December 31	$ 2,579	$ 2,648	$ 5,312

The remaining severance and lease accrual is comprised of $1.3 million of severance and $1.3 million of lease termination. The severance accrual includes amounts that will be paid over the next several years related to deferred payments to former employees as well as other compensation. The lease termination accrual will be paid over the next nine years. During 2004, $0.2 million was paid and charged to the restructuring reserve related to severance. In addition, Clear Channel Communications made payments related to acquisition contingencies of $1.1 million, $9.6 million and $12.9 million for the years ended December 31, 2004, 2003 and 2002, respectively, on behalf of the Company. These payments were accounted for as non-cash capital contributions by Clear Channel Communications to the Company.

In 2004, the Company recorded additional restructuring accruals related to the sale of a United Kingdom business included in other operations and a reduction in operating personnel in the global music segment. Total expense related to these restructurings was $6.4 million recorded in "Divisional operating expenses" and resulted in the actual termination of approximately 90 employees. During 2004, $3.5 million was paid and charged to this restructuring reserve related to severance. As of December 31, 2004, the remaining accrual related to this 2004 restructuring was $2.9 million, primarily related to lease termination.

NOTE D — INVESTMENTS

The Company's most significant investments in nonconsolidated affiliates are listed below:

Dominion Theatre

The Company owns a 33% interest in the Dominion Theatre, a United Kingdom theatrical company involved in venue operations.

MLK

The Company owns a 20% interest in MLK, a German music company involved in promotion of, and venue operations for, live entertainment events.

House of Blues/ PACE JV

The Company owns a 32.5% interest in a joint venture with House of Blues. This is a United States music company involved in promotion of, and venue operations for, live entertainment events.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Broadway in Chicago

The Company owns a 50% interest in Broadway in Chicago, a United States theatrical company involved in promotion, presentation and venue operations for live entertainment events.

Summarized Financial Information

The following table summarizes the Company's investments in these nonconsolidated affiliates:

	Dominion	MLK	HOB/PACE JV	Broadway in Chicago	All Others	Total
			(In thousands)			
At December 31, 2003	$ 5,198	$ —	$ 4,576	$ 4,083	$ 5,860	$ 19,717
Acquisition (disposition) of investments	—	4,425	—	—	(522)	3,903
Additional investment, net	(738)	—	(424)	(2,289)	3,067	(384)
Equity in net earnings (loss)	831	1,518	414	1,801	(1,658)	2,906
Foreign currency translation adjustment	253	721	—	—	(114)	860
At December 31, 2004	$ 5,544	$ 6,664	$ 4,566	$ 3,595	$ 6,633	$ 27,002

The above investments are not consolidated, but are primarily accounted for under the equity method of accounting, whereby the Company records its investments in these entities in the balance sheet as "Investments in, and advances to, nonconsolidated affiliates." The Company's interests in their operations are recorded in the statement of operations as "Equity in earnings (loss) of nonconsolidated affiliates". There were no accumulated undistributed earnings included in retained deficit for these investments for any of the three years ended December 31, 2004. Investments for which the Company owns less than a 20% interest are accounted for under the cost method.

These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. For the year ended December 31, 2004 and 2003, the Company recorded an impairment write-down related to these investments in nonconsolidated affiliates of $0.6 million and $2.8 million, respectively. These write-downs were recorded as "Equity in earnings (loss) of nonconsolidated affiliates". The 2004 amount related to the global music segment. Of the 2003 amount, $1.1 million related to the global music segment and the remaining $1.7 million related to the Company's other operations.

The Company conducts business with certain of its equity method investees in the ordinary course of business. Transactions relate to venue rentals, management fees, sponsorship revenue, and reimbursement of certain costs. Expenses of $2.6 million and $2.8 million were incurred in 2004 and 2003, respectively, and revenues of $1.2 million and $1.4 million were earned in 2004 and 2003, respectively, from these equity investees for services rendered for these business ventures. It is the Company's opinion that these transactions were recorded at fair value.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

NOTE E — LONG-TERM DEBT

Long-term debt, which includes capital leases, at December 31, 2004 and 2003, consisted of the following:

	December 31,	
	2004	2003
	(In thousands)	
Debt with Clear Channel Communications	$ 628,897	$ 595,211
Other long-term debt	21,778	22,627
	650,675	617,838
Less: current portion	1,214	1,283
Total long-term debt	$ 649,461	$ 616,555

Debt with Clear Channel Communications

The Company currently has a revolving line of credit with Clear Channel Communications that is payable upon demand by Clear Channel Communications or on August 1, 2010, whichever is earlier, allows for prepayment at any time, and accrues interest at a fixed per annum rate of 7.0%. Clear Channel Communications promises that it will not call the outstanding balance of this revolving line of credit prior to its maturity date.

Other long-term debt

Other long-term debt is comprised of capital leases of $10.8 million and notes payable of $10.9 million. The notes payable primarily consists of two notes with interest rates ranging from 6.25% to 8.75% and maturities ranging from 8 to 15 years.

Future maturities of long-term debt at December 31, 2004 are as follows:

	(In thousands)
2005	$ 1,214
2006	1,366
2007	1,231
2008	1,262
2009	1,351
Thereafter	644,251
Total	$ 650,675

NOTE F — COMMITMENTS AND CONTINGENCIES

The Company leases office space and equipment. Some of the lease agreements contain renewal options and annual rental escalation clauses (generally tied to the consumer price index), as well as provisions for the payment of utilities and maintenance by the Company. The Company also has non-cancelable contracts related to minimum performance payments with various artists and other event related costs and employment contracts. In addition, the Company has commitments relating to required purchases of property, plant, and equipment under certain construction commitments for facilities and venues.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

As of December 31, 2004, the Company's future minimum rental commitments under non-cancelable operating lease agreements with terms in excess of one year, minimum payments under non-cancelable contracts in excess of one year, and capital expenditure commitments consist of the following:

	Non-Cancelable Operating Leases	Non-Cancelable Contracts	Capital Expenditures
		(In thousands)	
2005	$ 51,485	$ 171,288	$ 13,601
2006	49,446	37,010	17,000
2007	44,651	9,543	—
2008	40,170	9,229	—
2009	36,887	8,838	—
Thereafter	532,557	15,283	—
Total	$ 755,196	$ 251,191	$ 30,601

Rent expense charged to operations for 2004, 2003 and 2002 was $175.7 million, $160.3 million and $141.8 million, respectively.

The Company is currently involved in certain legal proceedings and, as required, has accrued its best estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings.

Various acquisition agreements include deferred consideration payments including future contingent payments based on the financial performance of the acquired companies, generally over a one to five year period. Contingent payments involving the financial performance of the acquired companies are typically based on the acquired company meeting certain financial performance targets as defined in the agreement. The contingent payment amounts are generally calculated based on predetermined multiples of the achieved financial performance not to exceed a predetermined maximum payment. At December 31, 2004, the Company believes its maximum aggregate contingency, which is subject to the financial performance of the acquired companies, is approximately $6.4 million. As the contingencies have not been met or resolved as of December 31, 2004, these amounts are not recorded. If future payments are made, amounts will be recorded as additional purchase price.

The Company has various investments in nonconsolidated affiliates that are subject to agreements that contain provisions that may result in future additional investments to be made by the Company. The put values are contingent upon financial performance of the investee and are typically based on the investee meeting certain financial performance targets, as defined in the agreements. The contingent payment amounts are generally calculated based on predetermined multiples of the achieved financial performance not to exceed a predetermined maximum amount.

NOTE G — RELATED PARTY TRANSACTIONS

The Company currently has a revolving line of credit with Clear Channel Communications. See further disclosure in Note E.

Clear Channel Communications has provided funding for certain of the Company's acquisitions of net assets. These amounts funded by Clear Channel Communications for these acquisitions are recorded in "Owner's net investment" as a component of owner's equity. Also, certain tax related receivables and payables, which are considered non-cash capital contributions or dividends, are recorded in "Owner's net investment". During 2004, Clear Channel Communications made an additional non-cash capital

contribution of $17.6 million to the Company. As of December 31, 2004 and 2003, the balance recorded in "Owner's net investment" is $4.4 billion.

The Company purchases advertising from Clear Channel Communications and its subsidiaries. For the years ended December 31, 2004, 2003 and 2002, the Company recorded $16.7 million, $15.7 million and $16.4 million, respectively, in expense for these advertisements. It is the Company's opinion that these transactions were recorded at fair value.

Clear Channel Communications provides management services to the Company, which include, among other things: (i) treasury, payroll and other financial related services; (ii) human resources and employee benefits services; (iii) legal and related services; and (iv) information systems, network and related services. These services are allocated to the Company based on actual direct costs incurred or on the Company's share of Clear Channel Communications' estimate of expenses relative to a seasonally adjusted headcount. Management believes this allocation method to be reasonable and the expenses allocated to be materially the same as the amount that would have been incurred on a stand-alone basis. For the years ended December 31, 2004, 2003 and 2002, the Company recorded $9.8 million, $9.2 million and $8.5 million, respectively, as a component of corporate expenses for these services.

The Company anticipates executing a transitional services agreement with Clear Channel Communications that will provide services similar to the management services discussed above. These services will be provided for a finite period of time subsequent to the spin-off and will be charged to the Company based upon Clear Channel Communications' direct costs incurred to provide these services, which it estimates to be the fair market value for such services.

Clear Channel Communications owns the trademark and trade names used by the Company. Beginning January 1, 2003, Clear Channel Communications charges the Company a royalty fee based upon a percentage of annual revenue. Clear Channel Communications used a third party valuation firm to assist in the determination of the royalty fee. For the years ended December 31, 2004 and 2003, the Company recorded $3.1 million and $4.1 million, respectively, of royalty fees in "Corporate expenses."

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications. The Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries. Tax payments are made to Clear Channel Communications on the basis of the Company's separate taxable income. Tax benefits recognized on employee stock options exercises are retained by Clear Channel Communications.

The Company's domestic employees participate in Clear Channel Communications employee benefit plans, including employee medical insurance and a 401(k) retirement benefit plan. These costs are recorded primarily as a component of "Divisional operating expenses" and were approximately $9.0 million, $7.6 million and $7.2 million for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE H — INCOME TAXES

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications. However, for financial reporting purposes, the Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Significant components of the provision for income tax expense (benefit) are as follows:

	2004	2003	2002
		(In thousands)	
Current — federal	$ (68,192)	$ (71,966)	$ 23,559
Current — foreign	13,870	2,809	12,771
Current — state	(1,624)	885	3,772
Total current	(55,946)	(68,272)	40,102
Deferred — federal	50,162	73,575	(11,367)
Deferred — foreign	(2,201)	(3,428)	1,725
Deferred — state	6,450	9,460	(1,461)
Total deferred	54,411	79,607	(11,103)
Income tax expense (benefit)	$ (1,535)	$ 11,335	$ 28,999

Current tax benefit decreased $12.3 million in 2004 as compared to 2003. As a result of the favorable resolution of certain tax contingencies, current tax expense (benefit) for the year ended December 31, 2004 was reduced approximately $11.0 million. In 2004, certain of the Company's IRS audits were settled and certain tax contingencies, which had previously been recorded in purchase accounting with an offset to goodwill, were resolved. Thus, the Company reversed $11.0 million of interest that had been accrued as tax expense associated with these items during prior years as a benefit to current tax expense. The $11.0 million was partially offset by approximately $4.9 million of additional current tax expense related to interest expense on other tax contingencies associated with various tax planning items. The decrease in deferred tax expense of $25.2 million for the year ended December 31, 2004 as compared to December 31, 2003 was due primarily to additional depreciation expense deductions taken for tax purposes associated with a change in our tax lives of certain assets. The additional depreciation expense resulted in an increase in deferred tax expense in 2003.

In 2002, approximately $313.0 million of taxable income was recognized that had been deferred in a prior year. As such, current tax expense for the year ended December 31, 2002 increased approximately $123.6 million. In addition, as the deferred tax liability was reversed, a deferred tax benefit of approximately $123.6 million was recorded for the year ended December 31, 2002. These amounts were offset by the utilization of net operating losses of approximately $59.8 million that decreased current tax expense and increased deferred tax expense for the year ended December 31, 2002.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Significant components of the Company's deferred tax liabilities and assets as of December 31, 2004 and 2003 are as follows:

	2004	2003
	(In thousands)	
Deferred tax liabilities:		
Long-term debt	$ 2,078	$ —
Foreign	—	978
Total deferred tax liabilities	2,078	978
Deferred tax assets:		
Intangibles and fixed assets	72,081	113,857
Accrued expenses	1,226	4,599
Foreign	1,488	—
Investments	11,013	10,309
Net operating loss carryforwards	—	3,761
Bad debt reserves	3,391	3,298
Deferred income	1,449	369
Prepaid expense	199	6,557
Other	8,548	8,307
Total gross deferred tax assets	99,395	151,057
Valuation allowance	—	57,805
Total deferred tax assets	99,395	93,252
Net deferred tax assets	$ 97,317	$ 92,274

The deferred tax asset related to intangibles and fixed assets primarily relates to the difference in book and tax basis of tax deductible goodwill created from the Company's various stock acquisitions. In accordance with Statement No. 142, the Company no longer amortizes goodwill. Thus, a deferred tax benefit for the difference between book and tax amortization for the Company's tax-deductible goodwill is no longer recognized, as these assets are no longer amortized for book purposes. As the Company continues to amortize its tax basis in its tax deductible goodwill, the deferred tax asset will decrease over time.

The reduction in the valuation allowance during 2004 was a result of the resolution of certain tax contingencies associated with prior acquisitions. This reduction was recorded as an adjustment to the original purchase price allocation and did not impact income tax expense.

The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense (benefit) is:

	2004	2003	2002
		(In thousands)	
Income tax expense (benefit) at statutory rates	$ 5,154	$ 23,928	$ 11,351
State income taxes, net of federal tax benefit	4,825	10,345	2,310
Foreign taxes	(7,084)	(15,610)	3,225
Nondeductible items	1,105	1,101	2,120
Tax contingencies	(6,064)	22,305	8,808
Minority interest	522	433	834
Loss on sale of subsidiary	—	(31,621)	—
Other, net	7	454	351
	$ (1,535)	$ 11,335	$ 28,999

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

During 2004, the Company recorded a tax benefit of approximately $1.5 million on income before income taxes of $14.7 million. Foreign income before income taxes was approximately $53.6 million for 2004. As a result of the favorable resolution of certain tax contingencies, current tax expense (benefit) for the year ended December 31, 2004 was reduced approximately $11.0 million. In 2004, certain of the Company's IRS audits were settled and certain tax contingencies, which had previously been recorded in purchase accounting with an offset to goodwill, were resolved. Thus, the Company reversed $11.0 million of interest associated with these items that had been accrued as tax expense in prior years as a benefit to current tax expense. The $11.0 million was partially offset by approximately $4.9 million of additional current tax expense related to interest expense on other tax contingencies associated with various tax planning items.

During 2003, the Company recorded tax expense of approximately $11.3 million on income before income taxes of $68.4 million. Foreign income before income taxes was approximately $42.8 million. The Company recorded additional current tax expense related to interest on certain tax contingencies of approximately $22.3 million in 2003. In addition, the Company recorded a tax benefit of $31.6 million related to the loss on the disposition of certain subsidiaries.

During 2002, the Company recorded tax expense of approximately $29.0 million on income before income taxes of $32.4 million. Foreign income before income taxes was approximately $2.6 million. The Company recorded additional current tax expense related to interest on certain tax contingencies of approximately $8.8 million in 2002. In addition, the Company did not record a tax benefit on certain tax losses in our foreign operations due to the uncertainty of the ability to utilize those tax losses in the future.

Certain tax liabilities owed by the Company are remitted to the appropriate taxing authority by Clear Channel Communications and are accounted for as non-cash capital contributions by Clear Channel Communications to the Company. To the extent tax benefits of the Company are utilized by Clear Channel Communications, they are accounted for as non-cash dividends from the Company to Clear Channel Communications. For the years ended December 31, 2004 and 2003, Clear Channel Communications utilized $64.1 million and $92.6 million, respectively, of the Company's tax benefit. For the year ended December 31, 2002, Clear Channel Communications paid $9.3 million in taxes on behalf of the Company.

NOTE I — OWNER'S EQUITY

Stock Options

Clear Channel Communications has granted options to purchase Clear Channel Communications common stock to employees of the Company and its affiliates under various stock option plans at no less than the fair market value of the underlying stock on the date of grant. These options are granted for a term not exceeding ten years and are forfeited in the event the employee or director terminates his or her employment or relationship with the Company or one of its affiliates. All option plans contain anti-dilutive provisions that require the adjustment of the number of shares of the Clear Channel Communications common stock represented by each option for any stock splits or dividends.

Restricted Stock Awards

On behalf of the Company, Clear Channel Communications began granting restricted stock awards to the Company's employees in 2004. These Clear Channel Communications common shares hold a legend which restricts their transferability for a term of from three to five years and are forfeited in the event the employee terminates his or her employment or relationship with the Company prior to the lapse of the restriction. The restricted stock awards were granted out of the Clear Channel Communications' stock option plans. All option plans contain anti-dilutive provisions that require the adjustment of the number of shares of the Clear Channel Communications common stock represented by each option for any stock splits or dividends. Additionally, recipients of the restricted stock awards are entitled to all cash dividends

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

as of the date the award was granted. The Company had 6,610 restricted stock awards outstanding at December 31, 2004 at a weighted average share price at the date of grant of $43.88. The expense related to these restricted stock awards is included in "Corporate expenses".

NOTE J — EMPLOYEE STOCK AND SAVINGS PLANS

The Company's employees are eligible to participate in various 401(k) savings and other plans provided by Clear Channel Communications for the purpose of providing retirement benefits for substantially all employees. Both the employees and the Company make contributions to the plan. The Company matches a portion of an employee's contribution. Beginning January 1, 2003, the Company match was increased from 35% to 50% of the employee's first 5% of pay contributed to the plan. Company matched contributions vest to the employees based upon their years of service to the Company. Contributions to these plans of $2.1 million, $1.6 million and $1.3 million were charged to expense for 2004, 2003 and 2002, respectively.

The Company's employees are also eligible to participate in a non-qualified employee stock purchase plan provided by Clear Channel Communications. Under the plan, shares of Clear Channel Communications' common stock may be purchased at 85% of the market value on the day of purchase. Employees may purchase shares having a value not exceeding 10% of their annual gross compensation or $25,000, whichever is lower. During 2004, 2003 and 2002, all Clear Channel Communications employees purchased 262,163, 266,978 and 319,817 shares at weighted average share prices of $32.05, $34.01 and $33.85, respectively. The Company's employees represent approximately 6% of the total participation in this plan.

Certain highly compensated executives of the Company are eligible to participate in a non-qualified deferred compensation plan provided by Clear Channel Communications, which allows deferrals up to 50% of their annual salary and up to 80% of their bonus before taxes. The Company does not match any deferral amounts. Clear Channel Communications retains ownership of all assets until distributed and records the liability under this deferred compensation plan.

NOTE K — OTHER INFORMATION

	For the Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
The following details the components of "Other income (expense) — net":			
Interest income	$ 3,221	$ 6,870	$ 2,102
Minority interest expense	(3,300)	(3,280)	(3,794)
Other, net	(1,611)	(366)	2,024
Total other income (expense) — net	$ (1,690)	$ 3,224	$ 332

	As of December 31,	
	2004	2003
	(In thousands)	
The following details the components of "Other current assets":		
Investments in theatrical productions	$ 13,275	$ 11,099
Inventory	4,600	4,701
Assets held in escrow	22,109	19,965
Other	2,022	2,448

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

	As of December 31, 2004	2003
	(In thousands)	
Total other current assets	$ 42,006	$ 38,213
The following details the components of "Other assets":		
Prepaid management and booking fees	$ 10,300	$ 12,997
Prepaid rent	4,791	6,084
Other	6,662	6,965
Total other assets	$ 21,753	$ 26,046
The following details the components of "Accrued expenses":		
Accrued event expenses	$ 77,402	$ 58,054
Collections on behalf of others	85,129	37,719
Accrued expenses — other	199,747	240,027
Total accrued expenses	$ 362,278	$ 335,800
The following details the components of "Other long-term liabilities":		
Tax contingencies	$ 70,804	$ 116,157
Deferred income	5,557	2,471
Other	12,636	20,775
Total other long-term liabilities	$ 88,997	$ 139,403

NOTE L — SEGMENT DATA

The Company has two reportable operating segments — global music and global theater. Revenue and expenses earned and charged between segments are recorded at fair value and eliminated in consolidation. There are no customers that individually account for more than ten percent of the combined revenues in any year.

	Global Music	Global Theater	Other	Corporate	Combined
			(In thousands)		
2004					
Revenue	$ 2,201,007	$ 313,974	$ 291,147	$ —	$ 2,806,128
Divisional operating expenses	2,081,945	278,327	285,021	—	2,645,293
Depreciation and amortization	37,043	14,709	7,406	4,937	64,095
Loss (gain) on sale of operating assets	(3,438)	(58)	9,867	—	6,371
Corporate expenses	—	—	—	31,386	31,386
Operating income (loss)	$ 85,457	$ 20,996	$ (11,147)	$ (36,323)	$ 58,983
Identifiable assets	$ 807,212	$ 391,523	$ 138,907	$ 141,064	$ 1,478,706
Capital expenditures	$ 33,581	$ 32,698	$ 3,085	$ 4,071	$ 73,435

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

	Global Music	Global Theater	Other	Corporate	Combined
			(In thousands)		
2003					
Revenue	$ 2,069,857	$ 318,219	$ 319,826	$ —	$ 2,707,902
Divisional operating expenses	1,924,132	282,320	300,183	—	2,506,635
Depreciation and amortization	35,262	13,161	9,626	5,387	63,436
Loss (gain) on sale of operating assets	(863)	24	(139)	—	(978)
Corporate expenses	—	—	—	30,820	30,820
Operating income (loss)	$ 111,326	$ 22,714	$ 10,156	$ (36,207)	$ 107,989
Identifiable assets	$ 825,212	$ 401,615	$ 135,999	$ 132,889	$ 1,495,715
Capital expenditures	$ 33,494	$ 30,209	$ 4,571	$ 1,662	$ 69,936
2002					
Revenue	$ 1,821,215	$ 296,460	$ 355,644	$ —	$ 2,473,319
Divisional operating expenses	1,693,334	254,971	354,402	—	2,302,707
Depreciation and amortization	35,285	11,133	12,694	5,724	64,836
Loss (gain) on sale of operating assets	(5,135)	4	(10,110)	—	(15,241)
Corporate expenses	—	—	—	26,101	26,101
Operating income (loss)	$ 97,731	$ 30,352	$ (1,342)	$ (31,825)	$ 94,916
Identifiable assets	$ 798,901	$ 355,575	$ 195,252	$ 168,916	$ 1,518,644
Capital expenditures	$ 38,190	$ 15,307	$ 7,928	$ 6,760	$ 68,185

Revenue of $776.1 million, $680.0 million and $481.4 million were derived from the Company's foreign operations, of which $353.7 million, $313.0 million and $252.3 million were derived from the Company's operations in the United Kingdom for the years ended December 31, 2004, 2003 and 2002, respectively. Identifiable assets of $424.4 million, $348.7 million and $395.2 million were derived from the Company's foreign operations of which $174.9 million, $160.6 million and $168.1 million were derived from the Company's operations in the United Kingdom for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE M — SUBSEQUENT EVENTS

On April 29, 2005, Clear Channel Communications announced a plan to strategically realign the Clear Channel Communication businesses. The plan includes a 100% spin-off of the Company. Following the spin-off, the Company will be a separate, publicly-traded company in which Clear Channel Communications will not retain any ownership interest. Clear Channel Communications has submitted a request to the Internal Revenue Service ("IRS") seeking a letter ruling regarding the tax-free nature of the spin-off. This realignment, which Clear Channel Communications expects to complete in the second half of 2005, is subject to receipt of a tax opinion of counsel and letter ruling from the IRS relating to the spin-off of the Company, favorable market conditions, the filing and effectiveness of a registration statement with the Securities and Exchange Commission and other customary conditions. The transactions do not require approval by Clear Channel Communications' shareholders.

The Company, along with Clear Channel Communications, is among the defendants in a lawsuit filed September 3, 2002 by JamSports in the United States Federal District Court for the Northern District of Illinois. The plaintiff alleged that the Company violated Section One and Section Two of the Sherman Antitrust Act and wrongfully interfered in the plaintiff's contractual rights. Plaintiff sought in excess of $30 million in alleged actual damages, as well as attorneys fees and costs. On March 21, 2005, the jury rendered its verdict finding that the Company had not violated the antitrust laws, but had tortiously

interfered with the contract which the plaintiff had entered into with AMA Pro Racing and with the plaintiff's prospective economic advantage. In connection with the findings regarding tortious interference, the jury awarded to the plaintiffs approximately $17 million in lost profits and $73 million in punitive damages. The Company is vigorously seeking to overturn or nullify the adverse verdict and damage award regarding tortious interference, and, in April, 2005 filed a Renewed Motion for Judgment as a Matter of Law and Motion For a New Trial, to seek a judgment notwithstanding the verdict or a new trial from the U.S. District Court that tried the case. On August 15, 2005, the District Court granted that motion in part, granting judgment in favor of the Clear Channel defendants on the plaintiff's claim for tortious interference with prospective economic advantage and granting the Clear Channel defendants a new trial with respect to the issue of damages on the plaintiff's claim for tortious interference with contract. The District Court has set a new date for this trial, on February 6, 2006. The Company is vigorously defending this remaining claim. The Company has accrued its estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings.

During July 2005, the Company purchased a controlling majority interest in Mean Fiddler Music Group, PLC ("Mean Fiddler") in the United Kingdom for approximately $43.6 million. This company will be a consolidated subsidiary that is part of the Company's global music segment. Mean Fiddler is involved in the promotion and production of live music events, including festivals, and is involved in venue operations. As part of the acquisition, the Company recorded approximately $5.4 million in restructuring costs primarily related to lease terminations, which it expects to pay over the next several years.

COMBINED BALANCE SHEETS

	September 30, 2005 (Unaudited)	December 31, 2004
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 273,474	$ 179,137
Accounts receivable, less allowance of $10,850 at September 30, 2005 and $10,174 at December 31, 2004	241,936	167,868
Prepaid expenses	218,293	83,546
Other current assets	48,617	42,006
Total Current Assets	782,320	472,557
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings and improvements	904,813	880,881
Furniture and other equipment	164,962	155,563
Construction in progress	40,479	14,917
	1,110,254	1,051,361
Less accumulated depreciation	294,984	258,045
	815,270	793,316
INTANGIBLE ASSETS		
Definite-lived intangibles, net	12,787	14,838
Goodwill	143,170	44,813
OTHER ASSETS		
Notes receivable	6,436	7,110
Investments in, and advances to, nonconsolidated affiliates	25,281	27,002
Deferred tax asset	87,069	97,317
Other assets	19,900	21,753
Total Assets	$ 1,892,233	$ 1,478,706
LIABILITIES AND OWNER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 67,125	$ 31,440
Deferred income	240,753	184,413
Accrued expenses	469,354	362,278
Current portion of long-term debt	22,546	1,214
Total Current Liabilities	799,778	579,345
Long-term debt	20,038	20,564
Debt with Clear Channel Communications	725,495	628,897
Other long-term liabilities	84,399	88,997
Minority interest	28,507	3,927
Commitment and contingent liabilities (Note 4)		
OWNER'S EQUITY		
Owner's net investment	4,409,303	4,358,352
Retained deficit	(4,183,529)	(4,187,855)
Accumulated other comprehensive income (loss)	8,242	(13,521)
Total Owner's Equity	234,016	156,976
Total Liabilities and Owner's Equity	$ 1,892,233	$ 1,478,706

See Notes to Combined Financial Statements

UNAUDITED INTERIM COMBINED STATEMENTS OF OPERATIONS

	Nine Months Ended September 30,	
	2005	2004
	(In thousand)	
Revenue	$ 2,184,588	$ 2,261,879
Operating expenses:		
Divisional operating expenses	2,050,631	2,107,785
Depreciation and amortization	46,392	47,499
Loss (gain) on sale of operating assets	(426)	7,400
Corporate expenses	38,391	19,977
Operating income	49,600	79,218
Interest expense	2,671	2,198
Intercompany interest expense	35,719	32,550
Equity in earnings of nonconsolidated affiliates	157	3,231
Other income (expense) — net	(4,157)	(1,437)
Income before income taxes	7,210	46,264
Income tax (expense) benefit:		
Current	11,975	42,633
Deferred	(14,859)	(37,808)
Net income	4,326	51,089
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	21,763	3,629
Comprehensive income	$ 26,089	$ 54,718
Basic and diluted pro forma net income per common share	$ 0.06	$ 0.76
Basic and diluted pro forma common shares outstanding	67,565	67,565

See Notes to Combined Financial Statements

UNAUDITED COMBINED STATEMENTS OF CHANGES IN OWNER'S EQUITY

	Owner's Net Investment	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
		(In thousands)		
Balances at December 31, 2004	$ 4,358,352	$ (4,187,855)	$ (13,521)	$ 156,976
Net income	—	4,326	—	4,326
Contributions from Owner	81,885	—	—	81,885
Dividends to Owner	(30,934)	—	—	(30,934)
Currency translation adjustment	—	—	21,763	21,763
Balances at September 30, 2005	$ 4,409,303	$ (4,183,529)	$ 8,242	$ 234,016

See Notes to Combined Financial Statements

UNAUDITED INTERIM COMBINED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2005	2004
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,326	$ 51,089
Reconciling items:		
Depreciation	44,536	45,297
Amortization of intangibles	1,856	2,202
Deferred income tax expense (benefit)	14,859	37,808
Current tax expense (benefit) contributed by owner	(30,934)	(58,894)
Non-cash compensation expense	1,735	761
Loss (gain) on sale of operating and fixed assets	(426)	7,400
Equity in (earnings) loss of nonconsolidated affiliates	(157)	(3,231)
Minority interest expense	5,530	2,715
Increase (decrease) other, net	(111)	(230)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in accounts receivable	(68,469)	(57,917)
Decrease (increase) in prepaid expenses	(136,409)	(25,099)
Decrease (increase) in other assets	4,575	1,661
Increase (decrease) in accounts payable, accrued expenses and other liabilities	121,536	56,070
Increase (decrease) in deferred income	20,451	30,244
Increase (decrease) in minority interest liability	19,305	(1,319)
Net cash provided by operating activities	2,203	88,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in notes receivable, net	674	1,916
Decrease (increase) in investments in, and advances to, nonconsolidated affiliates — net	610	643
Purchases of property, plant and equipment	(71,997)	(56,516)
Proceeds from disposal of assets	591	2,630
Acquisition of operating assets	(2,530)	(13,442)
Decrease (increase) in other — net	49	107
Net cash used in investing activities	(72,603)	(64,662)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments on) debt with Clear Channel Communications	135,656	44,846
Proceeds from long-term debt	21,643	6,725
Payments on long-term debt	(681)	(7,240)
Net cash provided by financing activities	156,618	44,331
Effect of exchange rate changes on cash	8,119	6,483
Net increase in cash and cash equivalents	94,337	74,709
Cash and cash equivalents at beginning of year	179,137	116,360
Cash and cash equivalents at end of period	$ 273,474	$ 191,069

See Notes to Combined Financial Statements

NOTES TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Interim Financial Statements

CCE Spinco, Inc. (the "Company") includes the entities principally comprising the live entertainment segment of Clear Channel Communications, Inc. ("Clear Channel Communications"), a diversified media company with operations in radio broadcasting, outdoor advertising and live entertainment.

The combined financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all adjustments (consisting of normal recurring accruals and adjustments necessary for adoption of new accounting standards) necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods are not necessarily indicative of results for the full year.

The combined financial statements include assets and liabilities of Clear Channel Communications not currently owned by the Company that will be transferred to the Company prior to or concurrent with the spin-off transaction. The combined financial statements are comprised of businesses included in the consolidated financial statements and accounting records of Clear Channel Communications, using the historical results of operations, and the historical basis of assets and liabilities of the entertainment business. Investments in companies in which the Company owns 20 percent to 50 percent of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. All significant intercompany transactions among the combined businesses are eliminated in the consolidation process.

Stock-Based Compensation

The Company does not have any compensation plans under which it grants stock awards to employees. On behalf of the Company, Clear Channel Communications grants the Company's officers and other key employees stock options to purchase shares of Clear Channel Communications common stock. Clear Channel Communications accounts for its stock-based award plans in accordance with APB 25, and related interpretations, under which compensation expense is recorded to the extent that the current market price of the underlying stock exceeds the exercise price. Clear Channel Communications calculates the pro forma stock compensation expense as if the stock-based awards had been accounted for using the provisions of Statement 123, *Accounting for Stock-Based Compensation.* The stock compensation expense is then allocated to the Company based on the percentage of options outstanding to employees of the Company. The required pro forma disclosures, based on this allocated expense are as follows:

	Nine Months Ended September 30,	
	2005	2004
	(In thousands)	
Net income:		
Reported	$ 4,326	$ 51,089
Pro forma stock compensation expense, net of tax	(2,802)	(8,640)
Pro Forma	$ 1,524	$ 42,449
Pro forma basic and diluted net income per common share:		
As reported	$ 0.06	$ 0.76
Pro forma	$ 0.02	$ 0.63

NOTES TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS — (Continued)

Recent Accounting Pronouncements

In March 2005, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 107 *Share-Based Payment* ("SAB 107"). SAB 107 expresses the SEC staff's views regarding the interaction between Statement of Financial Accounting Standards No. 123(R) *Share-Based Payment* ("Statement 123(R)") and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements for public companies. In particular, SAB 107 provides guidance related to share-based payment transactions with nonemployees, the transition from nonpublic to public entity status, valuation methods (including assumptions such as expected volatility and expected term), the accounting for certain redeemable financial instruments issued under share-based payment arrangements, the classification of compensation expense, non-GAAP financial measures, first time adoption of Statement 123(R) in an interim period, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements upon adoption of Statement 123(R) and the modification of employee share options prior to adoption of Statement 123(R). The Company is unable to quantify the impact of adopting SAB 107 and Statement 123(R) at this time because it will depend on levels of share-based payments granted in the future. Additionally, the Company is still evaluating the assumptions it will use upon adoption.

In April 2005, the SEC issued a press release announcing that it would provide for phased-in implementation guidance for Statement 123(R). The SEC would require that registrants that are not small business issuers adopt Statement 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first fiscal year beginning after June 15, 2005. The Company intends to adopt Statement 123(R) on January 1, 2006.

In June 2005, the Emerging Issues Task Force ("EITF") issued EITF 05-6, Determining the Amortization Period of Leasehold Improvements ("EITF 05-6"). EITF 05-6 requires that assets recognized under capital leases generally be amortized in a manner consistent with the lessee's normal depreciation policy except that the amortization period is limited to the lease term (which includes renewal periods that are reasonably assured). EITF 05-6 also addresses the determination of the amortization period for leasehold improvements that are purchased subsequent to the inception of the lease. Leasehold improvements acquired in a business combination or purchased subsequent to the inception of the lease should be amortized over the lesser of the useful life of the asset or the lease term that includes reasonably assured lease renewals as determined on the date of the acquisition of the leasehold improvement. The Company has adopted EITF 05-6 on July 1, 2005 which did not materially impact the Company's financial position or results of operations.

In October 2005, the FASB issued Staff Position 13-1 ("FSP 13-1"). FSP 13-1 requires rental costs associated with ground or building operating leases that are incurred during a construction period be recognized as rental expense. The guidance in FSP 13-1 shall be applied to the first reporting period beginning after December 15, 2005. The Company will adopt FSP 13-1 January 1, 2006 and does not anticipate adoption to materially impact its financial position or results of operations.

NOTE 2: LONG-LIVED ASSETS

Definite-lived Intangibles

The Company has definite-lived intangible assets which consist primarily of non-compete and building or naming rights, all of which are amortized over the shorter of either the respective lives of the agreements or over the period of time the assets are expected to contribute to the Company's future cash flows. These definite-lived intangibles had a gross carrying amount and accumulated amortization of $24.4 million and $11.6 million, respectively, as of September 30, 2005, and $26.9 million and $12.1 million, respectively, as of December 31, 2004.

NOTES TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS — (Continued)

Total amortization expense from definite-lived intangible assets for the nine months ended September 30, 2005, the nine months ended September 30, 2004 and for the year ended December 31, 2004 was $1.9 million, $2.2 million and $3.2 million, respectively. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets:

	(In thousands)
2006	$ 1,823
2007	1,240
2008	1,240
2009	1,240
2010	1,463

As acquisitions and dispositions occur in the future amortization expense may vary.

Goodwill

The Company tests goodwill for impairment using a two-step process. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. The second step, used to measure the amount of the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The following table presents the changes in the carrying amount of goodwill in each of the Company's reportable segments for the nine-month period ended September 30, 2005:

	Global Music	Global Theater	Total
		(In thousands)	
Balance as of December 31, 2004	$ 34,507	$ 10,306	$ 44,813
Acquisitions	96,767	7,067	103,834
Foreign currency	(657)	(195)	(852)
Adjustments	(3,561)	(1,064)	(4,625)
Balance as of September 30, 2005	$ 127,056	$ 16,114	$ 143,170

During July, 2005, the Company purchased a controlling majority interest in Mean Fiddler Music Group, PLC ("Mean Fiddler") in the United Kingdom for approximately $43.6 million. Total assets were valued at approximately $118.3 million, which includes $91.4 million of goodwill, and total liabilities and minority interest of approximately $74.7 million were recorded. Mean Fiddler is a consolidated subsidiary that is part of the Company's global music segment. Mean Fiddler is involved in the promotion and production of live music events, including festivals, and venue operations.

Other Operating Assets

The Company makes investments in various operating assets, including investments in assets and rights related to assets for museum exhibitions. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. For the nine-month period ended September 30, 2005 and the year ended December 31, 2004, the Company recorded an impairment write-down related to these exhibitions, included in the Company's other operations, of $.9 million and $1.1 million, respectively. These write-downs were recorded as "Divisional operating expenses".

NOTE 3: RESTRUCTURING

The Company restructured its operations in connection with its merger with Clear Channel Communications in August of 2000. A portion of the Company's international corporate office in New York was closed on June 30, 2001. All restructuring has resulted in the actual termination of approximately 150 employees.

NOTES TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS — (Continued)

In July 2005, the Company acquired a controlling majority interest in Mean Fiddler. As part of the acquisition, the Company recorded $5.4 million in restructuring costs primarily related to lease terminations, which it expects to pay over the next several years.

The Company recorded a liability in purchase accounting primarily related to severance for terminated employees and lease terminations as follows:

	Nine Months Ended September 30, 2005	Year Ended December 31, 2004
	(In thousands)	
Severance and lease termination costs:		
Accrual at January 1	$ 2,579	$ 2,648
Estimated restructuring accruals	$ 5,390	—
Payments charged against restructuring accrual	(866)	(69)
Remaining accrual at September 30 or December 31	$ 7,103	$ 2,579

The remaining severance and lease accrual is comprised of $0.6 million of severance and $1.1 million of lease termination. The severance accrual includes amounts that will be paid over the next several years related to deferred payments to former employees as well as other compensation. The lease termination accrual will be paid over the next nine years. During the nine months ended September 30, 2005, $0.7 million was paid and charged to the restructuring reserve related to severance. In addition, Clear Channel Communications made payments related to acquisition contingencies of $0.3 million and $1.1 million for the nine months ended September 30, 2005 and the year ended December 31, 2004, respectively, on behalf of the Company. These payments were accounted for as non-cash capital contributions by Clear Channel Communications to the Company.

The Company recorded additional restructuring expense in 2004 primarily related to the sale of a United Kingdom business included in other operations. As of September 30, 2005, the accrual balance of the restructuring was $2.0 million. All of this restructuring has resulted in the actual termination of approximately 90 employees. During the nine months ended September 30, 2005, there were no payments made and charged to this restructuring reserve related to severance.

NOTE 4: COMMITMENTS AND CONTINGENCIES

Certain agreements relating to acquisitions provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies. The Company will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these contingent payments, if performance targets are met, would not significantly impact the financial position or results of operations of the Company.

The Company is among the defendants in a lawsuit filed September 3, 2002 by JamSports in United States Federal District Court for the Northern District of Illinois. The plaintiff alleged that the Company violated federal antitrust laws and wrongfully interfered with plaintiff's business and contractual rights. On March 21, 2005, the jury rendered its verdict finding that the Company had not violated the antitrust laws, but had tortiously interfered with a contract which the plaintiff had entered into with co-defendant AMA Pro Racing and with the plaintiff's prospective economic advantage. In connection with the findings regarding tortious interference, the jury awarded to the plaintiffs approximately $17.0 million in lost profits and $73.0 million in punitive damages. In April, 2005, the Company filed a Renewed Motion for Judgment as a Matter of Law and Motion For a New Trial, to seek a judgment notwithstanding the verdict or a new trial from the U.S. District Court that tried the case. On August 15, 2005, the District Court granted that motion in part, granting judgment in favor of the Clear Channel defendants on the plaintiff's claim for tortious interference with prospective economic advantage and granting the Clear Channel defendants a new trial with respect to the issue of damages on the plaintiff's claim for tortious

interference with contract. The District Court has set a new date for this trial, on February 6, 2006. The Company is vigorously defending this remaining claim. The company has accrued its estimate of the probable costs for the resolution of this claim. This estimate has been developed in consultation with counsel and is based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to this proceeding.

The Company is currently involved in certain other legal proceedings and, as required, has accrued an estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings.

NOTE 5: RELATED PARTY TRANSACTIONS

The Company currently has a revolving line of credit with Clear Channel Communications that is payable upon demand by Clear Channel Communications or on August 1, 2010, whichever is earlier, allows for prepayment at any time, and accrues interest at a fixed per annum rate of 7.0%. Clear Channel Communications promises that it will not call the outstanding balance of this revolving line of credit prior to its maturity date.

Clear Channel Communications has provided funding for certain of the Company's acquisitions of net assets. These amounts funded by Clear Channel Communications for these acquisitions are recorded in "Owner's net investment" as a component of owner's equity. Also, certain tax related receivables and payables, which are considered non-cash capital contributions or dividends, are recorded in "Owner's net investment". During the nine months ended September 30, 2005 and the year ended December 31, 2004, Clear Channel Communications made additional non-cash capital contributions of $1.5 million and $17.6 million, respectively. As of September 30, 2005 and December 31, 2004, the balance recorded in "Owner's net investment" is $4.4 billion and $4.4 billion, respectively.

The Company purchases advertising from Clear Channel Communications and its subsidiaries. For the nine months ended September 30, 2005 and 2004, the Company recorded $10.0 million and $13.5 million, respectively, in expense for these advertisements. It is the Company's opinion that these transactions were recorded at fair value.

Clear Channel Communications provides management services to the Company, which include, among other things: (i) treasury, payroll and other financial related services; (ii) human resources and employee benefits services; (iii) legal and related services; and (iv) information systems, network and related services. These services are allocated to the Company based on actual direct costs incurred or on the Company's share of Clear Channel Communications' estimate of expenses relative to a seasonally adjusted headcount. Management believes this allocation method to be reasonable and the expenses allocated to be materially the same as the amount that would have been incurred on a stand-alone basis. For the nine months ended September 30, 2005 and 2004, the Company recorded $6.9 million and $5.7 million, respectively, as a component of "Corporate expenses" for these services.

The Company anticipates executing a transitional services agreement with Clear Channel Communications that will provide services similar to the management services discussed above. These services will be provided for a finite period of time subsequent to the spin-off and will be charged to the Company based upon Clear Channel Communications' direct costs incurred to provide these services, which it estimates to be the fair market value for such services.

Clear Channel Communications owns the trademark and trade names used by the Company. Beginning January 1, 2003, Clear Channel Communications charges the Company a royalty fee based upon a percentage of annual revenue. Clear Channel Communications used a third party valuation firm to

assist in the determination of the royalty fee. For the nine months ended September 30, 2005 and 2004, the Company recorded $0.5 million and $1.3 million, respectively, of royalty fees in "Corporate expenses."

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications. The Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries. Tax payments are made to Clear Channel Communications on the basis of the Company's separate taxable income. Tax benefits recognized on employee stock options exercises are retained by Clear Channel Communications.

NOTE 6: SEGMENT DATA

The Company has two reportable operating segments — global music and global theater. Revenue and expenses earned and charged between segments are recorded at fair value and eliminated in consolidation. There are no customers that individually account for more than ten percent of the combined revenues in any year.

	Global Music	Global Theater	Other	Corporate	Combined
Nine months ended September 30, 2005					
Revenue	$ 1,708,369	$ 233,265	$ 242,954	$ —	$ 2,184,588
Divisional operating expenses	1,595,434	219,132	236,065	—	2,050,631
Depreciation and amortization	27,363	11,389	4,362	3,278	46,392
Loss (gain) on sale of operating assets	(32)	2	(396)	—	(426)
Corporate expense	—	—	—	38,391	38,391
Operating income (loss)	$ 85,604	$ 2,742	$ 2,923	$ (41,669)	$ 49,600
Identifiable assets	$ 1,180,912	$ 408,540	$ 219,699	$ 83,082	$ 1,892,233
Capital expenditures	$ 31,032	$ 29,429	$ 8,204	$ 3,332	$ 71,997
Nine months ended September 30, 2004					
Revenue	$ 1,793,072	$ 222,871	$ 245,936	$ —	$ 2,261,879
Divisional operating expenses	1,674,660	198,942	234,183	—	2,107,785
Depreciation and amortization	27,064	11,014	5,655	3,766	47,499
Loss (gain) on sale of operating assets	(2,921)	(58)	10,379	—	7,400
Corporate expense	—	—	—	19,977	19,977
Operating income (loss)	$ 94,269	$ 12,973	$ (4,281)	$ (23,743)	$ 79,218
Identifiable assets	$ 952,484	$ 422,195	$ 139,947	$ 106,318	$ 1,620,944
Capital expenditures	$ 28,175	$ 23,750	$ 2,708	$ 1,883	$ 56,516

Revenue of $677.6 million and $574.1 million were derived from the Company's foreign operations, of which $313.1 million and $249.9 million were derived from the Company's operations in the United Kingdom for the nine months ended September 30, 2005 and 2004, respectively. Identifiable assets of $593.8 million and $409.4 million were derived from the Company's foreign operations, of which $302.8 million and $173.0 million were derived from the Company's operations in the United Kingdom as of September 30, 2005 and 2004, respectively.

The following report is in the form that will be signed upon the completion of the transaction described in the Basis of Presentation discussed in Note A to the financial statements.

/s/ Ernst & Young LLP

San Antonio, Texas
November 14, 2005

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules

We have audited the combined balance sheets of CCE Spinco, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related combined statements of operations, changes in owner's equity, and cash flows for each of the three years in the period ended December 31, 2004, and have issued our report thereon dated July 29, 2005, except as to Basis of Presentation of Note A, as to which date is , 2005 and Note M, as to which the date is November 7, 2005 (included elsewhere in this Registration Statement). Our audits also included the Schedule II Allowance for Doubtful Accounts and Schedule II Deferred Tax Asset Valuation Allowance in this Registration Statement. These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Ernst & Young LLP

San Antonio, Texas
July 29, 2005

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

Allowance for Doubtful Accounts
(In thousands)

Description	Balance at Beginning of period	Charges to Costs, Expenses and other	Write-off of Accounts Receivable	Other	Balance at end of Period
Year ended December 31, 2002	$ 15,803	$ 1,757	$ (3,135)	$ 363(1)	$ 14,788
Year ended December 31, 2003	$ 14,788	$ 3,417	$ (6,994)	$ 384(1)	$ 11,595
Year ended December 31, 2004	$ 11,595	$ 2,017	$ (3,546)	$ 108(1)	$ 10,174

(1) Foreign currency adjustments.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

Deferred Tax Asset Valuation Allowance
(In thousands)

Description	Balance at Beginning of period	Charges to Costs, Expenses and other	Deletions(1)	Other	Balance at end of Period
Year ended December 31, 2002	$ 79,000	$ —	$ 14,965	$ —	$ 64,035
Year ended December 31, 2003	$ 64,035	$ —	$ 6,230	$ —	$ 57,805
Year ended December 31, 2004	$ 57,805	$ —	$ 57,805	$ —	$ —

(1) In 2002, 2003 and 2004, the Company utilized net operating loss carryforwards and certain deferred tax assets, which resulted in the reduction of the allowance for those net operating loss carryforwards and other assets.

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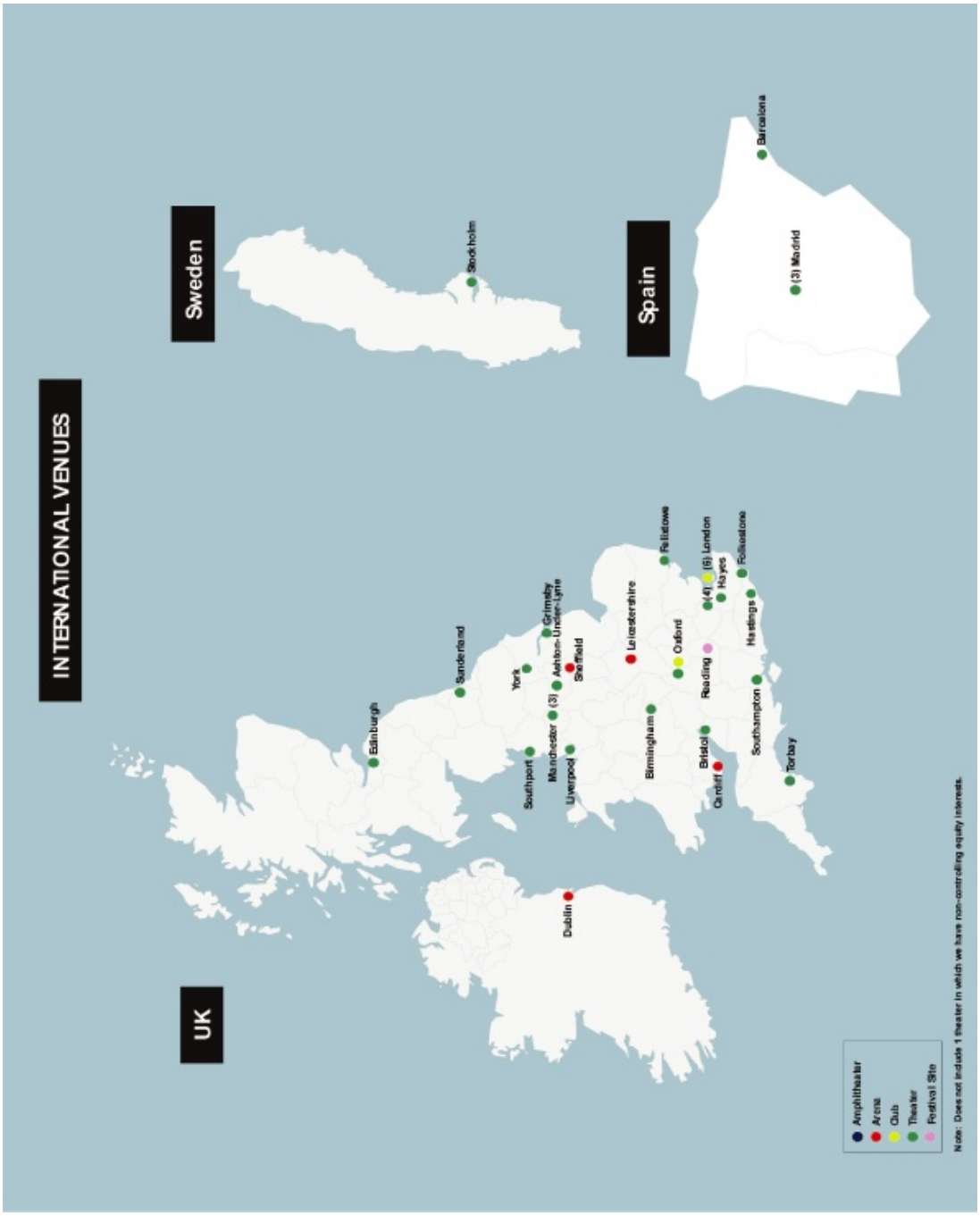

* See inside front cover for a map of our North American venues.

Fulbright & Jaworski L.L.P.

A Registered Limited Liability Partnership
300 Convent Street, Suite 2200
San Antonio, Texas 78205-3792
www.fulbright.com

DLANSDALE@FULBRIGHT.COM **TELEPHONE: (210) 224-5575**
DIRECT DIAL: (210) 270-9367 **FACSIMILE: (210) 270-7205**

November 14, 2005

VIA EDGAR AND FEDERAL EXPRESS

Mr. Max Webb
Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Mail Stop 3561
Washington, D.C. 20549-0305

Re: CCE Spinco, Inc.
Registration Statement on Form 10-12B filed on August 10, 2005
File No. 01-32601

Dear Mr. Webb:

On behalf of CCE Spinco, Inc. (the "Company"), we hereby submit to you Amendment No. 2 to the Company's above-referenced Registration Statement on Form 10 ("Amendment No. 2"), including the amended information statement filed as an exhibit to Amendment No. 2 (the "Information Statement"), reflecting changes made in response to the Staff's comment letter dated October 31, 2005.

All responses to the comments set forth in this letter are submitted on behalf of the Company at its request. All responses to the accounting comments were prepared by the Company in consultation with its independent auditors. The following numbered paragraphs, which correspond to the numbered paragraphs of the October 31, 2005 comment letter and which include specific references to Amendment No. 2, set forth the Company's responses to the Staff's comments.

Exhibit 99.1 Information Statement

The Distribution, page 39

Reasons for the Spin-Off, page 39

1. We note your revisions in response to our prior comment 28. Please also discuss the fact that Clear Channel Communications, at the same time, has chosen to retain a significant ownership interest in Clear Channel Outdoor Holdings and the reasons

why Clear Channel Communications is conducting the Outdoor Holdings initial public offering and your spin-off at the same time.

Response: The Company has complied with this comment by adding disclosure on page 41 of the Information Statement to also discuss the fact that Clear Channel Communications, at the same time, has chosen to retain a significant ownership interest in Clear Channel Outdoor Holdings and the reasons why Clear Channel Communications is conducting the Clear Channel Outdoor Holdings initial public offering and the Company's spin-off at the same time.

Selected Combined Financial Data, page 54

Cash Flow Data, page 56

2. We note your response to our prior comment 34. We will not object to your omission of the cash flow data for the two earliest periods in the selected financial data provided that you revise to disclose in the introduction to the selected financial data the reasons why this information cannot be presented and why you believe this does not render the filing misleading.

Response: The Company advises the Staff that it has complied with this comment by revising the disclosure in the introduction to the selected financial data to include the reasons why this information cannot be presented and why the Company believes it does not render the filing misleading.

Management's Discussion and Analysis, page 58

Global Theater Results of Operations, page 68

Six Months Ended June 30, 2005 to Six Months Ended June 30, 2004, page 68

3. Please refer to our prior comment 40. You state that the assets are periodically reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of the assets may not be recoverable. This appears to be accounting in compliance with SFAS 144 but rather accounted for as reductions of revenue as noted in your response. If this is the case, please tell us why these impairments are not appropriately expensed. Also, cite the accounting literature upon which you relied in recognizing the impairment of your advance as reductions of revenue.

Response: The Company advises the Staff that it has complied with this comment by reclassifying impairments on its theatrical investments to divisional operating expenses.

Management, page 96

Employee Benefit Plans, page 102

4. Please include your response to our prior comment 53 in this subsection of the information statement.

Response: The Company has complied with this comment by adding disclosure containing its response to your prior comment 53 on page 105 of the Information Statement.

Financial Statements, page F-1

Report of Independent Registered Public Accounting Firm, page F-2

5. Please revise to remove the restrictive legend that precedes the report of the independent registered public accounting firm prior to the planned effectiveness of the Company's Form 10 registration statement. The report with regard to the financial statement schedules included on page F-36 should be similarly revised.

Response: The Company advises the Staff that that it will remove the restrictive legend that precedes the report of the independent registered public accounting firm on page F-2 and the legend prior to the report of the independent registered public accounting firm on financial statement schedules on page F-37 prior to the planned effectiveness of the Company's Form 10 registration statement.

Combined Statements of Operations , page F-4

6. We note your response to prior comment number 56. As requested in our prior comment, please revise to disclose pro forma basic and diluted earnings per share for all periods presented in the Company's statements of operations, prior to the planned effectiveness of the Company's Form 10 registration statement.

Response: The Company advises the Staff that it has complied with this comment to disclose pro forma basic and diluted earnings per share for all periods presented in the Company's statements of operations.

Note A – Summary of Significant Accounting Policies, page F-7

Stock Based Compensation, page F-12

7. We note your response to our prior comment number 59. As requested in our prior comment, please revise to disclose your pro forma basic and diluted earnings per share assuming the fair value method outlined in SFAS No. 123 had been used to account for stock-based compensation, prior to the planned effectiveness of your Form 10 registration statement.

Response: The Company advises the Staff that it has complied with this comment to disclose pro forma basic and diluted earnings per share assuming the fair value method outlined in FAS 123 had been used to account for stock-based compensation.

Note B – Long-lived Assets, page F-12

Goodwill, page F-13

8. We have reviewed your response to our prior comment number 61. However, based on the information provided in your response, we are unclear as to the nature of the purchase price allocated "correction" that was recognized during 2003. Please explain in further detail the nature of the purchase price allocation error that occurred in connection with your fiscal 2000 acquisition transaction. Additionally, please explain in further detail the nature of the "tax contingencies" aggregating $96.4 million that were reflected as an adjustment to goodwill during 2004. We understand the rationale for reversing these tax reserves during 2004 (i.e., resolution of IRS audit) but do not understand when or why these reserves were initially established in purchase accounting for the related acquisition. We may have further comment upon receipt of your response.

Response: The Company advises the Staff that the $11.1 million "correction" in 2003 was to correct intercompany accounts of the acquired company with its predecessor parent at the date of acquisition. These accounts consisted primarily of an intercompany note payable, an intercompany allowance for doubtful accounts, and intercompany accrued liabilities scheduled on the opening balance sheet of the acquired company that were included in the Company's purchase price allocation at the time of acquisition. The eliminations for these accounts were not properly recorded on the opening balance sheet at the time of acquisition. Thus, when the Company discovered the eliminations were not properly recorded, it determined a credit to goodwill was appropriate.

During 2000 the Company acquired SFX Entertainment, Inc. and determined during its due diligence that taxing authorities may disagree with tax positions taken on certain pre-acquisition tax filings, including the amortizable tax basis of certain intangible assets, which would negatively affect the amount of taxes previously paid by SFX Entertainment. The Company determined that these pre-acquisition liabilities should be accrued in accordance with the provisions of FAS 5 and a valuation allowance established against the related deferred tax assets. The Company recorded these liabilities and valuation allowance as part of the purchase accounting for the acquisition resulting in a corresponding increase to goodwill. During 2004, certain IRS audits were settled for certain pre acquisition periods of SFX Entertainment to which the above items related. The associated tax reserve liabilities and valuation allowance recorded as part of the purchase accounting entries were then reversed, resulting in a corresponding decrease to goodwill in accordance with the provisions of EITF 93-7 and FAS 109, paragraph 30.

Note F – Commitments and Contingencies, page F-17

9. We note your response to our prior comment 64 and require clarification. Please tell us why, given that the adverse ruling on page 95 discloses an award of damages of $90 million you have only accrued $34.9 million. If you do not believe that payment of these damages is "reasonably possible," explain in detail your basis for this conclusion. In addition, we continue to believe that the disclosures provided in your financial statements regarding your accruals for litigation and overall exposure to losses resulting from pending litigation are not adequate. Please revise Note F to your financial statements to disclose the amount of your potential exposure to loss resulting from pending litigation and the amount of the related accruals that have been established. If no estimate of the exposure to loss can be made, please include a statement to that effect in the notes to your financial statements. Refer to the requirements of paragraphs 9 and 10 of SFAS No. 5 and SAB Topic 5:Y, Question 2.

Response: The Company advises the Staff that as of December 31, 2004, it had accrued its best estimate of all potential litigation as disclosed in Note F. The adverse ruling disclosed on page 96 ("the Jam case") occurred in March, 2005 and the Company disclosed this in Note M beginning on page F-25 as a subsequent event and disclosed that it had accrued its best estimate of the probable cost for the resolution of this claim. The Company further advises the Staff that in August 2005 the U.S. District Court that tried the Jam case set aside the jury verdict of $90 million and granted a new trial which will begin in February 2006. The judge dismissed the plaintiff's claim for tortious interference with prospective economic advantage and granted the new trial with respect to damages on the plaintiff's claim for tortious interference with the contract. The amount of potential damages related to the plaintiff's claim for tortious interference with the contract will not be determined until the February 2006 trial. The Company has reviewed the disclosure requirements of FAS 5 paragraph 10 and SAB Topic 5:Y, Question 2 and has determined that an amount, if any, of its exposure to loss above the amount currently accrued is not determinable until the February 2006 trial. Additionally, the Company advises the Staff that it will update its disclosures to reflect these new developments. As of September 30, 2005, the Company has accrued $40.2 million under the guidance in paragraph 8 of FAS 5, which is its best estimate of all potential exposure to loss resulting from pending litigation, including the Jam case.

Note H – Income Taxes, page F-19

10. We refer to our prior comment 67. Please note that the original comment asked that you explain why the recognition of provisions for the tax contingencies was appropriate. Please clarify for us the nature of the transaction that resulted in the tax contingencies and be specific in your response.

Response: The Company advises the Staff that the nature of the transactions that result in the recording of income tax contingency liabilities typically relate to permanent differences, uncertainties related to basis differences and other potential adjustments that could result from examination of current year or prior year tax returns by the taxing authority. Specifically, these contingencies range from positions on the tax deductibility of meals and entertainment expenses, calculations of recoverable basis in the stock or assets of acquired investments, and transfer pricing deductions on certain

intercompany services. The Company believes it has an appropriate amount of tax contingency reserves on the balance sheet for each period presented. The tax contingency reserves cover potential tax, interest and penalties related to specific tax positions that were taken on the Company's tax filings. The Company believes that the potential liabilities are probable and can be reasonably estimated in accordance with the provisions of FAS 5, and the Company records these tax contingency reserves in the period the criteria are met. Each period the tax reserves are increased for additional interest expense that may be assessed by a taxing authority related to the tax contingencies previously accrued. In addition, newly identified tax exposures and potential assessments may be added in a given interim period due to positions that were taken on the Company's tax returns that were filed in the period or due to ongoing examinations or taxing authority determinations of the Company or similarly situated taxpayers. These increases in identified tax exposures require additions to tax contingency reserve liabilities and are recorded by increasing the provision for current income tax expense in the appropriate period.

Note K – Other Information, page F-23

11. We have reviewed your response to our prior comment number 68 but do not concur with your conclusion that the materiality of the gains/losses on disposal of assets, and the materiality of the related assets or businesses disposed of should be assessed solely in relation to the Company's total revenues for the respective periods. We believe these gains and losses also must be assessed for materiality in relation to the Company's operating income and net earnings for the various periods presented. Additionally, we continue to believe that the Company's classification of these gains/losses as components of other income/expense, net, is not appropriate. Accordingly, either revise to include these gains/losses as a component of operating income or expense or as discontinued operations, as your response indicates they should be classified. Your response and your revised disclosure should clearly explain the basis for the treatment used and should include any disclosures required by SFAS No. 144, as applicable.

Response: The Company advises the Staff that in addition to the materiality considerations described in its previous response, the Company has considered the magnitude of the gain or loss on disposal as well as the operations of the components in relation to the Company's operating income and net earnings for the various periods. The Company has also considered the qualitative factors discussed in SAB Topic 1:M. Based on this assessment, the Company advises the Staff that it has complied with this comment by reclassifying gains/losses on disposal of assets as a component of operating income.

Note L – Segment Data, page F-24

12. Please tell us what assets you have allocated to "identifiable assets" per your revised disclosure in response to our prior comment 71. Include the major classes of assets you have allocated by geographic area, including domestic operations.

Response: The Company advises the Staff that the identifiable assets allocated to our international operations in response to the Staff's prior comment 71 were before elimination of intercompany accounts. The Company has revised its disclosure of identifiable assets from its foreign operations after elimination of such intercompany accounts.

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If you have any additional comments or questions, please feel free to contact the undersigned at (210) 270-9367 or Roy Goldman at (212) 318-3219.

Very truly yours,

/s/ Daryl L. Lansdale, Jr.
Daryl L. Lansdale, Jr.

Enclosures

cc: Ted Yu (Securities and Exchange Commission)
Cheryl Grant (Securities and Exchange Commission)
Linda Cverkel (Securities and Exchange Commission)
Heather Tress (Securities and Exchange Commission)
Randall T. Mays (Clear Channel Communications, Inc.)
John T. Tippit (Clear Channel Communications, Inc.)
Hamlet T. Newsom Jr. (Clear Channel Communications, Inc.)
Roy L. Goldman (Fulbright & Jaworski L.L.P.)
John W. White (Cravath, Swaine & Moore LLP)

EXHIBIT 10.7

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into this 17th day of August 2005, between SFX Entertainment, Inc., d/b/a Clear Channel Entertainment (the "Company") and Michael Rapino (the "Employee"), and effective on the date signed by the Company (Effective Date").

WHEREAS, the Company and the Employee desire to enter into an employment relationship under the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. TERM OF EMPLOYMENT.

The Employee's term of employment starts on the Effective Date of this Agreement and ends on the close of business on August 31, 2007 (the "Employment Period" or "Term of Employment"). However, beginning on August 31, 2007, the Employment Period shall be automatically extended from day to day for twelve months, so that commencing on September 1, 2007 and continuing for so long thereafter as Employee is employed hereunder, there will always be exactly one year remaining in the Term of Employment hereunder, until either party terminates in accordance with Section 7. The term "Employment Period" or "Term of Employment" shall refer to the Employment Period if and as so extended. Upon the closing of the proposed spin-off of the Entertainment business from Clear Channel Communications, Inc., as announced on April 29, 2005, this Agreement shall be automatically assigned by SFX Entertainment, Inc. to, and assumed by, CCE Spinco, Inc. (or other name as such entity may assume, and referred to herein as "CCE Spinco"), the parent entity for the newly independent, publicly traded company, and Employee shall then report to the Chairman of the Board of Directors of such entity.

2. TITLE AND DUTIES.

(a) DUTIES. The Employee's title is President and CEO, SFX Entertainment, Inc., d/b/a Clear Channel Entertainment. The Employee will perform job duties that are usual and customary for this position, and will perform additional services and duties that the Company may from time to time designate that are consistent with the usual and customary duties of this position. The Employee will report to President and CEO, Clear Channel Communications, Inc., currently Mark P. Mays. The Employee will devote his full working time and efforts to the business and affairs of Company.

(b) EXCLUSIVE SERVICES. During employment with the Company, Employee shall not be employed elsewhere, nor shall he engage in any competitive activity and, except as set forth in the preceding clause (a) of this Section 2, Employee shall not render any services to any other person or business, or acquire any interest of any type in any other business which is in competition with Company, provided, however, that the foregoing shall not be deemed to prohibit Employee from acquiring, solely as an investment, (i) up to 10% of any securities of a

partnership, trust, corporation or other entity so long as Employee remains a passive investor in such entity and such entity is not, directly or indirectly, in competition with Company or (ii) up to 5.0% of the outstanding equity interests of any publicly held company.

3. COMPENSATION AND BENEFITS

(a) BASE SALARY. The Company will pay the Employee an annual base salary of $550,000.00. Company agrees that the salary will not be decreased in the future. All payments of base salary will be made in installments according to the Company's regular payroll practice, prorated monthly or weekly where appropriate, and subject to any increases that are determined to be appropriate by the Compensation Committee of the Company's Board of Directors ("Compensation Committee").

(b) PERFORMANCE BONUS. No later than March 31 of each year, Employee will be eligible to receive a performance bonus for the prior year. Employee is not required to be employed by Company on the date of the bonus payment in order to

receive it. The amount of annual bonus for any partial year of this Agreement will be prorated monthly unless Employee is terminated for Cause. The potential performance bonus for calendar year 2005 is stated on the attached Exhibit A. The 2005 bonus shall not be prorated and shall be in lieu of any other prior bonus agreement. For calendar years 2006, 2007, and any additional years under this Agreement, any performance bonus shall be at the discretion of the Compensation Committee; however, the Company shall not set incentive performance criteria for 2006 and 2007 that are more stringent or less favorable to Employee than the requirements stated in Exhibit A.

(c) EMPLOYMENT BENEFIT PLANS. The Employee will be entitled to participate in all pension, profit sharing, and other retirement plans, all incentive compensation plans, and all group health, hospitalization and disability or other insurance plans, paid vacation, sick leave and other employee welfare benefit plans in which other similarly situated employees of the Company may participate as stated in the Employee Guide.

(d) VACATION. Employee will be entitled to accrue twenty days of paid vacation per calendar year, with such accrual pro-rated for partial years and suspended for periods of unpaid leave, and subject to the Company's policy regarding maximum vacation accrual.

(e) EXPENSES. The Company will pay or reimburse the Employee for all normal and reasonable travel and entertainment expenses incurred by the Employee in connection with the Employee's responsibilities to the Company upon submission of proper vouchers in accordance with the Company's expense reimbursement policy. The Company's obligation to provide reimbursement for expenses incurred during the Employee's employment by the Company shall survive any termination of the Employee's employment. The Company will provide the Employee with access to a credit card, subject to the approval of the credit card company and based on the Employee's credit history, and which should only be used for business purposes. Payment is the responsibility of the Employee.

(f) MISCELLANEOUS. During full-time employment under this Agreement, the Company will have a laptop computer and cellular phone available for Employee to use for

business purposes. Employee will also be provided with Assistant services. Employee will be provided with the use of an office befitting his position as an Executive of the Company.

(g) STOCK OPTIONS. Employee shall receive a grant of 120,000 stock options for shares of common voting stock in CCE Spinco. Such grant shall be contingent on the closing of the spin-off of the Company from its current parent, Clear Channel Communications, Inc. and issued at the time of the spin-off of the Company. The option price shall be the fair market value on the grant date, which shall be on the 3rd day following the closing of the anticipated spin-off of the Company from its current parent, Clear Channel Communications, Inc. Any further stock option grants for shares of voting common stock will be granted based upon the performance of the Employee, which will be assessed in the sole discretion of the Compensation Committee of the Board. Options shall be issued in a manner consistent with the current vesting schedule for Clear Channel Communications, Inc. or as subsequently amended by the Board of CCE Spinco; however, subsequent amendments to the vesting schedule shall be no less favorable to Employee unless he agrees to such amendment. Of the options that are granted, ISOs shall be granted to the extent allowed by law; otherwise, non-qualified options shall be granted. If the Compensation Committee determines that Employee's performance merits issuance of options, then such options shall be issued as stated on the attached Exhibit A for calendar year 2005. For future years, any grant of options shall be determined in the discretion of the Compensation Committee; however, for 2006 and 2007, the Company shall not set incentive performance criteria that are more stringent or less favorable to Employee than the requirements stated in Exhibit A. All option grants shall be made under the terms and conditions set forth in the applicable Stock Option Plan under which they are issued. The Company reserves the right to modify any future Company stock option plan with respect to the change of control or any other provision of said plan. The Company's obligations under this Section are conditioned upon and subject to the Company's decision, in its sole discretion, to alter, suspend or discontinue its stock option grant program, but if the Company does so, it shall replace the program with an alternative form or method of compensation which would yield equal compensation to Employee for the same

level of performance.

4. NONDISCLOSURE OF CONFIDENTIAL INFORMATION.

During the course of the Employee's employment with the Company, the Company will provide the Employee with access to certain confidential information, trade secrets, and other matters which are of a confidential or proprietary nature, including but not limited to the Company's customer lists, pricing information, production and cost data, compensation and fee information, strategic business plans, budgets, financial statements, and other information the Company treats as confidential or proprietary (collectively the "Confidential Information"). The Company provides on an ongoing basis such Confidential Information as the Company deems necessary or desirable to aid the Employee in the performance of his duties. The Employee understands and acknowledges that such Confidential Information is confidential and proprietary, and agrees not to disclose such Confidential Information to anyone outside the Company except to the extent that (i) the Employee deems such disclosure or use reasonably necessary or appropriate in connection with performing his duties on behalf of the Company; (ii) the Employee is required by order of a court of competent jurisdiction (by subpoena or similar process) to disclose or discuss any Confidential Information, provided that in such case, the Employee shall promptly inform the Company of such event, shall cooperate with the Company

in attempting to obtain a protective order or to otherwise restrict such disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with any such court order; (iii) the Employee may disclose Confidential Information to his attorneys and financial advisors, provided Employee advises his attorneys and financial advisors that such Confidential Information is confidential and that by receiving such Confidential Information such attorneys and financial advisors are agreeing to be bound by this Section; or (iv) such Confidential Information becomes generally known to and available for use in the industries in which the Company does business, other than as a result of any action or inaction by the Employee. The Employee further agrees that he will not during employment and/or at any time thereafter use such Confidential Information in competing, directly or indirectly, with the Company. At such time as the Employee shall cease to be employed by the Company, he will immediately turn over to the Company all Confidential Information, including papers, documents, writings, electronically stored information, other property, and all copies of them, provided to or created by him during the course of his employment with the Company, provided however, that Employee shall be entitled to retain a copy of his personal rolodex. This nondisclosure covenant is binding on the Employee, as well as his heirs, successors, and legal representatives, and will survive any expiration or termination of this Agreement, or the end of employment, regardless of the reason or circumstance.

5. NONSOLICITATION OF COMPANY EMPLOYEES OR VENDORS.

To further preserve the rights of the Company pursuant to the nondisclosure covenant discussed above, and for the consideration promised by the Company under this Agreement, during the term of the Employee's employment with the Company and for a period of 12 months thereafter, regardless of the reason for the termination or end of employment, the Employee will not, directly or indirectly, (i) hire any current or prospective employee or vendor of the Company, or any subsidiary or affiliate of the Company (including, without limitation, any current employee or vendor of the Company within the 6-month period preceding the Employee's last day of employment with the Company or within the 12-month period of this covenant) who worked, works, or has been offered employment by the Company; (ii) solicit or encourage any such employee to terminate their employment or any vendor to terminate its business relationship with the Company, or any subsidiary or affiliate of the Company; or (iii) solicit or encourage any such employee or vendor to accept employment or a contract with any business, operation, corporation, partnership, association, agency, or other person or entity with which the Employee may be associated. This Nonsolicitation Covenant is binding on the Employee and will survive the expiration or termination of this Agreement, or the end of employment for any reason.

6. NON-COMPETITION DURING TERM.

To further preserve the rights of the Company pursuant to the nondisclosure covenant stated above, and for the consideration promised by the

Company under this Agreement, during the Employee's employment with the Company the Employee will not, directly or indirectly, as an owner, director, principal, agent, officer, employee, partner, consultant, servant, or otherwise, carry on, operate, manage, control, or become involved in any manner with any business, operation, corporation, partnership, association, agency, or other person or entity which is in the same business as the Company in any location in which the Company, or any parent, subsidiary

or affiliate of the Company, operates or has plans or has projected to operate during the Employee's employment with the Company, including any area within a 50-mile radius of any such location. The foregoing shall not prohibit the Employee from owning up to 5.0% of the outstanding stock of any publicly held company.

The Company and the Employee agree that the restrictions contained in this noncompetition covenant are reasonable in scope and duration and are necessary to protect the Company's business interests and Confidential Information.

7. TERMINATION.

The Employee's employment with the Company may be terminated under the following circumstances:

(a) DEATH. The Employee's employment with the Company shall terminate upon his death.

(b) DISABILITY. The Company may terminate the Employee's employment with the Company if, as a result of the Employee's incapacity due to physical or mental illness, the Employee is unable to perform his duties under this Agreement on a substantially full-time basis for more than 90 days in any 12 month period, as determined by a mutually designated physician.

(c) TERMINATION BY THE COMPANY. The Company may terminate the Employee's employment with the Company without Cause at any time after August 31, 2007. The Company may also terminate his employment for Cause, based upon reasonable determinations by the Company's Board of Directors. For purposes of this Agreement, "Cause" shall mean: (i) conduct by the Employee constituting a material act of willful misconduct in connection with the performance of his duties, including, without limitation, violation of the Company's policy on sexual harassment, misappropriation of funds or property of the Company or any of its affiliates other than the occasional, customary and de minimis use of Company property for personal purposes, or other willful misconduct; (ii) continued, willful and deliberate non-performance by the Employee of his duties hereunder (other than by reason of the Employee's physical or mental illness, incapacity or disability); (iii) the Employee's refusal or failure to follow lawful and material directives consistent with his title and position and the terms of this Agreement; (iv) conviction of the Employee for, or a plea of nolo contendere by the Employee to, any felony, or lesser crime involving fraud, embezzlement or misappropriation of the property of the Company, or other conduct by the Employee that, as reasonably determined by the Board, has resulted in, or would result in if he were retained in his position with the Company, material injury to the reputation of the Company; (v) a breach by the Employee of any of the provisions contained in this Agreement regarding Nondisclosure of Confidential Information and NonSolicitation (other than an inadvertent disclosure resulting in no harm to Company); or (vi) a material violation by the Employee of the Company's employment policies of which he had notice. The Employee will be given a reasonable opportunity (30 days maximum, in the discretion of the Company) to cure any of the "Cause" provisions that the Company's Board of Directors deem to be susceptible to cure, if the conduct has not been the subject of a prior cure.

(d) TERMINATION BY THE EMPLOYEE WITHOUT CAUSE. The Employee may provide notice at any time after August 31, 2007 of his intent to terminate the Employee's employment with the Company without cause. Employee must provide the Company with twelve (12) months advance written notice of his intent to terminate the employment relationship. If Employee terminates under this section, the Company may determine an earlier termination date on which employment will end. The Company shall not be required to continue employment during the notice period. If the Company elects to terminate prior to the

expiration of the twelve month notice period, such termination shall be deemed a termination by Company without cause and Section 8(d) shall apply.

(e) TERMINATION BY EMPLOYEE FOR GOOD REASON. The Employee may terminate this Agreement at any time for Good Reason, which is defined as: (i) a repeated failure of the Company to comply with a material term of the Agreement after written notice by the Employee specifying the alleged failure; or (ii) a substantial and unusual change in Employee's position, resulting in significant and unusual additional duties, responsibilities, and authority, without an offer of additional reasonable compensation as determined by Company in light of compensation levels for similarly situated employees; (iii) a substantial and unusual reduction in Employee's duties, responsibilities and authority; (iv) Company's requirement that Employee move from or render his services primarily in a location outside of the Los Angeles metropolitan area; (v) if Employee is not appointed to the Board of Directors of CCE Spinco, Inc. (or other name as such entity may assume) before, or within three months from, the closing of the spin-off transaction; (vi) Change of Control (as defined in section 9), or (vii) if there is no spin-off (as contemplated by the announcement on April 29, 2005) and no Change in Control (as defined in section 9) prior to December 31, 2006. If Employee elects to terminate for Good Reason under (i), (ii), (iii), or (iv), Company shall have thirty (30) days after written notice within which to cure.

8. COMPENSATION UPON TERMINATION.

(a) DEATH. If the Employee's employment with the Company terminates by reason of his death, the Company will, within 30 days, pay in a lump sum amount to such person as the Employee shall designate in a notice filed with the Company or, if no such person is designated, to the Employee's estate, the Employee's accrued and unpaid base salary, vacation pay, and prorated bonus, if any (See Exhibit A), unreimbursed expenses, and any paymesnts to which the Employee's spouse, beneficiaries, or estate may be entitled under any applicable employee benefit plan (according to the terms of such plans and policies).

(b) DISABILITY. If the Employee's employment with the Company terminates by reason of his disability, the Company shall, within 30 days, pay in a lump sum amount to the Employee his accrued and unpaid base salary, vacation pay, and prorated bonus, if any (See Exhibit A), unreimbursed expenses, and any payments to which he may be entitled under any applicable employee benefit plan (according to the terms of such plans and policies).

(c) TERMINATION BY THE COMPANY FOR CAUSE. If the Employee's employment with the Company is terminated by the Company for Cause, the Company will, within 30 days, pay in a lump sum amount to the Employee his accrued and unpaid base salary, vacation pay,

unreimbursed expenses and any payments to which he may be entitled under any applicable employee benefit plan (according to the terms of such plans and policies).

(d) TERMINATION BY COMPANY WITHOUT CAUSE; TERMINATION BY EMPLOYEE FOR GOOD REASON - SEVERANCE AND CONSULTING OPTION: If employment is terminated by the Company without Cause (and other than for death or disability) or if this Agreement is terminated by Employee for Good Reason, the Company will, within 30 days, pay in a lump sum amount to the Employee his accrued and unpaid base salary through the date of termination and any payments to which he may be entitled under any applicable employee benefit plan (according to the terms of such plans and policies). Additionally, in lieu of a termination of employment, Employee has the option of continuing employment by electing, within ten days from notice by Company, to become a part-time consultant to Company in exchange for severance pay. In that event, Company will pay Employee the Employee's base salary ("severance pay") as set forth in Section 3(a) for a twelve month period, in periodic payments in accordance with ordinary payroll practices and deductions, provided that Employee: (i) will serve as an exclusive part-time consultant during the severance payout period; (ii) agrees not to compete with Company, directly or indirectly, during the payment and consulting period in accordance with Section 2(b); and (iii) agrees to and signs a general release of all claims (other than executory termination obligations of the Company) in a form and manner satisfactory to the Company. However, if Employee terminates for Good Reason under Section 7(e)(vii), the severance pay during the consulting period shall be $1,000,000 in addition to the salary stated in Section 3(a). If Company terminates Without Cause, and if Employee opts to continue as a part-

time consultant in accordance with this Section, then Employee shall be entitled, at the end of his employment as a consultant, to accelerated vesting of a pro rata portion of outstanding options. The pro rata portion of outstanding options that shall vest immediately will be determined by applying a Vesting Factor to each option grant. The "Vesting Factor" shall be calculated by dividing the number of months since the option was granted by the total months contained in the original vesting period.

(e) EFFECT OF COMPLIANCE WITH COMPENSATION UPON TERMINATION PROVISIONS. Upon complying with Subparagraphs 8(a) through 8(d) above, as applicable, the Company will have no further obligations to the Employee except as otherwise expressly provided under this Agreement, provided that such compliance will not adversely affect or alter the Employee's rights under any employee benefit plan of the Company in which the Employee has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto.

9. CHANGE OF CONTROL. In the event of a Change in Control, all of Employee's stock options that are outstanding on the date of such Change in Control shall become immediately and fully exercisable and any restricted stock shall no longer be restricted. For purposes of this Agreement, "Change of Control" means: (i) any "person," as such term is used in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934 (other than the Executive or entities controlled by the Executive), becomes a beneficial owner of 50% or more of the voting power of the Company; (ii) all or substantially all of the assets or business of the Company are disposed of pursuant to a merger, consolidation, sale or other transaction (unless the shareholders of the Company, immediately prior to such merger, consolidation or other transaction beneficially own,

directly or indirectly, in substantially the same proportion as they owned the voting power of the Company, all of the voting power or other ownership interests of the entity or entities, if any, that succeed to the business of the Company; (iii) the Company combines with another company and, immediately after such combination, (a) the shareholders of the Company immediately prior to the combination do not hold, directly or indirectly, more than 50% of the voting power of the combined company or (b) the members of the Board immediately prior to the Board's approval of the merger transaction do not constitute a majority of the combined company's board of directors; or (iv) the liquidation or dissolution of the Company. "Change of Control" does not include the spin-off of the Company announced on April 29, 2005. However, if prior to December 31, 2006, there is a Change of Control as defined above and no spin-off (as contemplated by the announcement on April 29, 2005) has occurred prior to such Change in Control, and if the successor does not assume this Agreement or offer to Employee an agreement that is at least as favorable as this Agreement, or if Employee chooses to decline such employment or other agreement with the successor, then this Agreement shall terminate and Company shall pay $1,000,000 to Employee within 30 days of the transaction but only if Employee agrees to and signs a general release of all claims (other than executory termination obligations of the Company) in a form and manner satisfactory to the Company and agrees that he shall not work for or provide his services to the successor, whether directly or indirectly, and whether characterized as an employee, a consultant, or otherwise, for a period of one year following the payment Such termination shall not entitle Employee to any further payments under Section 8 other than his accrued and unpaid base salary, vacation pay, and prorated bonus, if any, unreimbursed expenses, and any payments to which he may be entitled under any applicable employee benefit plan (according to the terms of such plans and policies).

10. PARTIES BENEFITED; ASSIGNMENTS.

This Agreement shall be binding upon the Employee, his heirs and his personal representative or representatives, and upon the Company and its respective successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by the Employee, other than by will or by the laws of descent and distribution, without the Board's prior consent, and the Board shall give good faith consideration to any such request made by Employee. The Company may not assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that a transfer of this Agreement and the rights and obligations hereunder to a successor or surviving entity in connection with a sale or divestiture of all or substantially all the assets or any transaction or series of related transactions (including, without limitation, any spin-off,

merger, reorganization, consolidation or purchase of outstanding equity interests), shall not be considered an assignment or transfer.

11. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving effect to any choice of law or conflict provisions or rule (whether of the State of Texas any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Texas. The parties agree that the Western District of Texas is a proper venue for any court filed dispute.

12. DEFINITION OF COMPANY.

As used in this Agreement, the term "Company" shall include SFX Entertainment, Inc., d/b/a Clear Channel Entertainment and any of its past, present and future divisions, parent, subsidiaries, and successors.

13. LITIGATION AND REGULATORY COOPERATION.

During and after the Employee's employment, the Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Employee was employed by the Company; provided however, that such cooperation shall not materially and adversely affect the Employee or expose the Employee to an increased probability of civil or criminal litigation. The Employee's cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Employee's employment, the Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Employee was employed by the Company. The Company will pay the Employee on an hourly basis (to be derived from his base salary) for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse the Employee for all costs and expenses incurred in connection with his performance under this paragraph, including, but not limited to, reasonable attorneys' fees and costs.

14. INDEMNIFICATION AND INSURANCE; LEGAL EXPENSES.

The Company shall indemnify the Employee to the fullest extent permitted by law, in effect at the time of the subject act or omission, and shall advance to the Employee reasonable attorneys' fees and expenses as such fees and expenses are incurred (subject to an undertaking from the Employee to repay such advances if it shall be finally determined by a judicial decision which is not subject to further appeal that the Employee was not entitled to the reimbursement of such fees and expenses), and the Employee will be entitled to the protection of any insurance policies that the Company may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or employee of the Company or any of its subsidiaries, or his serving or having served any other enterprise as a director, officer or employee at the request of the Company (other than any dispute, claim or controversy arising under or relating to this Agreement). The Company covenants to maintain during the Employee's employment for the benefit of the Employee (in his capacity as an officer and director of the Company) Directors and Officers Insurance providing benefits to the Employee no less favorable, taken as a whole, than the benefits provided to the other similarly situated employees of the Company by the Directors and Officers Insurance maintained by the Company on the date hereof.

15. ARBITRATION.

The Company and Employee agree to arbitrate before a neutral Arbitrator any and all disputes or claims arising from or relating to Employee's employment

with the Company, or the termination of that employment, including claims against any current or former agent or employee of the Company, whether the disputes or claims arise in tort, contract, or statute. The parties understand and agree that arbitration shall be the sole and exclusive method of resolving any and all disputes or claims arising out of Employee's employment with the Company or the termination thereof. Such disputes or claims will not be subject to trial by jury or by a court of any jurisdiction.

The Company and Employee understand and agree that nothing in this Agreement shall prevent either party from seeking from a court the remedy of an injunction for a claimed misappropriation of a trade secret, patent right, copyright, trademark, or any other intellectual or confidential property. Nothing in this Agreement should be interpreted as restricting or prohibiting the Employee from filing a charge or complaint of discrimination or retaliation with a federal, state, or local administrative agency charged with investigating and/or prosecuting complaints under any applicable federal, state or municipal law or regulation. Any dispute or claim that is not resolved through the federal, state, or local agency must be submitted to arbitration in accordance with this Agreement. Either party to this Agreement may, if necessary, seek judicial relief in order to enforce this agreement to arbitrate and/or seek dismissal for the failure to honor this agreement to arbitrate. Any demand for arbitration by either the Employee or the Company shall be submitted within the statute of limitations that is applicable to the claim(s) upon which arbitration is sought or required. Any failure to demand arbitration within this timeframe shall constitute a waiver of all rights to raise any claims in any forum arising out of any dispute that was subject to arbitration.

A party seeking to initiate arbitration must submit a "Request For Arbitration" in writing to the other party within the applicable statute of limitations period if the matter had been brought in a court of law. If the "Request For Arbitration" is not submitted in accordance with the aforementioned time limitations, the initiating party will not be able to raise the claim in arbitration or any other forum. The Request For Arbitration shall, unless otherwise required by law, clearly state "Request For Arbitration" at the beginning of the first page and include the following information: (i) a factual description of the dispute in sufficient detail to advise the responding party of the nature of the dispute; (ii) the names, work locations and telephone numbers of any witnesses with knowledge relevant to the dispute; and (iii) the relief requested.

A Request for Arbitration from Employee must be submitted to the Company. A Request for Arbitration from the Company must be mailed to Employee's last known address or hand-delivered to Employee. The party to whom the Request for Arbitration is directed will respond within 30 days so that the Parties can begin the process of selecting an Arbitrator. Such response may include any counterclaims.

The Company and Employee understand and agree that all claims and disputes will be resolved by a single Arbitrator mutually selected by the Company and Employee. If the parties cannot agree on an Arbitrator within a reasonable period of time, then a list of 7 Arbitrators, experienced in employment matters, shall be obtained from the Federal Mediation and

Conciliation Service. The Arbitrator will be selected by the Parties, who will alternately strike names from the list. A coin toss shall decide which party strikes the first name from the list. The last name remaining on the list will be the Arbitrator selected to resolve the dispute. Upon selection, the Arbitrator shall set an appropriate time, date and place for the arbitration, after conferring with the parties. The Company and Employee understand and agree that the arbitration shall be conducted in accordance with the existing National Rules for the Resolution of Employment Disputes of the American Arbitration Associations;-provided, however, that the Arbitrator shall allow the parties all reasonable discovery authorized by the Federal Rules of Civil Procedure or any other discovery provided by applicable state law in arbitration proceedings. Also, to the extent that any of the National Rules for the Resolution of Employment Disputes or anything in this Agreement conflicts with any arbitration procedures required by applicable law, the arbitration procedures required by applicable law shall govern. Employee and the Company also agree that nothing in this Agreement relieves either of them from any obligation they may have to exhaust certain administrative remedies before arbitrating any claims or disputes under this Agreement. The arbitration shall be conducted in Los Angles,

California, or such other location as agreed by the Company and the Employee.

The Arbitrator shall have authority to award any remedy that would be available to the Company or Employee if the party brought the same claim in a court of law. The Company and Employee understand and agree that the Arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. The Arbitrator shall have the authority only to determine the issue(s) submitted to him/her. The issue(s) must be identifiable in the "Request For Arbitration" or counterclaim(s). Except as required by law, any issue(s) not identifiable in those documents is/are outside the scope of the Arbitrator's jurisdiction and any award involving such issue(s), upon motion by a party, shall be vacated. The Arbitrator's award shall be subject to correction, confirmation, or vacation, as provided by any applicable law setting forth the standard of judicial review of arbitration awards.

The Company and Employee understand and agree that the Company will bear the Arbitrator's fee, as well as any other type of expense or cost that Employee would not be required to bear if he was free to bring the dispute or claim in court and any other expense or cost that is unique to arbitration. The Company and Employee shall each pay their own attorney' fees incurred in connection with the arbitration, and the Arbitrator shall have the authority to make an award of attorneys' fees to the prevailing party. If there is a dispute as to whether the Company or Employee is the prevailing party in the arbitration, the Arbitrator will decide that issue.

The Company and Employee understand and agree that this agreement to arbitrate shall be governed by the Federal Arbitration Act.

16. REPRESENTATIONS AND WARRANTIES OF THE EMPLOYEE.

The Employee represents and warrants to the Company that he is under no contractual or other restriction which is inconsistent with the execution of this Agreement, the performance of his duties hereunder or the other rights of Company hereunder. The Employee also represents

and warrants to the Company that he is under no physical or mental disability that would hinder the performance of his duties under this Agreement.

17. MISCELLANEOUS.

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. This Agreement supersedes any prior written or oral agreements or understandings between the parties relating to the subject matter hereof. No modification or amendment of this Agreement shall be valid unless in writing and signed by or on behalf of the parties hereto. The failure of a party to require performance of any provision of this Agreement shall in no manner affect the right of such party at a later time to enforce any provision of this Agreement. A waiver of the breach of any term or condition of this Agreement shall not be deemed to constitute a waiver of any subsequent breach of the same or any other term or condition. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent, be held invalid or unenforceable, such invalidity and unenforceability shall not affect the remaining provisions hereof or the application of such provisions to other persons or circumstances, all of which shall be enforced to the greatest extent permitted by law. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

18. NOTICES.

Any notice provided for in this Agreement will be in writing and will be deemed to have been given when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid. If to the Board or the Company, the notice will be sent to Mark P. Mays, President and Chief Executive Officer of Clear Channel Communications, Inc., 200 E. Basse Rd., San Antonio, Texas 78209. If to the Executive, the notice will be sent to Michael Rapino, 7651 Willow Glen Road, Los Angeles, California, 90046. Such notices may alternatively be sent to such other address as any party may have furnished to

the other in writing in accordance with this Agreement, except that notices of change of address shall be effective only upon receipt.

IN WITNESS WHEREOF, the parties have duly executed end delivered this Agreement as of the date first written above.

EMPLOYEE:

DATE: 08/17/05 /s/ Michael Rapino

MICHAEL RAPINO

SFX ENTERTAINMENT, INC., D/B/A CLEAR CHANNEL ENTERTAINMENT

DATE: 8/17/05 BY: /s/ Randall Mays

RANDALL MAYS
INTERIM CEO

CLEARCHANNEL COMMUNICATIONS, INC.

DATE: 8/17/05 BY: /s/ Mark P. Mays

MARK P. MAYS
PRESIDENT AND CEO

EXHIBIT A

EXHIBIT 10.8

CONFIDENTIAL TREATMENT REQUESTED PURSUANT TO RULE 24B-2

Certain portions, indicated by [***], of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934. The omitted materials have been filed separately with Securities and Exchange Commission.

DATED 5 OCTOBER 2000

AS AMENDED BY DEED ON 12 JANUARY 2005

CLEARCHANNEL ENTERTAINMENT UK (THEATRICAL PRODUCTIONS) LIMITED
(formerly DAVID IAN PRODUCTIONS LIMITED)

-and-

DAVID IAN LANE

SERVICE AGREEMENT

THIS AGREEMENT is made on the 5th day of October 2000 and amended by DEED dated 12 January 2005

BETWEEN:

(1) CLEARCHANNEL ENTERTAINMENT UK (THEATRICAL PRODUCTIONS) LIMITED (formerly DAVID IAN PRODUCTIONS LIMITED) (Company No: 4018696) a company registered in England, whose registered office is 1 Cluny Mews, London SW5 9EG ("the Company"); and

(2) DAVID IAN LANE of 12 Little Plucketts Way, Buckhurst Hill, Essex IG9 5QU ("the Executive").

WHEREAS the Board of Directors of the Company ("the Board") has approved the terms of this Agreement under which the Executive is to be employed

IT IS HEREBY AGREED as follows:

1. APPOINTMENT

The Company shall employ the Executive and the Executive shall serve the Company as sole CEO of the Clear Channel Entertainment Theatre, UK and International Division on and subject to the terms and conditions specified herein ("the Employment"). The Executive may terminate the Employment by giving to the Company 3 months' notice in writing in the event that his direct reporting line changes to any person other than the CEO or COO of Clear Channel Entertainment ("CCE") currently Brian Becker and Miles Wilkin respectively, provided that such notice shall be given within one month of such change becoming effective. In the event of the Executive terminating his employment under this Clause 1, the covenants in clause 17.1 and the Schedule to this Agreement shall be waived by the Company.

2. COMMENCEMENT OF EMPLOYMENT

2.1 The Employment will commence on the date of this Agreement ("the Commencement Date") and shall continue subject always to the employment being terminated under Clause 18 below until 31 December 2010 (the Term"), when it shall expire automatically PROVIDED ALWAYS that either the Company or the Executive may terminate the employment of the Executive at any time subject to giving to the other twelve months' written notice in accordance with the provisions of Clause 24 of this Agreement, subject always to the provisions of Clause 5.2.1 and 5.2.2 of this Agreement.

2.2 The Executive's period of continuous employment began on the date hereof.

3. DUTIES

3.1 The Executive shall oversee the operation of the CCE European theatrical business, the CCE European sports business, Donington and the CCE London head office in Grosvenor Street. Theatrical business includes UK theatres plus numerous West End, touring and European

productions and also be responsible for all theatrical business throughout the rest of the world, excluding North America in which capacity subject to Clause 4.1.4 he shall devote all his time, attention and skill to his duties hereunder. The Executive shall at all times act in the interests of the Company and its Associated Companies and hereby agrees that (subject as hereinafter provided) all existing projects (including but not limited to all existing tours and productions) shall be developed by him for the benefit of the Company and its Associated Companies. The Executive shall faithfully and diligently perform such duties and exercise such powers consistent therewith as may from time to time be assigned to or vested in him by the Board or the Company consistent with his appointment hereunder. The Company and the Executive hereby agree that during the Term all promotional documentation (including, but not limited to front of house displays, advertising and marketing materials) for all tours and productions shall include the wording "David Ian for SFX (Theatre) UK presents...". However, the Company reserves the right to review and amend this obligation at the Company's discretion, to include specified wording in promotional documentation on and at any time after the second anniversary of the Term.

3.2 The Company reserves the right to assign to the Executive duties of a different nature either additional to or instead of those referred to in Clause 3.1 above, PROVIDED THAT he will only be assigned duties which he can reasonably perform and which are reasonably consistent with his status hereunder and, PROVIDED ALWAYS THAT any material change to the duties will require the Executive's prior consent.

3.3 The Executive shall obey the reasonable and lawful orders of the Board, given by or with the authority of the Board, and shall comply with all the Company's rules, regulations, policies and procedures from time to time in force.

3.4 The Executive may be required in pursuance of his duties to perform services not only for the Company but also for any Associated Company, without further remuneration (except as otherwise agreed), and to accept any such office or position in any Associated Company which is consistent with his position with the Company, as the Board or the Company may from time to time reasonably require.

3.5 The Executive acknowledges that during the Employment the Company and/or Associated Company may be subject to a reorganisation or restructuring (including but not limited to amalgamation or reconstruction as referred to in Clause 20 below). In the event of such reorganisation or restructuring, the Executive agrees to comply with the reasonable requests of the Board regarding such reorganisation or restructuring PROVIDED THAT his duties with regard to the day-to-day management of the business carried on by the Company and/or Associated Company immediately before such reorganisation or restructuring shall not be diminished.

3.6 The Executive's basic working hours shall be 40 hours each week (including weekends), and such additional hours (without further remuneration) as are necessary for the proper performance of his duties of employment

3.7 Where appropriate the Executive shall during the Employment and for the prohibited period after the termination of the Employment comply with all applicable rules of the New York Stock Exchange or the exchange or national market system in which Clear Channel Communications, Inc.'s ("Clear Channel") common stock (or such stock as the Clear Channel common stock may be converted into as a result of combinations of shares, recapitalisation, merger or other such events relating to the common stock of Clear Channel which may occur at any time and from time to time from and after the date of this Agreement) is then trading, and the rules and regulations of the Securities Act of 1933, as amended (the "Securities Act") and the Securities Exchange Act of 1934, as amended (the "Exchange

Act"), and any Company Policy issued in relation to (i) dealings in shares debentures or other securities of Clear Channel and any Associated Companies or (ii) unpublished price sensitive information affecting the securities of any other company. The Executive shall provide all information and such additional assistance to Clear Channel, SFX Entertainment, Inc. or the Company as Clear Channel, SFX Entertainment, Inc. or the Company may reasonably request to allow it to comply fully with such rules, regulations and policies. For the purposes of this clause the "prohibited period" shall be from the date of termination of the Employment until the later of (i) the next announcement of Clear Channel's or any Associated Company's results pursuant to the Exchange Act or (ii) such time as when any price sensitive information the Executive has obtained during the Employment ceases to be price sensitive information, either through publication or otherwise.

4 EXCLUSIVITY OF SERVICE

4.1 During the period of the Employment the Executive shall devote his full time and attention to his duties hereunder and shall not (without the prior written consent of the Board) directly or indirectly either on his own account or on behalf of any other person, company, business entity or other organisation:

4.1.1 (i) engage in, or (ii) be concerned with, or (iii) provide services to, (whether as an employee, officer, director, agent, partner, consultant or otherwise) any other business; or

4.1.2 accept any other engagement or public office;

PROVIDED THAT,

4.1.3 the Executive may hold up to 5% of any securities in a company which is quoted on any recognised stock exchange; and

4.1.4 the Executive shall, subject to the consent of the Board, have the right to devote a portion of his business time to the Permitted Activities PROVIDED ALWAYS THAT:

(i) any involvement by the Executive in the Permitted Activities does not interfere, directly or indirectly, with the performance of his duties for and on behalf of the Company and/or any Associated Company as set out in this Agreement or otherwise; and

(ii) in the event that new tours of those tours specified in Clause 25.7 are proposed, the Company and/or Associated Company shall have the right of first refusal to produce and manage such tours PROVIDED THAT it is within the Executive's power to grant such a right.

4.1.5 In addition to the Executive's role as Producer of "Grease" on a worldwide basis, the Executive may produce up to three additional productions outside the terms of this Agreement subject to:

(a) the provisions of Clause 4.1.4 of this Agreement; and

(b) CCE having the right to match the Executive's investment in such production on a pound for pound basis up to a maximum of 50%, if it is within the Executive's power to grant such a right, and it if is not, up to a maximum of 50% of the Executive's own investment.

4.2 Subject to any written regulations or consents issued by the Company which are applicable to him, neither the Executive nor his Immediate Relatives, nor any company or business entity in which he or they are interested, shall be entitled to receive or obtain directly or indirectly any discount, rebate, commission or other benefit in respect of any business transacted (whether or not by the Executive) by or on behalf of the Company or any Associated Company, and if the Executive, his Immediate Relatives or any company or business entity in which he or they is/are interested, shall directly or indirectly obtain any such discount, rebate,

commission or other benefit the Executive shall forthwith account to the Company or the applicable Associated Company for the amount received or value of the benefit so obtained.

4.3 The Executive confirms that he has disclosed fully to the Company all circumstances in respect of which there is, or there might be, a conflict of interest between the company or any Associated Company, and the Executive or his Immediate Relatives, and the agrees to disclose fully to the Company any such circumstances which may arise or of which he becomes aware during the Employment.

5. REMUNERATION AND BONUS

5.1 The Company shall pay to the Executive a salary of Pound Sterling 350,000 per annum, payable monthly in arrears by equal instalments. This revised salary shall take retrospective effect from 1 January 2004. The shortfall of salary accrued from 1 January 2004 shall be paid in a lump sum upon execution of the deed between Clear Channel Entertainment UK (Theatrical Productions) Limited (formerly David Ian Productions Limited) and David Ian Lane dated 12 January 2005 ("the Deed"). The salary shall be increased thereafter by 3% on 1 January 2006 and on 1 January in each succeeding year during the continuation of this Agreement.

5.2.1 The Executive shall be paid a retention bonus of Pound Sterling 500,000 on execution of the Deed ("the Retention Bonus"). If the Executive terminates the Employment at any time during the Term in accordance with the provisions of Clause 1 or Clause 2.1 or Clause 5.5 of this Agreement, other than in circumstances amounting to repudiation or constructive dismissal, the Executive agrees to repay to the Company, within 21 days of the effective date of such termination, a pro rata portion of the Retention Bonus, less taxes and other withholdings paid on the Retention Bonus by the Executive, based upon any portion of the 6 year period running from 1 January 2005 through 31 December 2010 which has not been completed at the time of termination ("Clawback Payment").

5.2.2 If the Company terminates the employment of the Executive in accordance with the provisions of Clause 2.1 of this Agreement for any reason other than the Executive's misconduct and/or material breach of contract in accordance with the provisions of Clause 18 of this Agreement, no Clawback Payment shall be due to the Company from the Executive.

5.3 The Executive will be entitled to a further bonus in each year during the continuation of this Agreement calculated in accordance with CCE formula at Schedule 1 of this Agreement. For the purposes of this bonus calculation, the figure of Pound Sterling 140,000 shall be used as the benchmark figure at which the Executive achieves 15% EBITDA growth and the remainder of the table shall be calculated accordingly

5.4 The Executive shall be entitled to further bonuses in respect of "The Phantom of the Opera" Las Vegas production ("the Production") as follows:

(a) Pound Sterling 50,000 on the signature of the Deed;

(b) Pound Sterling 50,000 shall be payable to the Executive subject to the Production opening on time and on budget which for the purposes of this Clause shall mean at the time and subject to the final budget as agreed between the Parties. This bonus shall be paid within 60 days of the Production opening; and

(c) a further maximum bonus of Pound Sterling 75,000 shall be payable to the Executive on 31 December 2006 and on 31 December in each succeeding year during the continuation of this Agreement based on the Production having run for 50 weeks in the relevant year and pro rated on a weekly basis for any lesser period. This payment shall be conditional on the Production generating a "weekly operating profit", which for the purposes of this sub clause shall mean that the Production produces an operating profit above the break even figure determined from the books and records of CCE. The further bonus payable under this sub clause (c) shall be reduced by Pound Sterling 1,500 (being the due proportion of Pound Sterling 75,000 for 50 weeks) for each and any week that the Production produces an

operating profit (or loss) below the break even figure referred to above.

(d) the Executive shall be entitled to one business class return flight for his wife and his children and full reimbursement for a family size hotel suite at the Venetian Hotel in Las Vegas for 21 nights, during the Production period.

5.5 In the event that CCE acquires the whole or part of [***] ("[***]") or the [***] ("[***]") or enters into a significant transaction with [***] on completion of such transaction ("Completion"), the Executive shall be entitled to terminate this Agreement within 90 days of such transaction closing by giving to the Company not less than 2 months' written notice in accordance with the provisions of Clause 24 of this Agreement. In the event of such termination the Clawback Payment shall be due from the Executive to the Company in accordance with the terms of Clause 5.2.1.

5.6 The remuneration specified in Clause 5.1 and 5.2 above shall be inclusive of any fees to which the Executive may be entitled as a Director of the Company or of any Associated Company.

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*** Confidential

6. CAR AND TRAVEL BENEFITS

6.1 Until termination of the Employment, the Company shall provide the Executive with a car allowance for the sole and exclusive use of a motor car at the rate of Pound Sterling 32,000 per annum payable monthly to cover all the running expenses of such motor car including maintenance and repairs but not motor tax, insurance premiums, petrol (including business and personal) and oil which will be separately paid by the Company subject to the Executive submitting receipts or other appropriate invoices.

6.2 The Executive shall be entitled, for the purposes of the Employment, to travel first class by train and plane and to stay in deluxe hotel accommodation and the Company shall pay or reimburse (as appropriate) against receipts or other appropriate evidence of costs so incurred by the Executive (excluding any costs incurred in connection with the Executive's private entertainment, such as his use of mini-bar facilities).

6.3 The Company shall provide the Executive with a mobile telephone and shall pay all reasonable expenses (including rental) In respect thereof.

7. EXPENSES

The Company shall reimburse to the Executive upon production of reasonably detailed accounts and vouchers or other reasonable evidence of payment by the Executive all reasonable travel entertainment and other expense properly incurred and defrayed by him in the course of the Employment, subject to the Company's rules, policies and procedures relating to expenses.

8. DEDUCTIONS

The Company shall be entitled at any time during the Employment, or in any event on termination, to deduct from the Executive's remuneration hereunder any monies due from him to the Company including but not limited to any outstanding loans, advances, relocation expenses, the cost of repairing any damage or loss to the Company's property caused by him (and of recovering the same), excess holiday, any sums due from him under Clause 10 below and any other monies owed by him to the Company solely in his capacity as an employee.

9. PLACE OF WORK

The Executive's place of work shall be 35-36 Grosvenor Street, London W1X 9SG. In the performance of his duties hereunder, the Executive may be required to travel both throughout and outside the United Kingdom.

10. SICKNESS BENEFIT

10.1 The Executive shall be entitled to such sickness benefits as are provided from time to time under the Company's sick pay procedure.

10.2 When calculating the Executive's normal salary, deductions will be made for any State sickness or other benefits due to the Executive, as well as normal deductions for tax and National Insurance.

10.3 The Executive will be paid Statutory Sick Pay ("SSP") when he is eligible to receive it under the legislation and regulations from time to time in force. Where Company sick pay and SSP fall to be paid for the same day(s) of absence, the Executive will receive the higher of the two sums. Further details about SSP can be obtained from the HR Department.

10.4 The Company reserves the right to require the Executive to undergo a medical examination by a doctor or consultant nominated by it, in which event the Company will bear the cost thereof.

10.5 Whilst, during the Employment, the Executive is absent from work on grounds of sickness or other medical incapacity:

10.5.1 he will continue to be covered by the relevant life assurance, private medical insurance and permanent health insurance scheme(s);

10.5.2 his entitlement to the use of the Company Car, the payment of the Company's pension contributions, participation in any incentive or bonus scheme, and accrual of holiday entitlement shall cease on the expiry of the relevant period of Company sick pay entitlement referred to in Clause 10.1 above.

10.6 Any outstanding or prospective entitlement to any sickness benefit, including but not limited to Company sick pay, private medical insurance or long-term disability benefits, shall not prevent the Company from exercising its right to terminate the Employment in accordance with Clauses 2 or 18 hereof.

11. HOLIDAYS

11.1 The Executive shall be entitled to receive his normal remuneration for all Bank and Public holidays normally observed in England and a further 25 working day's holiday in each holiday year (the period from January to December), such days to be taken at times which do not conflict with the business interests of the Company.

11.2 In the holiday years in which the Employment commences or terminates the entitlement shall accrue on a pro rata basis for each complete month of service

11.3 The Company reserves the right, at its sole discretion, to require the Executive to take all or part of any outstanding holiday during any notice period or to make a payment in lieu thereof

11.4 Holiday entitlement for one holiday year cannot be taken in subsequent holiday years. Failure to take holiday entitlement in the appropriate holiday year will lead to forfeiture of any accrued holiday not taken without any right to payment in lieu thereof.

12. PENSION AND OTHER BENEFITS

12.1 In addition to the base salary payable under Clause 5.1 above, during the Executive's Employment under this Agreement the Company shall make monthly contributions on the Executive's behalf, subject to the Inland Revenue limits, into such personal pension plan as the Executive shall direct of an amount equal to ten per cent (10%) of his base salary for the time being payable under Clause 5.1.

There is no contracting-out certificate in force for the Employment in relation to the State Earnings Related Pension Scheme.

12.2 The Executive shall be eligible to participate in Apollo Leisure UK

Limited's private medical insurance scheme for the benefit of himself, his wife and minor children, permanent health insurance scheme and life assurance scheme, subject to the terms and conditions of such schemes from time to time in force. Details of such scheme(s) can be obtained from the HR Department. The Company reserves the right to terminate or substitute other scheme(s) for such scheme(s) or amend the scale or level of benefits of such scheme(s). If any scheme provider (including but not limited to any insurance company) refuses for any reason (whether based on its own interpretation of the terms of the insurance policy or otherwise) to provide any benefits to the Executive, the Company shall not be liable to provide any such benefits itself or any compensation in lieu thereof.

12.3 Any actual or prospective loss of entitlement to private medical and permanent health insurance benefits or any other sickness benefit shall not limit or prevent the Company from exercising its right to terminate the Employment in accordance with Clauses 2 or 18 hereof.

13. REASONABLENESS OF RESTRICTIONS

The Executive recognises that, whilst performing his duties for the Company, he will have access to and come into contact with trade secrets and confidential information belonging to the Company or to Associated Companies and will obtain personal knowledge of and influence over its or their customers and/or employees. The Executive therefore agrees that the restrictions contained or referred to in Clauses 14 and 17 and the Schedule are reasonable and necessary to protect the legitimate business interests of the Company and its Associated Companies both during and after the termination of the Employment.

14. CONFIDENTIAL INFORMATION

14.1 The Executive shall neither during the Employment (except in the proper performance of his duties) nor at any time (without limit) after the termination thereof, directly or indirectly:

14.1.1 use for his own purposes or those of any other person, company, business entity or other organisation whatsoever; or

14.1.2 disclose to any person, company, business entity or other organisation whatsoever;

any trade secrets or confidential information relating or belonging to the Company or its Associated Companies including but not limited to any such information relating to customers, customer lists or requirements, price lists or pricing structures, sales and marketing information, business plans or dealings, employees or officers, source codes and computer systems, software, services and financial information, any document marked 'Confidential' (or with a similar expression), or any information which the Executive has been told is confidential or which he might reasonably expect the Company would regard as confidential, or any information which has been given to the Company or Associated Company in confidence by customers, suppliers or other persons.

14.2 The Executive shall not at any time during the continuance of his employment with the Company make any notes or memoranda relating to any matter within the scope of the Company's business' dealings or affairs otherwise than for the benefit of the Company or any Associated Company.

14.3 The obligations contained in Clause 14.1 shall cease to apply to any information or knowledge which may subsequently come into the public domain after the termination of the Employment other than by way of unauthorised disclosure or which is required to be disclosed by a competent regulatory, taxation or enforcement authority.

14.4 The Executive shall not make or communicate any statement (whether written or oral) to any representative of the press, television, radio, or other media and shall not write any article for the press or otherwise for publication on any matter connected with or relating to the business of any company, including but not limited to the business of the Company or any Associated Company, without obtaining the prior written approval of the Board PROVIDED ALWAYS that this Clause 14.4 shall not operate so as to

prevent the Executive making or communicating reasonable statements on matters connected with the business of the SFX Theatre (UK) division.

15. COPYRIGHT, INVENTIONS AND PATENTS

15.1 All records, documents, papers (including copies and summaries thereof) and other copyright protected works made or acquired by the Executive in the course of the Employment shall, together with all the worldwide copyright and design rights in all such works, be and at all times remain the absolute property of the Company.

15.2 The Executive hereby irrevocably and unconditionally waives all rights granted by Chapter IV of Part I of the Copyright, Designs and Patents Act 1988 that vest in him (whether before, on or after the date hereof) in connection with his authorship of any copyright works in the course of his employment with the Company, wherever in the world enforceable, including without limitation the right to be identified as the author of any such works and the right not to have any such works subjected to derogatory treatment.

15.3 The Executive and the Company acknowledge the provisions of Sections 39 to 42 of the Patents Act 1977 ("the Act") relating to the ownership of employees' inventions and the compensation of employees for certain inventions respectively. If the Executive makes any inventions that do not belong to the Company under the Act, he agrees that he will forthwith license or assign (as determined by the Company) to the Company his rights in relation to such inventions and will deliver to the Company all documents and other materials relating to them. The Company will pay to the Executive such compensation for the licence or assignment as the Company will determine in its absolute discretion, subject to Section 40 of the Act.

16. DATA PROTECTION

16.1 The Data Protection Act 1998 (the "Act") sets out principles that should be followed when processing personal data. One of the ways in which the Company can take steps to comply with some of these principles is to ask the Executive to consent to the processing of his employment-

related personal data. This is not the only way that the Company can comply with the principles contained in the Act. Please contact the HR Department for a copy of the Company's Data Protection Policy.

16.2 The Company will hold computer records and personnel files relating to the Executive. These will include his references, bank details, performance appraisals, holiday and sickness records, salary reviews and remuneration details and other employment related records, (which may, where necessary, include sensitive data relating to the Executive's health, and data held for ethnic monitoring purposes). The Company requires such personal data for personnel administration and management purposes and to comply with its obligations regarding the keeping of employee/worker records. The Executive's right of access to this data is as prescribed by law. Please contact the HR Department for details of these rights.

16.3 The Executive hereby expressly agrees that the Company may process personal data relating to him for personnel administration and management purposes and may, when necessary for those purposes, make such data available to its advisers, to parties providing products and/or services to the Company (such as IT systems suppliers, pension, benefits and payroll administrators), to regulatory authorities (including the Inland Revenue), and as required by law. Further, the Executive hereby expressly agrees that the Company may transfer such data to and from its Associated Companies including any Associated Companies located outside the European Economic Area and including but not limited to those Associated Companies located in the United States of America.

16.4 The Executive may revoke his express consent for the Company to process personal data relating to his employment relationship with the Company by writing to the HR Department.

17. POST-TERMINATION OBLIGATIONS

17.1 The Executive agrees that he will observe the post-termination obligations set out in Schedule 2 hereto.

17.2 The Executive agrees that in the event of receiving from any person, company, business entity or other organisation an offer of employment either during the continuance of this Agreement or during the continuance in force of any of the restrictions set out in the Schedule annexed hereto, he will forthwith provide to such person, company, business entity or other organisation making such an offer of employment a full and accurate copy of Clauses 14 and 17 hereof, and the Schedule annexed hereto.

18. TERMINATION

18.1 Notwithstanding Clause 2 above, the Company may terminate the Employment with immediate effect if the Executive shall at any time:

18.1.1 die; or

18.1.2 be guilty of dishonesty, or be guilty of gross misconduct, or gross incompetence or wilful neglect of duty, or commit any other serious breach of this Agreement; or

18.1.3 act in any manner (whether in the course of his duties or otherwise) which is likely to bring him, the Company or any Associated Company into disrepute or prejudice the interests of the Company or any Associated Company.

18.1.4 become bankrupt, apply for or have made against him a receiving order under Section 286 Insolvency Act 1986, or have any order made against him to reach a voluntary arrangement as defined by Section 253 of that Act; or

18.1.5 be or become of unsound mind; or

18.1.6 for an aggregate period of six months or more in any period of 12 consecutive months (or any other period proscribed by any applicable law) be incapable of performing his duties hereunder by reason of ill health or other incapacity (whether accidental or otherwise); or

18.1.7 be addicted to or abuse in any way an illegal drug or substance; or

18.1.8 make any material or recurring disparaging oral or written statements regarding the Company or any Associated Company and, without limitation, officers, shareholders or the management team of the Company or any Associated Company; or

18.1.9 after having received a written warning from the Company relating to the unsatisfactory conduct or poor performance of his duties, continue the conduct or performance complained of in the written warning; or

18.1.10 be convicted of an indictable offence other than a minor road traffic offence; or

18.1.11 be or become prohibited by law from being a director, or

18.1.12 directly or indirectly advise or participate or act in concert (within the meaning of the City Code on Take-Overs and Mergers) with any person who makes or is considering making any offer for the issued share capital of the Company; or

18.1.13 make or be found to have made a material fraudulent misrepresentation in, or have otherwise materially breached the Share Sale Agreement of even date herewith, made between by and among SFX UK Holdings and the Executive relating to the sale and purchase of the entire issued share capital of the Company (the "Share Sale Agreement").

Any delay by the Company in exercising such right to termination shall not constitute a waiver thereof.

18.2 If the Executive's Employment terminates pursuant to Clauses 18.1.1, 18.1.5 or 18.1.6 above, the Executive, his estate, legal representatives or nominee(s) shall be entitled to receive in full satisfaction of all obligations due to the Executive under this Agreement, all accrued but unpaid base salary, any accrued but unpaid bonus in respect of the bonus year ended prior to the Termination Date and a pro rata bonus payment for the bonus year in which the Termination Date

occurs upon payment of which the Company shall have no further obligations or liabilities to the Executive hereunder.

18.3 If the Executive's Employment terminates pursuant to Clauses 18.1.2 - 18.1.4 or 18.1.7 - 18.1.13 above, the Executive shall be entitled to receive in full satisfaction of all obligations, due to the Executive under this Agreement, all accrued but unpaid base salary, any accrued but unpaid bonus in respect of the bonus year ended prior to the Termination Date and a pro rata bonus payment for the bonus year in which the Termination Date occurs.

18.4 On termination of the Employment, the Executive shall forthwith return to the Company in accordance with its instructions all equipment, correspondence, records, specifications, software, models, notes, reports and other documents and any copies thereof and any other property belonging to the Company or its Associated Companies (including but not limited to the Company Car, keys, credit cards, equipment and passes) which are in his possession or under his control. The Executive shall, if so required by the Company, confirm in writing his compliance with his obligations under this Clause 18.4.

18.5 The Executive agrees that:

18.5.1(a) the Company may, at its absolute discretion, give to the Executive a Compensation Payment (which may, at the Company's discretion, be paid in instalments) in lieu of all or any part of the unexpired period of the Term (to which, for the avoidance of doubt, the Executive shall have no entitlement unless and until the Company notifies the Executive in writing of its decision to make the Compensation Payment to him) which shall be in full and final settlement of all claims (including but not limited to contractual claims) which the Executive may have against the Company and/or any Associated Company and on payment of which the Company and/or Associated Company shall have no further obligations or liabilities to the Executive; and

18.5.1(b) where the Company decides to exercise its power under Clause 18.5.1(a) to make any such payment(s) to the Executive, the Executive undertakes to take all reasonable and necessary steps to find alternative employment to commence within a period equivalent to the unexpired period of the Term or the notice period set out in Clause 3 above (or where notice has been served, the unexpired period of notice) commencing on the Termination Date. The Company may, in its absolute discretion, reduce the amount or amounts of any such payment(s) by such an amount as reflects the Executive's actual mitigation. For the avoidance of doubt, such reduction may result in the cessation of instalment payments, or the Executive being entitled to no payment; and/or

18.5.2 the Company may, at its absolute discretion, require the Executive not to attend at work and/or not to undertake all or any of his duties hereunder for a single period of 6 months or any part of the unexpired period of the Term, whichever period is shorter, PROVIDED ALWAYS that the Company shall continue to pay the Executive's base

salary and contractual benefits. For the avoidance of doubt, the Executive shall not be entitled to receive any bonus payment for any period during which he does not attend at work pursuant to this clause. In the event that the Company instructs the Executive not to attend work pursuant to this Clause 18.5.2, then the periods of restriction set out in the Schedule shall be reduced by any period during which the Executive did not attend at work and/or did not undertake employment duties pursuant to Clause 18.5.2.

18.6 The Company shall have the right to suspend the Executive on full pay pending any investigation into any potential dishonesty, gross misconduct or any other circumstances which may give rise to a right to the to the Company to terminate pursuant to Clause 18.1 above.

18.7 The termination of the Employment shall be without prejudice to any right the Company may have in respect of any breach by the Executive of any of the provisions of this Agreement which may have occurred prior to such termination.

18.8 The Executive agrees that he will not at any time after the termination of the Employment represent himself as still having any connection with the Company or Associated Company, save as a former employee for the purpose of communicating with prospective employers or complying with any applicable statutory requirements.

18.9 The Executive hereby agrees that, in the event of the expiry of the fixed term of his employment hereunder without it being renewed, he shall have no claim against the Company under Section 135 Employment Rights Act 1996 in respect of a statutory redundancy payment.

19. DIRECTORSHIPS

19.1 The Executive shall forthwith resign in writing from all directorships, trusteeships and other offices he may hold from time to time with the Company or any Associated Company without compensation for loss of office in the event of:-

19.1.1 the termination of his employment; or

19.1.2 the Company exercising its rights under Clause 18.5 above.

19.2 In the event of the Executive failing to comply with his obligations under Clause 19.1 above, he hereby irrevocably and unconditionally authorises the Company to appoint some person in his name and on his behalf to sign or execute any documents and/or do all things necessary to requisite to give effect to such resignations as referred to in Clause 19.1 above.

20. LIQUIDATION FOR RECONSTRUCTION OR AMALGAMATION

The Executive shall have no claim against the Company if the Employment is terminated by reason of the liquidation of the Company for the purposes of amalgamation or reconstruction provided that he is offered employment with any concern or undertaking resulting from such amalgamation or reconstruction on terms and conditions which, taken as a whole, are not less favourable than the terms of this Agreement.

21. GRIEVANCE AND DISCIPLINARY PROCEDURES

If the Executive has any grievance relating to the Employment, he should raise it with the Chairman of SFX Europe and thereafter (if the matter is not resolved) with the Board. In such a case the Board will deal with the matter by discussion and majority decision of those present and voting. The disciplinary procedure applicable to the Executive is such procedure as is set out from time to time in the Company's Employee Handbook. For the avoidance of doubt, the disciplinary procedure does not form part of the Executive's contract of employment.

22. SEVERABILITY

The various provisions and sub-provisions of this Agreement and the

Schedule attached hereto are severable and if any provision or sub-provision is held to be unenforceable by any court of competent jurisdiction then such unenforceability shall not affect the enforceability of the remaining provisions or sub-provisions in this Agreement or the Schedule.

23. WARRANTY

23.1 The Executive represents and warrants that he is not prevented by any agreement, arrangement, contract (including but not limited to the employment agreement dated May 1999 between Magnum Productions (Theatre) Limited (formerly David Ian Productions Limited) and the Executive), understanding, Court Order or otherwise, which in any way directly or indirectly restricts or prohibits him from fully performing the duties of the company, or any of them, in accordance with the terms and conditions of this Agreement.

24. NOTICES

24.1 Any notice, direction or instruction required or permitted to be given hereunder shall be given in writing and may be given by telegram, facsimile transmission, mail (if by registered mail and if postage is pre-paid and a return receipt is requested), or by hand delivery, to (a) in the case of the Company to its Registered Office for the time being and (b) in the case of the Executive, to his last known address.

24.2 If notice, direction or instruction is given by telegram or facsimile transmission or a similar method or by hand delivery, it shall be deemed to have been given or made on the day on which it was given, and if mailed, it shall be deemed to have been given or made on the third business day following the day after which it was mailed.

24.3 For the purposes of this Clause 24, "business day" means a day on which banks are open for business in the place of both the posting and the address of the notice.

25. DEFINITIONS

In this Agreement the following words and cognate expressions shall have the meaning set out below:

25.1 an "Associated Company" includes any firm, company, corporation or other organisation:

25.1.1 which is directly or indirectly controlled by the Company;

25.1.2 which directly or indirectly controls the Company; or

25.1.3 which is directly or indirectly controlled by a third party who also directly or indirectly controls the Company; or

25.1.4 of which the Company or any other Associated Company owns or has a beneficial interest in 20% or more of the issued share capital or 20% or more of its capital assets; or

25.1.5 which is the successor in title or assign of the firms, companies, corporations or other organisations referred to above.

25.2 "The Board" shall mean the Board of Directors of the Company.

25.3 "Compensation Payment" means a sum calculated as follows:

$$\frac{A \times \text{Pound Sterling } B \text{ less } C}{365}$$

"A" is the number of days of the unexpired Term.

"B" is the Executive's annual base salary referred to Clause 5.1 above on the date when he is notified in writing by the Company that it

will be making him a Compensation Payment. For the avoidance of doubt, this shall not be include the value of any bonus, incentive or commission entitlement, benefits or holiday entitlement which would have accrued to the Executive had he been employed until the expiry of the expiry of the Term.

"C" any reduction made pursuant to Clause 18.5.1(b).

25.4 "Control" has the meaning ascribed by Section 416 Taxes Act 1988 (as amended).

25.5 "HR Department" shall mean the Human Resources Department of Apollo Leisure (UK) Limited.

25.6 "Immediate Relatives" shall include the Executive's wife, children under 18 years of age, brothers and sisters and the aforesaid relatives by marriage.

25.7 "Permitted Activities" shall mean the Executive's current level of involvement at the date hereof as producer, co-producer and/or manager of touring productions of "Grease", "SNF", "Barnum" and "Happy Days" in the UK.

25.8 "Retail Price Index" shall refer to the percentage increase figure calculated over the preceding 12 months and defined by the Office of National Statistics.

25.9 "SFX (Theatre) UK division" shall mean such division of the SFX Group which is from time to time concerned with the theatre business in the UK.

25.10 "Termination Date" shall mean the date upon which the Executive's employment with the Company terminates.

26. CONSTRUCTION

26.1 The provisions of the Schedule attached hereto and any additional terms endorsed in writing by or on behalf of the parties hereto shall be read and construed as part of this Agreement and shall be enforceable accordingly.

26.2 The benefit of each agreement and obligation of the Executive under Clause 14 and the Schedule attached hereto of this Agreement may be assigned to and enforced by any other member of the Clear Channel Communications Inc and all of its subsidiaries from time to time and such agreements and obligations shall operate and remain binding, notwithstanding the termination of this Agreement.

27. PRIOR AGREEMENTS

27.1 This Agreement together with the 2 side letters dated 12 January 2005 attached to this Agreement as Schedules 3 and 4 cancel and are in substitution for all previous letters of engagement, agreements and arrangements (whether oral or in writing) relating to the subject-matter hereof between the Company and the Executive all of which shall be deemed to have been terminated by mutual consent.

27.2 The Executive hereby agrees to waive all claims and rights of action (whether under statute, common law or otherwise) in any jurisdiction in the world, howsoever arising (including but not limited to contractual claims, breach of contract, tort and the Executive's prospective entitlement to bring such claims) which the Executive has or may have against the Company or any Associated Company, its officers, employees or shareholders, arising from or connected with the Executive's previous contract of employment with the Company or Associated Company, or the termination thereof.

27.3 This Agreement and an Opt-Out Agreement of even date made between the Executive and the Company ("the Opt-Out Agreement") constitute the entire terms and conditions of the Executive's Employment and, save for as provided otherwise in the Opt-Out Agreement, no waiver or modification thereof shall be valid unless in writing, signed by the parties and only

to the extent therein set forth.

28. GOVERNING LAW AND JURISDICTION

This Agreement is governed by and construed in accordance with the laws of England. The parties hereto submit to the exclusive jurisdiction of the English Courts.

DATED 2005

DEED
AMENDING A
SERVICE AGREEMENT
DATED 5 OCTOBER 2000

CLEAR CHANNEL ENTERTAINMENT UK (THEATRICAL PRODUCTIONS) LIMITED (1)

(FORMERLY DAVID IAN PRODUCTIONS LIMITED)

DAVID IAN LANE (2)

DATE

2005

PARTIES

(1) CLEAR CHANNEL ENTERTAINMENT UK (THEATRICAL PRODUCTIONS) LIMITED (formerly) DAVID IAN PRODUCTIONS LIMITED) (Company Number 4018696) whose registered office is at 1 Cluny Mews London SW5 9EG ("the Company"); and

(2) DAVID IAN LANE of 12 Little Plucketts Way, Buckhurst Hill, Essex, IG9 5QU ("the Executive").

INTRODUCTION

(A) The parties entered into a service agreement dated 5 October 2000 in respect of the Executive's employment with the Company ("the Service Agreement").

(B) The parties wish to vary the Service Agreement in the manner set out in the following provisions of this Deed.

OPERATIVE PROVISIONS

1 In Clause 1 there shall be substituted for the words "Managing Director of the SFX (Theatre) UK Division" the words "sole CEO of the Clear Channel -Entertainment Theatre, UK and International Division".

2 The following words shall also be added to the end of Clause 1:

"The Executive may terminate the Employment by giving to the Company 3 months' notice in writing in the event that his direct reporting line changes to any person other than the CEO or COO of Clear Channel Entertainment ("CCE") currently Brian Becker and Miles Wilkin respectively, provided that such notice shall be given within one month of such change becoming effective." In the event of the Executive terminating his employment under this Clause 1, the covenants in Clause 17.1 and the Schedule to the Service Agreement shall be waived by the Company.

3 In Clause 2.1 there shall be substituted for the words "for a period of five years, expiring on the fifth anniversary of the Commencement Date" the words "until 31 December 2010 when it shall expire automatically PROVIDED ALWAYS that either the Company or the Executive may terminate this employment of the Executive at any time subject to giving to the other twelve months' written notice in accordance with the provision of

Clause 24 of the Service Agreement, subject always to the provisions of Clauses 5.2.2 and 5.2.3 of this Agreement".

4 In Clause 3.1 there shall be substituted for the words "be employed in the post of sole Managing Director of the SFX (Theatre) UK division the words "oversee the operation of the CCE European theatrical business, the CCE European sports business, Donington and the CCE London head office in Grosvenor Street". Theatrical business includes UK theatres plus numerous West End, touring and European productions and also be responsible for all theatrical business throughout the rest of the world, excluding North America."

5 A new Clause 4.1.5 shall be added as follows:

"In addition to the Executive's role as Producer of "Grease" on a worldwide basis, "the Executive may produce up to three additional productions outside the terms of the Service Agreement subject to:

(a) the provisions of Clause 4.1.4 of the Service Agreement (other than Clause 4.1.4(ii) which shall be deleted); and

(b) CCE having the right to match the Executive's investment in such production on a pound for pound basis up to a maximum of 50 %, if it is within the Executive's power to grant such a right, and if it is not, up to a maximum of 50 % of the Executive's own investment."

6 Clause 5.1 shall be deleted and substituted with the following wording:

"The Company shall pay to the Executive a salary of Pound Sterling 350,000 per annum, payable monthly in arrears by equal instalments. This revised salary shall take retrospective effect from 1 January 2004. The shortfall of salary accrued from 1 January 2004 shall be paid in a lump sum upon execution of the deed between Clear Channel Entertainment UK (Theatrical Productions) Limited (formerly David Ian Productions Limited) and David Ian Lane dated 2005 ("the Deed").

The salary shall be increased thereafter by 3% on 1 January 2006 and on 1 January in each succeeding year during the continuation of this Agreement"

7 Clause 5.2 shall be deleted and substituted with the following:

5.2.2 "The Executive shall be paid a retention bonus of Pound Sterling 500,000 on the date hereof ("the Retention Bonus"). If the Executive terminates the employment at any time during its term in accordance with the provisions of Clause 1 or Clause 2.1 or Clause 5.5 of this Agreement, other than in circumstances amounting to repudiation or constructive dismissal, the Executive agrees to repay to Company, within 21 days of the effective date of such termination, a pro rata portion of the Pound Sterling 500,000 payment paid to Executive on 1 January 2005, less taxes and other withholdings paid on the retention bonus amount by the Executive, based upon any portion of the 6 year period running from 1 January 2005 through 31 December 2010 which has not been completed at the time of the termination ("Clawback Payment").

5.2.3 If the Company terminates the employment of the Executive in accordance with the provisions of Clause 2.1 of this Agreement for any reason other than the Executive's misconduct and/or material breach of contract in accordance with the provisions of Clause 18 of this Agreement, no Clawback Payment shall be due to the Company from the Executive."

8 A new clause 5.3 shall be inserted as follows:

"The Executive will be entitled to a further bonus in each year during the continuation of this Agreement calculated in accordance with CCE formula at Appendix 1 of the Deed. For the purposes of this bonus calculation, the figure of Pound Sterling 140,000 shall be used as the benchmark figure at which the Executive achieves 15% EBITDA growth and the remainder of the table shall be calculated

accordingly."

9 A new clause 5.4 shall be inserted as follows;

"The Executive shall be entitled to further bonuses in respect of "The Phantom of the Opera" Las Vegas production ("the Production") as follows:

(a) Pound Sterling 50,000 on the signature of the Deed.

(b) Pound Sterling 50,000 shall be payable to the Executive subject to the Production opening on time and on budget which for the purposes of this Clause shall mean at the time and subject to the final budget as agreed between the Parties. This bonus shall be paid within 60 days of the Production opening; and

(c) A further maximum bonus of Pound Sterling 75,000 shall be payable to the Executive on 31 December 2006 and on 31 December in each succeeding year during the continuation of this Agreement based on the Production having run for 50 weeks in the relevant year and pro rated on a weekly basis for any lesser period. This payment shall be conditional on the Production generating a "weekly operating profit", which for the purposes of this sub clause shall mean that the Production produces an operating profit above the break even figure determined from the books and records of CCE. The further bonus payable under this sub clause (c) shall be reduced by Pound Sterling 1,500 (being the due proportion of Pound Sterling 75,000 for 50 weeks) for each and any week that the Production produces an operating profit (or loss) below the break even figure referred to above.

(d) the Executive shall be entitled to one business class return flight for his wife and his children and full reimbursement for a family size hotel suite at the Venetian Hotel in Las Vegas for 21 nights, during the Production period."

10 A new clause 5.5 shall be inserted as follows:

"In the event that CCE acquires the whole or part of [***] ("[***]") or the [***] ("[***]") or enters into a significant transaction with [***] on completion of such transaction ("Completion"), the Executive shall be entitled to terminate this Agreement within 90 days of such transaction closing by giving to the Company not less than 2 months' written notice in accordance with the provisions of Clause 24 of the Service Agreement. In the event of such termination the Clawback

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*** Confidential

Payment shall be due from the Executive to the Company in accordance with the terms of Clause 5.2.2".

11 Clause 5.3 shall be re-numbered accordingly.

12 Clause 6.1 shall be deleted and substituted with the following wording;

"Until termination of the Employment, the Company shall provide the Executive with a car allowance for the sole and exclusive use of a motor car at the rate of Pound Sterling 32,000 per annum payable monthly to cover all the running expenses of such motor car including maintenance and repairs but hot motor tax; insurance premiums, petrol (including business and personal) and oil which will be separately paid by the Company subject to the Executive submitting receipts or other appropriate invoices."

13 In clause 12.1 there shall be substituted for the words and figure "five per cent (5%)" the words and figure "ten per cent (10%)".

14 Except as expressly varied by this Deed, the Service Agreement shall remain in full force and effect.

IN WITNESS whereof this Deed has been executed the day and year first above written

ATTESTATIONS

EXECUTED as a DEED by)
for and on behalf of
CLEAR CHANNEL ENTERTAINMENT UK /s/ MILES WILKIN
(THEATRICAL PRODUCTIONS) LIMITED
)
(FORMERLY DAVID IAN PRODUCTIONS
by its duly authorised officer)

Director
In the presence of

Witness: [ILLEGIBLE]

Occupation: PA

Address: 39 Heathfield Road, Kaston Village BR26B6

EXECUTED as a DEED by)
DAVID IAN LANE)
in the presence of:) /s/ DAVID IAN LANE

Witness: A S FAIRHALL

Address: 5 Ospringe Street, Faversham, Kent ME138TJ

Occupation: PA

[CLEAR CHANNEL ENTERTAINMENT LOGO]

July 1, 2005

Mr. David Ian Lane
12 Little Plucketts Way
Buckhurst Hill
Essex
IG9 5QU

This will confirm the second AMENDMENT made this 1st day of July 2005 to the SERVICE AGREEMENT made 5th day of October 2000 and amended by DEED the 12th day of January 2005.

BETWEEN:

(1) CLEARCHANNEL ENTERTAINMENT UK (THEATRICAL PRODUCTIONS) LIMITED (formerly DAVID IAN PRODUCTIONS LIMITED) (Company No: 4018696) a company registered in England, whose registered office is 1 Cluny Mews, London SW5 9EG ("the Company"); and

(2) DAVID IAN LANE of 12 Little Plucketts Way, Buckhurst Hill, Essex IG9 5QU ("the Executive").

WHEREAS the Board of Directors of the Company ("the Board") has approved the terms of this Agreement under which the Executive is to be employed.

IT IS HEREBY AGREED as follows:

1. In Clause 1 there shall be substituted for the words "sole CEO of the Clear Channel Entertainment Theatre., UK and International Division" the words "CEO of the Clear Channel Entertainment Theatre., UK and International Division and Global Chairman of Theatre".

2. Clause 5.3 shall be deleted and substituted with the following:

"In 2005, the Executive will be entitled to a further bonus in each year during the continuation of the Agreement calculated in accordance with CCE formula at Appendix 1 of the Deed. For the purposes of this bonus calculation, the figure of Pound Sterling 140,000 shall be used as the benchmark figure at which the employee achieves 15% EBITDA growth and the remainder of the table shall be calculated accordingly. For calendar year 2006 and for the continuation of the Agreement, the Executive will be entitled to a further bonus in accordance with CCE formula at Appendix 2 of the Deed. For the purposes of this bonus calculation, the figure of Pound Sterling 175,000 shall be used as the benchmark figure at which the employee achieves 15% EBITDA growth and the remainder of the table shall be calculated accordingly."

Clear Channel Entertainment (713) 693-8600 Tel - (713) 693-8672 Fax

2000 West Loop South - Suite 1300 - Houston, TX 77027 - www.clearchannel.com

3. Appendix 1 shall be deleted and substituted with Appendix 1 herein.

4. A new clause 5.4 shall be inserted as follows:

   "The Executive will be entitled to a further bonus of Pound Sterling 25,000 if the actual EBITDA results for North American Theatrical exceeds the June 2005 forecasted EBITDA."

5. All other terms and conditions of the Service Agreement remain in full force and effect.

ATTESTATIONS

EXECUTED as a DEED by)
MILES WILKIN) /s/ MILES WILKIN
for and on behalf of)
CLEAR CHANNEL ENTERTAINMENT UK
LIMITED
By its duly authorized officer and director

in the Presence of

Witness:

Occupation:

Address:

EXECUTED as a DEED by)
DAVID IAN LANE)
in the presence of:) /s/ DAVID IAN LANE

Witness: A S FAIRHALL

Address: 5 Ospringe Street, Faversham, Kent ME138TJ

Occupation: PA

CONFIDENTIAL TREATMENT REQUESTED PURSUANT TO RULE 24B-2

Certain portions, indicated by [***], of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities and Exchange Act of 1934. The omitted materials have been filed separately with Securities and Exchange Commission.

EXHIBIT 10.9

PERSONAL SERVICES AGREEMENT
[Arthur Fogel]

This Personal Services Agreement is entered into this 3rd day of December 2002 effective the 1st day of September 2002, between SFX Entertainment, Inc., a Delaware corporation, doing business as Clear Channel Entertainment (the "Company") and Arthur Fogel (the "Executive"). This Personal Services Agreement replaces any and all previous agreements, including the Employment Agreement dated July 1, 1999, as amended.

WHEREAS, the Company and the Executive desire to enter into an employment and personal services relationship under the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. TERM.

The Executive's term of employment ("Term") starts on the effective date of this Agreement and ends on the close of business on December 31, 2007, hereinafter the "Expiration Date," unless terminated earlier in accordance herewith.

2. TITLE AND DUTIES.

The Executive's title is President of the Company's Music-Touring Division. In this capacity Executive will render special, unique, unusual, and extraordinary personal services based on the relationships he has developed with and the experience he has had working with particular musical artists (including, without limitation, those artists identified in Exhibit B), groups, managers, and agents, his specialized knowledge of musical touring, his experience in organizing musical tours, his connections, and his intellect, all of which have peculiar value to the Company, and the loss of which cannot be reasonably or adequately compensated in an action at law for damages. In addition to performing these unique personal services, the Executive shall perform other job duties that are usual and customary for this position, and such additional duties, consistent with his position, as the Company may from time to time direct. The Executive will report to the Co-CEOs of the Company's Music Division, (currently) Don Law and Dave Lucas. The Executive will devote his full working time and efforts to the business and affairs of the Company. Although Executive will reside in California and his primary office will be in Los Angeles, his duties will require him to travel extensively. Notwithstanding the foregoing, the Executive shall be permitted, subject to his duties to avoid competing with the Company, to devote a modest portion of his business time to personal investments and commitments not related to the business of the Company, provided that the time devoted thereto shall not interfere in any material respect with the performance of the Executive's duties under this Agreement. In addition, subject to the Executive's duty to avoid competing with the Company and to the approval in advance of the Company's General Counsel, which approval shall not be unreasonably withheld. Executive may serve on boards of directors of not-for-profit organizations and companies which do not compete with the Company, provided that service on any such board of directors shall not interfere in any material respect with the performance of the Executive's services under this Agreement. Unless separately consented to in writing, nothing in this Agreement shall be construed to allow the Executive to serve as an officer, director, consultant, or employee of Grand Entertainment, Inc. ("Grand Entertainment") or Michael Cohl, or any affiliate of any of the foregoing, or to participate in the business in any fashion of Grand Entertainment or Michael Cohl, other than by receiving

dividends distributed in respect of an ownership interest not to exceed five (5%) percent of all issued and outstanding shares of Grand Entertainment, so long as (i) such dividends represent not more than the Executive's proportionate share of the dividends that Grand Entertainment is making to all holders of the applicable class of Grand Entertainment equity securities and (ii) without the prior written consent of the Company's General Counsel, which consent may be withheld for any reason whatsoever, the Executive does not acquire additional Grand Entertainment equity securities (other than in exchange for, or as a distribution in respect of, the Executive's current Grand Entertainment equity securities).

3. COMPENSATION AND BENEFITS

(a) BASE SALARY. The Company will pay the Executive an annual base salary of $600,000. The Executive's base salary will be adjusted annually on January 1 of each year, beginning January 1, 2004, by a percentage equal to the percentage increase, if any, in the regional cost of living index measured by the United States Government for the Los Angeles standard metropolitan statistical area. If and when the Executive's base salary is increased in accordance with this Agreement, the new base salary shall constitute the Executive's base salary for all purposes under this Agreement. All payments of base salary will be made in installments according to the Company's regular payroll practice, prorated monthly or weekly where appropriate.

(b) ADDITIONAL PAYMENTS. In addition to the other payments provided herein, the Executive will be paid the following amounts by April 1 of the applicable year: $30,000 in 2003; $24,000 in 2004; $18,000 in 2005; $12,000 in 2006; and, $6,000 in 2007. The Company shall pay $1,500 to Strategy Capital Corporation and $1,500 to Lenard, Brisbin & Klotz LLP within ten (10) days of signing this Agreement, and $61,390.79 to Continental Trust on or before December 3, 2002. As part of his next paycheck, the Executive will be paid monies due him as the result of the salary increase in Paragraph 3(a), which as per this Agreement is effective as of September 1, 2002.

(c) PERFORMANCE BONUS. Commencing with January 1, 2002, the Executive shall be eligible to receive a Performance Bonus, which bonus shall be payable, no later than March 31 of each calendar year following the year for which the bonus is earned. The amount of the bonus shall be calculated as set forth in the Performance Bonus Calculation attached as "Exhibit A" to this Agreement, and incorporated by this reference. The payments of this bonus, if any, shall be offset against the Bonus Advance to the Executive described in Paragraph 3(g) of this Agreement until such time as the Bonus Advance is fully repaid to the Company.

(d) KEY ACT BONUS. Beginning January 1, 2003, the Executive will be eligible to earn and receive a Key Act Bonus as described in "Exhibit B" to this Agreement and incorporated by this reference. Payments of the Key Act Bonus shall be offset against the Bonus Advance to the Executive described in Paragraph 3(g) of this Agreement until such time as the Bonus Advance is fully repaid to the Company.

(e) EMPLOYMENT BENEFIT PLANS. The Executive will be entitled to participate in all pension, profit sharing, and other retirement plans, all incentive compensation plans, and all group health, hospitalization and disability or other insurance plans, paid vacation, sick leave and other Executive welfare benefit plans in which other similarly situated Executives of the Company may participate as described in the Company's Employee Guide. To the extent necessary to secure key man life insurance or such other insurance as the Company may wish to buy, Executive agrees to submit himself, at the Company's expense, upon request of the Company and within a reasonable period of time, to a physical examination designated by the Company. The Company shall maintain the confidentiality of the results of any such examination, except as may be necessary for the Company to obtain the benefits of any such insurance. The Executive's failure to pass any such physical inspection shall not constitute a breach of this Agreement.

(f) EXPENSES. The Company will pay or reimburse the Executive for all normal and reasonable travel and entertainment expenses incurred by the Executive in connection with the Executive's responsibilities to the Company upon submission of proper vouchers in accordance with the Company's expense

reimbursement policy as applied to similarly situated executives. The Company will provide Executive with access to a credit card subject to the approval of credit card company and based on the Executive's credit history. Payment is the responsibility of the Executive and should only be used for business purposes. Employee shall be eligible for fringe benefits and perquisites that are available to similarly situated executives.

(g) BONUS ADVANCE. The Company will advance One Million Five Hundred Thousand Dollars ($1,500,000.00) to the Executive upon execution of this Personal Services Agreement or at the direction of the Executive as a bonus advance (the "Bonus Advance"). Executive will repay this Bonus Advance to the Company during the course of his employment through offsets against any Key Act Bonus or Performance Bonus earned by Executive. Assuming the Executive completes the Term, any remaining Bonus Advance that has not been repaid to the Company by offset shall be deemed earned by the Executive as a Completion Bonus. If the Executive's employment is terminated before the Expiration Date, any remaining unearned Bonus Advance shall be treated as follows: (i) the Executive shall repay any Unearned Portion of the Bonus Advance within ten (10) business days following termination, if the Executive is terminated for "Cause" or terminates without "Good Reason"; (ii) the Executive shall be deemed to have earned any (otherwise) Unearned Portion of the Bonus Advance if the Executive terminates with "Good Reason" or is terminated without "Cause" or "Justification" or due to death or disability; (iii) solely for purposes of this section and Section 10(c) below, if the Executive is terminated with "Justification," the Executive shall repay any Unearned Portion of the Bonus Advance within ten (10) business days following termination, however in calculating the amount to be repaid the Executive, in addition to receiving credit for amounts already earned and offset against the Bonus Advance, the Executive will be deemed to have earned 25% of the Bonus Advance at the conclusion of each calendar year 2003-2006 during his employment (by way of example only, if the Executive is terminated with "Justification" in 2005, the Executive will be deemed to have earned 50% ($750,000) of the Bonus Advance, which amount will be added to any Bonus Advance offsets previously earned, in determining the amount, if any, the Executive is required to repay under this section). The "Unearned Portion of the Bonus Advance" shall mean One Million Five Hundred Thousand Dollars ($1,500,000.00), less any amounts in respect of any Performance Bonus or Key Act Bonus offset against the Bonus Advance.

(h) In accordance with applicable law, the Company will deduct taxes and other legally required or authorized payments from the annual base salary and from all other payments to the Executive under this Agreement.

(i) In connection with all bonus calculations, the Executive shall have the following audit rights: The Executive, a Big 4 accounting firm or a mutually agreed upon certified public accountant on his behalf may, at the Company's offices and at the Executive's expense, examine the Company's books and records relevant to the calculation of his bonuses hereunder solely for the purposes of verifying the accuracy of statements rendered by the Company to the Executive. Such books and records may be examined as aforesaid only (a) during the Company's normal business hours, (b) upon reasonable notice to the Company, and (c) within three (3) months after the date the applicable statement is delivered hereunder. The Executive shall not have the right to examine such books and records more frequently than once in any twelve (12) month period or more than once with respect to any particular statement. Each statement shall be deemed final and binding upon the Executive as an account stated and shall not be subject to any claim or objection by the Executive (i) unless the Executive notifies the Company of his specific written objection to the applicable statement, stating the basis thereof in reasonable detail within six (6) months after the date such statement is delivered hereunder, and (ii) unless, within six (6) months after delivering such written objection, the Executive makes proper service of process upon the Company in a suit instituted in a court of proper jurisdiction. Also, with each bonus

payment made under the Agreement, the Company shall provide a reasonably detailed statement of the calculation of the amount of such payment.

(j) VACATION. Executive shall be entitled to five (5) weeks paid vacation per calendar year during the Term.

4. NONDISCLOSURE OF CONFIDENTIAL INFORMATION.

(a) GENERAL CONFIDENTIALITY OBLIGATIONS. During the course of the Executive's employment with the Company, the Company will provide the Executive with access to, and Executive will likely develop for the Company certain confidential information, trade secrets, and other matters which are of a confidential or proprietary nature, including but not limited to the Company's talent buying process and methods, talent contracts, touring agreements, contracts with venues, contracts with promoters, contracts for the exploitation of television, radio, cable, Internet, video, film, recording, publishing, photographic, theatrical production, exhibition, management, merchandising, licensing, marketing, or sponsorship contracts, methods, and, protocols, contracts with partners, consultants, employees and joint venturers, valuation of tours, the components and methodology of valuations of tours, customer lists, pricing information, profit margins, including calculations of tour profitability, production and cost data, compensation and fee information, formal and informal strategic business plans, budgets, financial statements, internal protocols and processes and other information the Company treats as confidential or proprietary (collectively the "Confidential Information"). The Company provides on an ongoing basis such Confidential Information as the Company deems necessary or desirable to aid the Executive in the performance of his duties. The Executive understands and acknowledges that all such Confidential Information is confidential and proprietary, and agrees not to disclose such Confidential Information to anyone outside the Company except to the extent that (i) the Executive deems such disclosure or use reasonably necessary or appropriate in connection with performing his duties on behalf of the Company; (ii) the Executive is required by order of a court of competent jurisdiction (by subpoena or similar process) to disclose or discuss any Confidential Information, provided that in such case, the Executive shall promptly inform the Company's General Counsel of such event, shall cooperate with the Company in attempting to obtain a protective order or to otherwise restrict such disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with any such court order; (iii) such Confidential Information becomes generally known to and available for use in the industries in which the Company does business, other than as a result of any action or inaction by the Executive; or, (iv) such disclosure is reasonably necessary to the Executive's legal representative to protect the interests of the Executive in any dispute or potential dispute involving the Executive (provided the Executive first obtains the written approval of the Company's General Counsel, which approval will not be unreasonably withheld). The Executive further agrees that he will not during employment or at any time ever thereafter use such Confidential Information in competing, directly or indirectly, with the Company, or disclose such Confidential Information outside the Company. Insofar as the Executive is concerned, the Executive agrees that all Confidential Information is the exclusive property of the Company.

(b) CONFIDENTIALITY AS TO GRAND ENTERTAINMENT AND MICHAEL COHL. The Executive agrees not to disclose any information about the Company's business operations, personnel, plans, finances, including but not limited to any information about the Company's touring business, artists, contracts, protocols, methods, and finances, whether or not the Company treats the information as Confidential Information, to any employee, agent, or representative of Grand Entertainment or Michael Cohl at any time, except as necessary in the performance of Executive's duties to the Company.

(c) PUBLIC STATEMENTS. During the Term, the Executive agrees that he will not make any public statement or announcement concerning the Company to the press or any media without coordination and approval of the statement or announcement with the Company's public relations department.

(d) COMPANY USE OF EXECUTIVE'S LIKENESS OR QUOTES. During or after the Term, without the Executive's prior written consent, the Company shall not use or authorize the use of any likeness of Executive, or attribute any quote to Executive.

(e) SURVIVAL. At such time as the Executive shall cease to be employed by the Company, he will immediately turn over to the Company all Confidential Information, including papers, directories, documents, writings, electronically stored information in any form, other property, and all copies of them, provided to or created by him during the course of his employment with the Company; provided, however, that Executive shall be entitled to retain a copy of his personal rolodex. This nondisclosure covenant is binding on the Executive, as

well as his heirs, successors, legal representatives and estate, and will survive the termination of this Agreement for any reason.

5. NONSOLICITATION OF COMPANY EMPLOYEES.

To further preserve the rights of the Company pursuant to the nondisclosure covenant discussed above, and for the consideration promised by the Company under this Agreement, during the Term and for a period of 12 months thereafter the Executive will not, directly or indirectly, (i) solicit or encourage any current or prospective employee of the Company, or of any subsidiary or affiliate of the Company who works, or has worked or been offered employment by the Company within the preceding 12-month period (other than Executive's personal assistant), to terminate his/her employment with the Company or any subsidiary or affiliate of the Company; or (ii) solicit or encourage any such employee to accept employment with any business, operation, corporation, partnership, association, agency, or other person or entity. This provision shall apply regardless of the reason for termination of employment.

6. NON-COMPETITION DURING TERM.

To further preserve the rights of the Company pursuant to the nondisclosure covenant discussed above, and for the consideration promised by the Company under this Agreement, during the Term, the Executive will not, directly or indirectly, as an owner, director, principal, agent, officer, employee, partner, consultant, servant, or otherwise, carry on, operate, manage, control, or become involved in any manner with any business, operation, corporation, partnership, association, agency, or other person or entity which is in the same or similar lines of business as the Company, as of the date hereof, which business includes the business of presenting, promoting, and producing of touring concert events and other live entertainment events and the exploitation of intellectual property rights associated with any tour or event, and the representation of artists or groups, in any location in which the Company, or any subsidiary or affiliate of the Company, operates or has plans or has projected to operate during the Executive's employment with the Company, including any area within a 75-mile radius of any such location. The Executive agrees that during the Term, he will inform the Company of each material business opportunity related to the Company's business promptly following his becoming aware of the opportunity, and that he will not, directly or indirectly, exploit any such opportunity for his own account or for the account of any other person or entity. The foregoing shall not prohibit the Executive from owning up to five percent (5%) of the issued and outstanding stock of any publicly held company or Grand Entertainment (subject to the limitations set forth in clauses (i) and (ii) of Paragraph 2, which is a potential competitor of the Company's Music Touring Division. Further, the Executive agrees not to receive or accept, directly or indirectly, compensation, remuneration, commissions, bonuses, special dividends, special distributions, gifts or any other transfer of anything of value or other consideration of any kind, from Grand Entertainment or Michael Cohl, and will not perform any services for Grand Entertainment or Michael Cohl

during the period of his employment by the Company. This provision shall apply regardless of the reason for termination of employment, except that this provision shall not apply if the Executive is terminated by the Company without "Cause" or "Justification" or terminates for "Good Reason." If the Executive is terminated without "Cause" or "Justification" or terminates for "Good Reason," the Executive agrees to comply with this provision for twelve (12) months following the termination of employment, provided that the Company abides by the applicable provisions of Paragraph 10(c) below.

7. NONSOLICITATION OF TALENT, GROUPS, ACTS, VENDORS AND CUSTOMERS AND NON-DISPARAGEMENT.

To further preserve the rights of the Company pursuant to the nondisclosure covenant contained in this Agreement and the Company's substantial investment in its business, and for the consideration promised by the Company under this Agreement, during the Term and for a period of twelve months after the Term, the Executive will not, directly or indirectly, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity, call upon, compete for, solicit, divert, or take away, or attempt to divert or take away current or prospective talent, group, act, promoter, venue, agent, vendor, or customer with whom the Company

or any subsidiary or affiliate of the Company (i) has an existing agreement or business relationship; (ii) has had an agreement or business relationship within the twelve-month period preceding the Executive's last day in the later of an employment or any consulting relationship with the Company; or (iii) is in negotiations to enter an agreement or business relationship. This provision shall apply regardless of the reason for termination of employment, except that this provision shall not apply if the Executive is terminated by the Company without "Cause" or "Justification" or terminates for "Good Reason." If the Executive is terminated without "Cause" or "Justification" or terminates for "Good Reason," the Executive agrees to comply with this provision for twelve (12) months following the termination of employment, provided the Company abides by the applicable provisions of Paragraph 10(c) below. The Executive and the Company further agree that during the same period, neither shall disparage the other.

8. ENFORCEMENT OF PARAGRAPHS 4, 5, 6, AND 7.

The Company and the Executive agree that the restrictions and commitments contained in Paragraphs 4, 5, 6, 7, 10 and 13(c) of this Agreement are reasonable in scope and duration and are necessary to protect the Company's business interests and/or Confidential Information. If any provision of these covenants as applied to the Executive in any circumstance is adjudged by a court or arbitrator to be invalid or unenforceable, the remaining obligations of the Company under this Agreement shall be rendered void and unenforceable. The parties agree and acknowledge that the breach of these covenants will cause irreparable damage to the Company, and that the Company shall be entitled to seek injunctive relief therefor in any court with jurisdiction and that the Company's right to seek injunctive relief shall in no way limit any other remedies that the Company may have (including, without limitation, the right to seek monetary damages). Should the Executive violate the provisions of any of paragraphs 4, 5, 6, or 7 of this Agreement, in addition to all other rights and remedies available to the Company at law or in equity, the duration of these covenants shall automatically be extended for a period of time equivalent to the period of the breach.

9. TERMINATION.

The Executive's employment with the Company may be terminated under the following circumstances:

(a) DEATH. The Executive's employment with the Company shall terminate upon the death of the Executive.

(b) DISABILITY. The Company may terminate the Executive's employment in the event of Executive's "Disability, which shall mean Executive's incapacity to perform substantially all of the essential functions of his position under this Agreement for one hundred twenty (120) days or more within any period of three hundred sixty-five (365) consecutive days because of mental or physical condition, illness or injury, consistent with applicable state and federal law. In the event of any dispute regarding the existence of Employee's Disability, the matter will be resolved, at the Company's expense, by the determination of a physician qualified to practice medicine in the State of California, selected by Employee and approved by Company, or, failing such approval, by a majority of three physicians qualified to practice medicine in the State of California, one to be selected by Company, one to be selected by Employee and the third to be selected by the two designated physicians. As an alternative to termination of employment, the Company may elect to provide long term disability coverage for the Executive, cease the further accrual of obligations to pay compensation and bonus payments (other than Key Act Bonuses with respect to artists already signed) to the Executive, and maintain the Executive's health insurance benefits until the earlier of exhaustion of long term disability payments, or the Expiration Date. If the Executive is "disabled" and the Company elects not to terminate the Executive, the Executive shall be excused from performing his duties under Paragraph 2 only of this Agreement during the period of disability.

(c) TERMINATION BY THE COMPANY. The Company may terminate the Executive's employment for "Cause" or for "Justification;" provided, however, that the right to terminate for Justification shall expire upon a "Change in Control" (as defined below).

"Cause" shall mean: (i) conduct by the Executive constituting a material act of misconduct or gross negligence in connection with the performance of his duties, including, without limitation, violation of the Company's policy on harassment or discrimination, misappropriation of funds or property of the Company or any of its affiliates other than the occasional, customary and de minimis use of Company property for personal purposes, or other similar misconduct as reasonably determined by the Company; (ii) the Executive's refusal or failure to follow lawful directives consistent with his title and position where such refusal or failure has continued for more than 10 days following written notice of such refusal or failure; (iii) a conviction of the Executive for, or a plea of nolo contendere by the Executive to, any felony or other lesser crime involving battery, fraud, embezzlement, or misappropriation of the property of the Company or other conduct by the Executive that, as reasonably determined by the Company, has resulted in, or would result in injury to the reputation or potential liability of the Company if he were retained in his position with the Company; (iv) a breach by the Executive of any of the provisions contained in Paragraphs 5, 6, or 7 or a material breach by the Executive of Paragraph 4 of this Agreement; or (v) a material violation by the Executive of the Company's employment policies or procedures of which Executive had notice.

"Justification" shall mean: (i) the failure by the Executive to use his commercially reasonable best efforts to present the Company with at least six (6) touring opportunities that are reasonably expected to achieve a level of profitability consistent with historical levels for successful tours and the budgets established by the Music division in consultation with the Executive or (ii) the failure by the Executive to correct performance deficiencies validly identified and documented by the Company in an annual review of the Executive's business performance. For purposes of this Agreement, any touring opportunity presented by the Company's Music-Touring Division in which the Executive has material involvement shall be deemed presented by the Executive. The Company may terminate the Executive's employment for "Justification" by delivering notice to the Executive (with specific reference to this Paragraph 9(c)) specifying that the Company terminating the Term pursuant to this provision of Paragraph 9(c).

The Executive will be given a reasonable opportunity to cure any violations of the "Cause" (30 days maximum) or "Justification" (60 days maximum) provisions (above) which are susceptible to being cured.

(d) TERMINATION BY THE EXECUTIVE. The Executive may terminate his employment with the Company only for "Good Reason," which shall mean (i) breach by the Company of a material provision of this Agreement; (ii) a material adverse change in the Executive's title, authority, reporting, compensation or responsibilities, including the Company ceasing to pursue its music touring line of business; (iii) a breach by the Company of the provision in Paragraph 2 of the Agreement that states the Executive will reside in California and have his primary office in Los Angeles; or (iv) a failure by the Company to use its commercially reasonable best efforts in reviewing for approval the Key Act tour proposals presented by the Executive. The Company will be given a reasonable opportunity to cure (30 days maximum) any violations of this provision which are susceptible to being cured.

10. COMPENSATION UPON TERMINATION.

(a) DEATH. If the Executive's employment with the Company terminates by reason of the death of the Executive, the Company will, within 90 days or such shorter period as may be required by law, pay in a lump sum amount to such person as the Executive shall designate in a notice filed with the Company or, if no such person is designated, to the Executive's estate, the Executive's accrued and unpaid base salary and vacation pay and earned Performance or Key Act Bonuses, if any, calculable (to the extent reasonably practicable) as of and through the date of death, reimbursement of any expenses incurred but not yet paid as of the date of death, and any payments to which the Executive's spouse, beneficiaries, or estate may be entitled under any applicable Executive benefit plan (in accordance with the terms of such plans and policies). Should there be any Unearned Portion of the Bonus Advance at the date of death, the Company shall cancel any obligation to repay this amount as a death benefit to the person designated by the Executive, or if no person is designated, to the Executive's estate. For the avoidance of doubt, the foregoing is not intended,

nor shall it be construed, to limit the Company's obligation to pay Key Act Bonuses following the date of death with respect to any Key Act signed before the date of death.

(b) DISABILITY. If the Executive's employment with the Company terminates by reason of his "Disability" (as defined herein), the Company shall, within 90 days or such shorter period as may be required by law, pay in a lump sum amount to the Executive his accrued and unpaid base salary and vacation pay and earned Performance or Key Act Bonuses, if any, calculable (to the extent reasonably practicable) as of and through the date of termination, and any payments to which Executive may be entitled under any applicable employee benefit plan (in accordance with the terms of such plans and policies). Should there be any Unearned Portion of the Bonus Advance as of the date of termination because of disability, the Company shall cancel any obligation to repay this amount as a disability benefit to the Executive. For the avoidance of doubt, the foregoing is not intended, nor shall it be construed, to limit the Company's obligation to pay Key Act Bonuses following the date of termination because of disability with respect to any Key Act signed before the date of disability.

(c) TERMINATION BY THE COMPANY OR BY THE EXECUTIVE. If the Executive's employment with the Company is terminated by the Company for Cause or Justification or if the Executive terminates his employment with the Company for any reason other than for Good Reason, the Company will promptly pay in a lump sum amount to the Executive his accrued and unpaid base salary and vacation pay, if any, as of the date of termination. The Company will, within 90 days, pay earned Performance or Key Act Bonuses, if any, calculable (to the extent reasonably practicable) as of and through the date of termination, and any payments to which he may be entitled under any applicable employee benefit plan (in accordance with the terms of such plans and policies). If the Company terminates Executive's employment for Cause, or if the Executive terminates for any reason other than for Good Reason, Executive shall promptly repay to the Company any Unearned Portion of the Bonus Advance. If the Company terminates Executive's employment for Justification,

the Bonus Advance shall be deemed earned as of the date of termination in accordance with the following schedule: as of December 31, 2003, 25%; as of December 31, 2004, 50%; as of December 31, 2005, 75%; as of December 31, 2006, 100% and consistent with the provisions of Section 3(g)(iii) above. It is agreed that the Company can offset any payments due the Executive with any payments due to the Company by the Executive in respect of the Unearned Portion of the Bonus Advance before making any payment to the Executive. If the Company terminates Executive's employment without Cause or Justification or if the Executive terminates his employment with the Company for Good Reason as defined by this Agreement, the Company shall continue to pay the Executive the base salary payable pursuant to Paragraph 3(a) of this Agreement at the time of such termination, less required withholdings, during the Payment Period specified below (the "Payments"). As used herein, the "Payment Period" shall mean the shorter of 18 consecutive months or the time remaining until the Expiration Date. As a condition to the Company's obligation to make the Payments, Executive shall execute a general release of all employment-related claims (the "Release") that Executive may have against the Company for the Company's terminating Executive's employment, and shall comply with the terms of Paragraphs 5-7 of this Agreement for a period of 12 months from the date of termination, as well as Paragraph 4 as written. The Release shall include a release of all employment-related claims, including without limitation, any and all claims for: breach of this Agreement; the termination of the Executive's employment; wrongful termination; discrimination, harassment or retaliation; breach of contract; breach of a covenant of good faith and fair dealing; and violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act, the Fair Labor Standards Act, the Worker Adjustment Retraining Notifications Act, the Older Workers Benefit Protection Act, the California Fair Employment and Housing Act, and Labor Code Sections 201, et seq. The Payments shall not be subject to mitigation, offset or reduction based on the Executive's finding of other gainful employment or his failure to find other gainful employment. For the avoidance of doubt, the foregoing is not intended, nor shall it be construed, to limit the Company's obligation to pay Key Act Bonuses following the date of termination for Justification with respect to any Key Act signed before the date of termination for Justification.

(d) EFFECT OF COMPLIANCE WITH COMPENSATION UPON TERMINATION PROVISIONS. Upon complying with Subparagraphs 10(a) through 10(c) above, as applicable, the Company will have no further obligations to the Executive under this Agreement, except as otherwise expressly provided under this Agreement, provided that such compliance will not adversely affect or alter the Executive's rights to receive any vested benefits under any employee benefit plan of the Company in which the Executive is a participant, unless, otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto.

11. PARTIES BENEFITED; ASSIGNMENTS.

This Agreement shall be binding upon the Executive, his heirs and his personal representative or representatives, and upon the Company and its respective successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by the Executive, except that Executive may designate beneficiaries to receive any amounts that would otherwise be paid to Executive's estate. The Executive shall have the right to modify or revoke any designation of beneficiaries, by written notice to the Company. The Company may not assign or transfer this Agreement or any rights or obligations hereunder. For purposes of this Agreement, a "Change in Control," meaning a sale of all or substantially all of the assets of Clear Channel Entertainment, the Company's Music Division or the Company's Music Touring Division, or any transaction or series of related transactions (including without limitation, any merger, reorganization, consolidation or purchase of outstanding equity interests) resulting in the transfer of 50% or more of the outstanding voting securities of Clear Channel Entertainment, shall not be considered an assignment.

12. NOTICES.

Any notice provided for in this Agreement will be in writing and will be deemed to have been given when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid. If to the Board or the Company, the notice will be sent to Don Law, 36 Bay State Rd., Cambridge, MA 02138 and Dave Lucas, 11100 Santa Monica Blvd., 7th Floor, Los Angeles, CA 90025 and a copy of the notice will be sent to Brian E. Becker and Dale A. Head, Clear Channel Entertainment, 2000 West Loop South, Suite 1300, Houston, TX 77027. If to the Executive, the notice will be sent to Arthur Fogel at 3034 Paulcrest Drive, Los Angeles, CA 90046 and a copy of the notice will be sent to Adam M. Klotz, Esq., Lenard, Brisbin & Klotz LLP, 1801 Century Park West, 6th Flr., Los Angeles, CA 90067-6406. Such notices may alternatively be sent to such other address as any party may have furnished to the other in writing in accordance with this Agreement, except that notices of change of address shall be effective only upon receipt.

13. GOVERNING LAW, DISPUTE RESOLUTION AND LIMITATION ON DAMAGES.

(a) GOVERNING LAW. Except with regard to matters involving the indemnification of the Executive under Delaware law as set forth in Paragraph 16, this Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice of law or conflict provisions or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California. The parties agree that the venue for any Court-filed dispute will be the Central District of California.

(b) ARBITRATION OF DISPUTES. Except for the Company's right to obtain injunctive relief, Executive and Employer agree that any dispute or claim, whether based on contract, tort, discrimination (including, without limitation, claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Equal Pay Act, the Family and Medical Leave Act, and all comparable state or local laws, retaliation, violation of public policy, or otherwise, relating to, arising from, or connected in any manner with this Agreement, or Executive's employment or Consulting exclusively shall be resolved through final and binding arbitration. Arbitration shall proceed in accord with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA") (the "Rules") in effect at the time the claim or dispute arose, unless

other rules are agreed upon by the parties. Executive may obtain a copy of the Rules from www.adr.org. Notwithstanding any AAA rule to the contrary, the parties shall be allowed to conduct any discovery otherwise allowed by California law.

The arbitration shall be held in Los Angeles, California and, except with regard to matters involving the indemnification of the Executive under Delaware law as set forth in Paragraph 16 the substantive law of the State of California shall apply. The arbitration shall be conducted by one arbitrator, selected by mutually agreeable means, who is a member of the AAA, unless the parties mutually agree to the appointment of an alternative arbitrator. The arbitrator shall have jurisdiction to determine any claim, including the arbitrability of any claim, submitted to her or him. The arbitrator may grant any relief authorized by law for any properly established claim, including dispositive or other motions which may determine the merits of any claim or defense, and discovery motions. The arbitrator shall neither disregard nor refuse to enforce the Employer's lawful policies, nor shall the arbitrator require the Employer to adopt a policy which previously was not adopted lawfully.

Each party will bear her, his or its own arbitration costs, unless they are unreasonable. Prior to the hearing, the parties shall agree, determine and allocate filing and administrative fees and the arbitrator's hearing and study fees between the parties. Notwithstanding any rule to the contrary (including AAA Rules), the parties

shall be allowed to recover any relief damages, in law or in equity, which the parties could otherwise obtain in a court of competent jurisdiction for the claims or defenses raised. Additionally, the arbitrator shall have the authority to award costs to the prevailing party.

The arbitrator's decision shall be in writing, including a statement of the reason for the decision. The award shall be subject to judicial review in accordance with the prevailing standards for judicial review of arbitral awards in effect at the time. The interpretation and enforceability of this paragraph of this Agreement exclusively shall be governed and construed in accord with the United States Federal Arbitration Act, 9 U.S.C. Section 1, et seq. If any portion of this Section is not enforceable or void, the Parties expressly authorize and require that any such portion or portions to be stricken entirely or amended/modified so as to be in compliance with applicable law.

(c) LIMITATION ON DAMAGES. The parties agree to the following:

(i) The parties hereto agree that the payments set forth in the applicable provision of Paragraph 10(c) constitute fair and adequate compensation for damages for any termination by the Company without "Cause" or "Justification" or by the Executive for "Good Reason."

(ii) If the Executive is terminated for "Cause" or "Justification" or terminates without "Good Reason," the Company may only seek money damages for any violations of sections 4-7 and/or the "Cause" provision, and to recoup any unrepaid Bonus Advance and/or any improper expenses.

It is agreed and understood that this provision shall in no way limit either party's ability to obtain injunctive or other relief that is otherwise available under the Agreement or applicable law.

14. DEFINITION OF COMPANY.

As used in this Agreement, the term "Company" shall include Clear Channel Entertainment, SFX Entertainment, Inc., any of their past, present and future divisions, operating companies, subsidiaries, affiliates and parents.

15. LITIGATION AND REGULATORY COOPERATION.

During and after the Executive's employment, the Executive shall reasonably cooperate with the Company in the truthful defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that

transpired while the Executive was employed by the Company. The Executive's cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully and truthfully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company will pay the Executive on an hourly basis (to be derived from his starting base salary) for his time spent responding to any litigation or regulatory matters at the Company's request that occurs after the termination of his employment relationship with the Company, and reimburse the Executive for all costs and expenses incurred in connection with his performance under this paragraph, including, but not limited to, reasonable attorneys' fees and costs.

16. INDEMNIFICATION AND INSURANCE; LEGAL EXPENSES.

The Company shall indemnify the Executive to the fullest extent permitted by the laws of the State of Delaware, as in effect at the time of the subject act or omission, and shall advance to the Executive reasonable attorneys' fees and expenses as such fees and expenses are incurred (subject to an undertaking from the Executive to repay such advances if it shall be finally determined by a judicial decision which is not subject to further appeal that the Executive was not entitled to the reimbursement of such fees and expenses), and the Executive will be entitled to the protection of any applicable insurance policies that the Company may elect to maintain generally for the benefit of certain of its directors and officers against costs, charges and expenses incurred or sustained by him in connection with actions, suits or proceedings to which he may be made a party by reason of his being or having been a director, officer or Executive of the Company or any of its subsidiaries, or his serving or having served any other enterprise as a director, officer or Executive at the request of the Company (other than any dispute, claim or controversy arising under or relating to this Agreement).

The Executive shall indemnify the Company to the fullest extent permitted by the law, and shall hold the Company harmless of and from any claims, demands, suits, causes of action, complaints, charges, damages, and awards of any kind which arise from or are related to any wrongful acts or malfeasance by the Executive which constitutes sexual harassment or embezzlement in violation of the law.

17. REPRESENTATIONS AND WARRANTIES OF THE EXECUTIVE.

The Executive represents and warrants to the Company that he is under no contractual or other restriction which is inconsistent with the execution of this Agreement, the performance of his duties hereunder or the other rights of Company hereunder. The Executive also represents and warrants to the Company that he is under no physical or mental disability that would prevent the performance of his duties under this Agreement, with reasonable accommodations.

18. MISCELLANEOUS.

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. This Agreement supersedes any prior written or oral agreements or understandings between the parties relating to the subject matter hereof. No modification or amendment of this Agreement shall be valid unless in writing and signed by or on behalf of the parties hereto. The failure of a party to require performance of any provision of this Agreement shall in no manner affect the right of such party at a later time to enforce any provision of this Agreement. A waiver of the breach of any term or condition of this Agreement shall not be deemed to constitute a waiver of any subsequent breach of the same or any other term or condition. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. Except to the extent otherwise provided by Paragraph 8 of this Agreement, if any provision of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent, be held invalid or unenforceable, such invalidity and unenforceability shall not affect the remaining provisions hereof or the application of such provisions to other persons or circumstances, all of which

shall be enforced to the greatest extent permitted by law. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof. The rights and obligations of the parties under this Agreement shall survive any termination of this Agreement to the extent necessary to the intended preservation of these rights and obligations.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first written above.

DATED: DEC 2/2002 /s/ Arthur Fogel

Arthur Fogel

DATED: _____

DATED: 12/3/02 SFX ENTERTAINMENT, INC.

By: /s/ Dale A. Head

Name: Dale A. Head
Title: Executive Vice President
and General Counsel

AMENDMENT

WHEREAS SFX Entertainment, Inc. d/b/a Clear Channel Entertainment (hereinafter referred to as "Company") and Arthur Fogel (hereinafter referred to as "Executive") entered into a Personal Services Agreement (hereinafter referred to as "Agreement") effective from the 1st day of September, 2002 and ending on December 31, 2007;

WHEREAS, the parties desire to amend the above-referenced Agreement to be effective upon execution of this Amendment;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties enter into this Amendment.

1. The parties wish to amend Section 2 "Title and Duties" solely as it relates to his title and lines of reporting; the remainder of this Section shall remain unchanged. The Executive's title shall be "President, TNA International" and he shall report to the President and CEO, Global Music, currently Michael Rapino.

2. The parties wish to delete Section 3(c) "Performance Bonus" and the attached "Exhibit A" in their entirety, to be replaced as follows:

(c) NON-KEY ACT BONUS. Executive will be eligible to earn and receive a Non-Key Act Bonus, as set forth below, based on the Tour Profit on all touring acts booked,

(i) Definition: "Non-Key Act:" For purposes of this section "non-key acts" shall be defined as all touring acts booked excluding those acts described in Exhibit B to the Agreement, i.e.: [***].

(ii) 2004 Bonus: If a total Tour Profit of $5,000,000.00 is reached for non-key acts booked in 2004, Executive shall be eligible to receive a bonus in the amount of $450,000.00 payable on January 15, 2005.

(iii) 2005 Bonus: If a total cumulative profit for calendar years 2004 and 2005 of $10,000,000.00 is reached for non-key acts, Executive shall be eligible to receive a bonus in the amount of $320,000.00 payable on January 15, 2006.

2. This Addendum represents the complete and total understanding of the parties with respect to the content thereof, and cannot be modified or altered except if done so in writing, executed by both parties.

3. This Addendum shall in no way modify, alter, change or otherwise delete any provision of the Agreement unless specifically done so by the terms of this Addendum, and all the remaining provisions of the Agreement shall remain in full force and effect.

AGREED:

EXECUTIVE: /s/ Arthur Fogel DATE: JAN 13/05

ARTHUR FOGEL

COMPANY: /s/ Mike McGee DATE: 1-20-05

BY: MIKE McGEE
Chief Administrative Officer

SFX ENTERTAINMENT, INC.,
D/B/A CLEAR CHANNEL ENTERTAINMENT

EXHIBIT 10.10

EXECUTIVE AGREEMENT

This Agreement is made on 1 October 2004 by and among EMA Telstar Gruppen AB, corp, reg. no. 556155-2703, Box 241 51,104 51 Stockholm and

Mr Thomas Johansson, 480819-1136, Molna Gard, 181 61 Lidingo, (the "Manager")

The term of the Agreement is October 1, 2004 - December 31, 2007 ("Initial Term").

1. POSITION

The Manager is hereby employed as Chairman Clear Channel Entertainment, Europe Music, and CEO & Head Promoter Nordic and based at the Companies' office in Stockholm. The parties agree that the Manager holds a managerial position and that the Swedish act on Employment Protection does not apply to the Manager's employment hereunder.

The employment will start on 1 October 2004 ("Commencement Date") and continue until terminated in accordance with the provisions of this agreement.

The Manager warrants that he is not prevented from taking up the employment or from performing his duties in accordance with the terms of this agreement by any obligation or duty owed to any other patty, whether contractual or otherwise.

2. RESPONSIBILITIES AND DUTIES

The Manager shall represent Clear Channel Entertainment, Europe Music as Chairman and is as CEO & Head Promoter Nordic responsible for all promoter activities within the Nordic region.

The Manager will work any hours which may be reasonably necessary to perform his duties to the satisfaction of the Board.

3. EXTERNAL FUNCTIONS AND SIDELINE ACTIVITIES

The Manager shall devote all of his working time and capacity to his employment hereunder. He may not conduct business on his own or through representatives or receive assignments or in any other way conduct business which may interfere with his employment hereunder without prior written approval by the Companies. The Manager's current assignments, which have been approved by the Companies, are listed in Exhibit 1.

4. CONFIDENTIALITY

The Manager is under an obligation to protect the interests of the Company and its affiliates at all times and may not disclose to any third party any confidential or proprietary information regarding the Company or any affiliate's business.

If the Manager should leave his position with the Company, he will immediately return all notes, memoranda, documents and records (whether tangible or electronically stored) concerning the business of the Company or its affiliates. The responsibilities of the Manager under this Section 4 shall survive the termination of the Manager's employment hereunder.

5. SALARY AND OTHER EMPLOYMENT BENEFITS

The Manager will receive the Gross Annual Salary of SEK 2,900,000 payable in twelve equal monthly instalments.

The Manager is also entitled to a Pension Contribution of SEK 400,000 annually, paid from Clear Channel Entertainment UK, for The Managers duties as Chairman.

Both above mentioned amounts shall be increased with 5% annually with effect

from 1 October each year.

The amount also includes compensation for any other appointments or directorships which the Manager may have within the Company or any affiliates.

The Manager shall also be entitled to following Annual Bonuses:

- 2.35% of EMA Telstar Gruppen AB's consolidated EBITDA.

- 20% of the Gross Annual Salary and the Pension Contribution if Europe Music hit 15% annual growth over the previous year (after any proforma adjustments).

The bonus is scaled depending on the real growth according to Schedule 2. The bonuses will be paid no later than at the end of March in fee year following the relevant bonus year. The bonus year are equivalent to the fiscal year and the first bonus year will be 2005.

The Manager is also entitled to a Sign On Fee of $200,000, payable upon signing of this agreement. If the Manager terminates this Agreement prior to the end of the Initial Term, the Sign On Fee shall be repaid pro rata the number of months remaining of the Initial Term. Eg. If the Manager terminates his contract after 19.5 months, 50% of the Sign On Fee shall be repaid.

If the Manager has not terminated this Agreement, or it has been terminated by the Company, other than for the Manager's material breach of contract, prior to end of the Initial Term, he is entitled to an Additional Bonus equalling to 3 times 2.35% of the average increase of the EBITDA during the Initial Term.

For avoidance of doubt, Schedule 1, further describes how the Annual Bonus, Additional Bonus and Sign On fee shall be calculated.

Neither Bonus, Additional Bonus or Sign On Fee will be taken into account for pension and holiday pay purposes.

The Manager will not be compensated for overtime or travel time.

6. VACATION

The Manager shall be entitled to 30 days vacation per calendar year.

7. TRAVEL EXPENSES

The Manager is entitled to reimbursement for reasonable travel costs and other expenses in representing the Company and conducting business on behalf of the Company according to Company policy. The Company will require the Manager to produce receipts or other documents together with an expense claim as proof that the Manager has incurred any expenses he claims.

8. PROPRIETARY RIGHTS

Within the limits of the Swedish legislation on the proprietary rights to inventions made by employees, the Company holds the proprietary right to all inventions and solutions developed by the Manager while in the service of the Companies, which relate to the business of products of the Company or which are invented or developed in the course of his employment. The same applies to copyright, trade marks, designs and other intellectual property right.

The Manager will further transfer to the Company all work and intellectual property rights in respect of what has been produced or processed by the Manager himself, or together with another, or which may otherwise be considered as a result of the employment.

The Company shall be entitled to make changes to the work (Sw.: "verk") or other property (Sw.: "alster") transferred to the Company in accordance with this clause 8 and shall also be entitled to transfer these rights to another.

Work and Intellectual property means, but is not limited to, ideas, methods, discoveries, trade marks, copyright computer programmes etc.

9. INITIAL TERM AND NOTICE PERIOD

This Agreement, may be terminated by either party by giving twelve (12) months' written notice to the other.

The period between the Commencement Date and December 31, 2007 is referred to as the "Initial Term" to which certain provisions of this agreement relate, such as Sign On Fee (clause 5 fourth paragraph) and Severance Payment (Clause 10).

During the notice period, the Company may at its sole discretion release the Manager from his duties and restrict access to the Company premises or property with immediate effect. Such release will not affect the Manager's right to employment benefits during the notice period.

The Company shall also have the right to require that paragraph 2 of clause 4 to be complied with by the Manager at any time during the notice period.

The Manager will immediately resign from any directorship or other appointments which he holds in the Company or any affiliate, upon receiving notice of termination of this agreement.

The Company has the right to dismiss the Manager with immediate effect, if he has materially neglected his obligations to the Company or otherwise commits a material breach of this agreement.

The parties shall start to renegotiate this contract no later than 12 month prior the end of the Initial Term. The negotiation has to be finalised no later than 6 months prior the end of the Initial Term, unless the parties mutually agrees otherwise.

10. SEVERANCE PAY

If the Company terminates the Manager's employment to expire prior to the expiration of the Initial Term, and no other agreement is concluded, the Manager shall be entitled to the following severance pay. The Manager shall receive the full Gross Annual Salary at the rate applicable at the date of termination, to be paid in monthly instalments, plus Annual Bonus and Additional Bonus as described in clause 5.

The Company will deduct from the Severance Pay, any income or compensation which the Manager receives from employment or other business that he has procured, as well as for compensation which, the company can prove, he ought to have procured, for similar position in a company with similar in size and quality as the Company.

To enable the Company to provide the compensation, the Manager is obliged to keep the Company fully informed of his income or remuneration under a new employment or business.

11. POST-TERMINATION RESTRICTIONS

The Manager acknowledges that, in performing his duties hereunder, he will have access to confidential information and trade secrets relating to and being the property of the Company and its affiliates, and will obtain personal knowledge of, or influence over, the Company's customers, suppliers and employees.

The Manager further acknowledges that, in the event of termination of the employment hereunder, it is unlikely that he will be able to perform his duties in any

subsequent employment efficiently or properly without the deliberate or subconscious recourse to or use of such confidential information or trade secrets. Accordingly, and regardless of whether the notice of termination is made by the Company or the Manager, and the Manager has not received written notice from the Company relieving him from the competition limitation set forth in this Section, the Manager undertakes for a period of two (2) year following (i) the termination of the employment, not to either directly or indirectly, as a director, principal, partner, agent, consultant or employee, whether on his own behalf or as an agent for any other person, firm, company or other

organization, (i) (1) engage in any business or activity which competes with that of the Company or its affiliates, or (2) solicit attempt to solicit, accept or facilitate the acceptance of orders from, or supply, any goods or services to any of the Company's customers or suppliers (being customer or supplier at or prior to termination of employment) in competition with those supplied by the Company or its affiliates from or to, as the case may be, any person, firm, company or other organisation, nor (ii) induce or procure, or attempt to induce or procure, any person who is an employee of the Company or its affiliates to leave their employment with the Company and not to be involved in the acceptance of such person into the employment of the Manager's new business or company, or in any other way we such employees services.

If termination of this agreement is made by the Company or the Manager and if the Manager has not been relieved from the post-termination restrictions by the Company, the Company shall compensate the Manager for the restrictions in (i) (1) and (2) and (ii) in proceeding section above. The compensation shall correspond to 80% of the Gross Annual Salary including pension as provided at the date of termination of the employment, paid in twenty four (24) monthly installments. From this compensation shall be deducted the compensation which the Manager receives from new employment or other business which he has procured, as well as for compensation which, the company can prove, he ought to have procured, for similar position in a company with similar in size and quality as the Company. The Manager will furthermore not receive any compensation during the period which Severance Pay is

provided by the Company (if any), although the restrictions set out in this clause 11 will apply.

The Company may at any time release the Manager from the obligations under item i(1) and (2) and (ii) above, by giving 3 months written notice. In such case, the Company will have no further obligation to pay compensation to the Manager under this clause 11.

If the Company or the group of companies, that the Company belongs to, is sold, the Manager is automatically relieved from the Post-Termination Restrictions. All other obligations hereunder remain in place.

12. DATA PROTECTION

The Manager consents to the processing and disclosure of personal data (including sensitive data, such as medical and health data, where necessary) in relation to the Manager both inside and, where necessary, outside the European Economic Area for the purposes of administrating the employment relationship, including but not limited to; salary administration, pension administration, health administration health insurance/ benefits, training and appraisal, including performance records and disciplinary records, equal opportunities monitoring, any Company benefit administration, and for the purpose of any potential sale of the shares of the Company or any group company or other change of control or any potential transfer of the Manager's employment.

Disclosure may include, in the case of sale, change of control or transfer, disclosure to the potential purchaser or investor and their advisors.

The Manager is entitled to receive information about the processing of his personal data and to request that any incorrect data be rectified.

13. ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire agreement between the parties and supersedes all previous agreements and understandings among the Company and the Manager with respect to its subject matter. Any amendment to this Agreement shall be in writing and signed by the parties hereto or their duly authorized representatives.

14. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of Sweden.

15. ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement, the breach, termination or invalidity hereof shall, unless resolved by agreement between the parties, be finally settled by arbitration in accordance with the at each time applicable Swedish Arbitration Act. The place of arbitration shall be Stockholm and the language of the proceedings English. The arbitral tribunal shall be composed of 3 arbitrators.

If the aggregate cost for the arbitration exceeds four times the "base amount" (basbelopp) under the Act on National Insurance, the excess amount shall irrespective of the outcome, be paid by the Company.

****

Stockholm, on 21st / Feb 2005 Stockholm, on 25/1 2005

/s/ Thomas Johansson /s/ [ILLEGIBLE]
- ---------- ----------
Thomas Johansson

EXHIBIT 10.11

DATED 2001

APOLLO LEISURE (UK) LIMITED

and

ALAN RIDGEWAY

CONTRACT OF SERVICE

(EXECUTIVE SERVICE AGREEMENT)

CONTENTS

<TABLE>
<CAPTION>

THIS AGREEMENT IS MADE THE DAY OF 2001

BETWEEN:

(1) APOLLO LEISURE (UK) LIMITED whose registered office of Grehan House, Garsington Road, Oxford OX5 6TW registered in England with registered number 1444368 (the "COMPANY"); and

(2) ALAN RIDGEWAY OF 5 ALLEE DU CLOS DU CHENE, 78450 CHAVENAY, FRANCE (The "EXECUTIVE").

RECITALS:

(A) The Executive was appointed as Finance Director of the Company on a date to be confirmed.

THIS AGREEMENT PROVIDES:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement the following expressions, unless otherwise expressly stated, have the following respective meanings:

1.1.1 "ERA" means the Employment Rights Act 1996, as amended;

1.1.2 "BOARD" means the management committee for the time being of the Company;

1.1.3 "BONUS" means the bonus referred to in Clause 8.4;

1.1.4 "COMMENCEMENT DATE" means a date to be confirmed

1.1.5 "EMPLOYMENT" means the employment of the Executive under this Agreement;

1.1.6 "GROUP" means the Company, any holding company or companies for the time being of the Company and any subsidiary or subsidiaries for the time being of the Company or of any such holding company or companies. "HOLDING COMPANY" and "SUBSIDIARY" have the meanings assigned to them respectively by section 736 of the Companies Act 1985 as amended by the Companies Act 1989. The expressions "Group Company" and "Group Companies" shall be construed accordingly;

1.1.7 "INCAPACITY" means sickness or injury rendering the Executive incapable of performing services in accordance with the provisions of this Agreement;

1.1.8 "INTELLECTUAL PROPERTY RIGHTS" means any right conferred by English law in respect of any patent, registered design, design right, copyright, trade mark, plant breeder's right and semi-conductor product right together with any analogous right conferred by the law of any country other than England;

1.1.9 "OWN PROPERTY" means Property which at any time during the Employment the Executive alone or jointly with others might conceive, create, devise, produce, discover or formulate either during working hours or in the normal course of his duties or in the course of duties falling outside his normal duties but specifically assigned to him or with the Company's materials and/or facilities which relate to the Company's business or in which the Company is interested;

1.1.10 "PROPERTY" means any idea, invention, modification, improvement, process, formula, material, know-how, design, model, prototype, mark, sketch, drawing, plan or other matter;

1.1.11 "RECOGNISED INVESTMENT EXCHANGE" means a body which is a recognised investment exchange for the purposes of the Financial Services Act 1986;

1.1.12 "SALARY" means salary paid pursuant to Clause 8.1, as reviewed from time to time;

1.1.13 "STOCK OPTION SCHEME" means any share option or share incentive scheme which may be established from time to time by the Company or by any holding company of the Company and extending to the employees of the Company;

1.1.14 "PENSION SCHEME" means Apollo Leisure Group Personal Pension Scheme.

1.2 In this Agreement:

1.2.1 the masculine gender includes the feminine and the singular number includes the plural and vice versa;

1.2.2 references to persons include bodies corporate;

1.2.3 references to Clauses and the Schedules are references to clauses of and the schedules to this Agreement;

1.2.4 references to United Kingdom statutes shall be deemed to refer to such statutes as amended or re-enacted after the Commencement Date.

1.3 The Schedules form part of and are incorporated in this Agreement.

1.4 Headings are included for ease of reference only and shall not affect the interpretation of this Agreement.

1.5 No modification, variation or amendment to this Agreement shall be effective unless such modification, variation or amendment is in writing and has been signed by or on behalf of the parties.

2. COMMENCEMENT

2.1 This Agreement supersedes all previous arrangements (if any) relating to the employment of Executive by the Company and takes effect on the Commencement Date.

2.2 The Executive warrants that by entering into this agreement he will not be in breach of any express or implied term of any contract with or any other obligation to any third party binding upon him.

3. CAPACITY

3.1 The Executive shall be employed as Finance Director for Europe - Music Division, responsible to the Chief Executive Officer-Music Division, Europe (the "CEO") and if the CEO so resolve the Executive shall accept office in or perform services for any Group Company in addition to or in substitution for those services which he is required to perform for the Company PROVIDED THAT the Executive shall only be required to accept office in or perform services for Group Companies in accordance with this Clause 3.1 where such requirement is reasonable in view of the Executive's role and status within the Company.

3.2 The Executive shall serve the Company and/or any Group Company in such other executive capacity of similar status within the Group and reasonably within the scope of the Executive's capability and/or qualifications as the CEO may from time to time determine.

3.3 The Executive may be required by the CEO to relocate within the UK. This will be discussed and agreed with the Executive. In which case the expenses reasonably incurred by the Executive in complying shall be reimbursed by the Company in accordance with its policy determined from time to time for meeting such expenses.

3.4 The Executive may be required by the CEO to travel to such places (whether inside or outside the UK) as the CEO may from time to time reasonably require.

4. DURATION

4.1 Unless previously terminated in accordance with Clauses 13 or 14, the Employment can be terminated by either side giving to the other not less than 6 months' notice in writing.

4.2 The Company reserves the right to terminate the Employment without notice and to pay to the Executive Salary (at the rate in force at the date of termination) in lieu of notice of termination of the Employment or (where notice has been given) of any balance of the notice period. For the avoidance of doubt, if the Executive is paid Salary in lieu of notice, he shall not be entitled to any additional payment in respect of holiday which would otherwise have accrued during such notice period or the balance thereto.

5. DUTIES

5.1 The Executive shall be responsible to the CEO and shall undertake the duties and exercise the powers assigned to or vested in him by the CEO and/or the Board and shall, during the continuance of the Employment, well and faithfully serve the Company and use his best endeavours to promote the interests of the Company and the Group.

5.2 The Executive shall observe and comply with the Articles of Association of the Company and shall comply with all resolutions, regulations and directions made or given by the CEO and/or the Board (which are not inconsistent with this Agreement).

5.3 Unless otherwise directed by the CEO or prevented by Incapacity and subject to Clause 12, the Executive shall devote his full time, attention and abilities to the business of the Company and such Group Companies for whom he is required to perform services by the CEO pursuant to Clause 3 in normal business hours and during such other hours as may be necessary to perform his duties to the satisfaction of the CEO.

5.4 The CEO shall be entitled pursuant to Clause 5.3 during any period of notice of termination of the employment (whether given by the Company or the Executive) to direct the Executive to perform no duties and to direct that the Executive shall not enter or remain on any (or any specified) premises of the Company and/or any Group Company and any such direction may be given subject to any reasonable condition which the CEO in his discretion shall determine PROVIDED THAT the period for which the restrictions in Clause 19 apply shall be reduced by any period under this clause which the Executive did not perform duties.

6. WORKING TIME

6.1 The Executive shall work such reasonable hours as are necessary for the proper performance of his duties to the satisfaction of the CEO in accordance with this Agreement. The Executive may in the proper performance of his duties exceed the maximum average 48 hours per week provided for under the Working Time Regulations 1998. He hereby expressly exercises his right under the Working Time Regulations 1998 to opt out of the provisions which provide that he cannot work for more than 48 hours per week on average.

6.2 If the Executive does not wish to exercise his right to opt out he should delete Clause 6.1 prior to signing this Agreement.

6.3 If the Executive has given the consent in Clause 6.1 the Executive may terminate this consent at any time by giving not less than 12 weeks' written notice to the Company.

7. OTHER INTERESTS

7.1 The Executive shall not without the prior written consent of the CEO

directly or indirectly engage or be concerned or interested in any other business, trade, profession or occupation during the Employment (whether during or outside working hours).

7.2 Clause 7.1 shall not prohibit the Executive from holding or being interested in securities in any company whose securities art quoted on a Recognised Investment Exchange PROVIDED THAT such company is not in competition with the business of the Company and/or any Group Company and PROVIDED FURTHER THAT the Executive shall not hold or be interested in more than three per cent (3%) of the issued securities of any class of any one company.

7.3 The Executive shall comply with such code of practice issued by the Company as shall from time to time be in force relating to transactions in securities and shall comply with all requirements, recommendations or regulations of The International Stock Exchange of the United Kingdom and the Republic of Ireland or any other authority or body authorised to regulate transactions in securities.

7.4 Where appropriate the Executive shall during the Employment and for the prohibited period after the termination of the Employment comply with all applicable rules of the New York Stock Exchange or the exchange or national market system in which Clear Channel Communication Inc (CCU) common stock is then trading, and the rules and regulations of the Securities Act of 1933, as amended (the "Securities Act") and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any Company Policy issued in relation to (i) dealings in shares debentures or other securities of CCU and any Associated Companies or (ii) unpublished price sensitive information affecting the securities of any other company. The Executive shall provide all information and such additional assistance to CCU or the Company as CCU or the Company may reasonably request to allow it to fully comply with such rules, regulations and policies. For the purposes of this clause the "prohibited period" shall be from the date of termination of the Employment until the later of (i) the next announcement of CCU's or any Associated Company's results pursuant to the Exchange Act or (ii) such time as when any price sensitive information the Executive has obtained during the Employment ceases to be price sensitive information, either through publication or otherwise.

8. REMUNERATION

8.1 The Company shall pay Salary to the Executive during the continuance of the Employment initially at the rate of ONE HUNDRED THOUSAND POUNDS (Pound Sterling 100,000)

8.2 Salary shall accrue from day to day and shall be payable by equal monthly instalments in arrears on the 15th day of each month, payment in respect of a period of less than a month being apportioned in proportion to the number of days of the Employment in that month.

8.3 Salary shall be reviewed on 1st January in each calendar year. The first review will take place on 1st January 2003 and thereafter on 1st January in each calendar year.

8.4 The Company may, at the discretion of the CEO, pay to the Executive a bonus of such amount as the CEO may determine from time to time. In determining whether to pay the Executive a bonus in a particular year and in determining the amount of any such bonus, the Company shall take into account the same considerations as shall apply for determining the amount (if any) of the bonus payable to other senior executives within the Company of the Executive's level of seniority.

8.5 The Company shall be entitled, pursuant to Part II of the ERA, at any time during the Employment and upon its termination (howsoever arising), to deduct from the Salary and/or the Bonus and/or any other sums due to the Executive under this Agreement, any sums owed by the Executive to the Company.

9. EXPENSES

9.1 The Executive shall, subject to complying with the rules of the Company relating to the reimbursement of expenditure in force from time to time, be reimbursed all reasonable travelling, hotel, entertainment and other out-of-pocket expenses properly and reasonably incurred in the performance of the duties of the Employment.

9.2 The Executive shall be entitled to be reimbursed for home and other business telephone expenses and all expenses relating to one mobile phone, which is to be provided to the Executive by the Company, incurred for business or private use.

9.3 The Executive will be paid a Car Allowance of Pound Sterling 5,000 per annum as per the Company's Car Policy. This will be paid in monthly amounts with the salary payment and will be reviewed in accordance with the company car policy.

10. PENSION AND INSURANCE

10.1 The Company shall, during the Employment, contribute monthly at the rate of 10% per annum of the Salary (the "CONTRIBUTIONS") into the Apollo Leisure Group Personal Pension Scheme or any other Inland Revenue approved pension scheme for the benefit of the Executive PROVIDED ALWAYS that the Executive pays contributions monthly into the Pension Scheme at a rate not lower than 5% per annum of the Salary. The contributions payable by the Executive shall be made by way of deduction from the Salary. For the avoidance of doubt, the making of the Contributions shall be subject to the rules of the Pension Scheme as replaced or amended from time to time (the "Rules") including, without limitation, the Rule or Rules providing for the discontinuance of the Pension Scheme and shall also be subject to any statutory limitations on benefits or requirements for approval of pension schemes by the Inland Revenue as determined from time to time.

10.2 A contracting-out certificate issued under Section 7 of the Pension Schemes Act 1993 is not in force in relation to the Employment.

10.3 The Executive shall, during the Employment, and for so long as such cover is available on terms which the CEO considers to be reasonable, be entitled to membership for him, his wife and unmarried dependent children below the age of 21 (in full time education) of the Private Patients Plan and the Company shall contribute to such scheme so that the Executive shall be provided with benefits in accordance with this Clause at the VIP rate.

10.4 The Company shall, during the Employment, provide the Executive with life assurance cover at the rate of four (4) times the Salary subject to the rules of the Scheme from time to time in force and to the Executive continuing to be eligible to participate or benefit from the Scheme.

11. STOCK OPTION SCHEME

11.1 If during the Employment the Executive is granted participation in a Stock Option Scheme, any extinction or curtailment of any rights or benefits under the Stock Option Scheme by reason of any transfer of his employment or its termination, howsoever arising, shall not form part of any claim for damages for breach of this Agreement or compensation for unfair dismissal and the effect of any such transfer, suspension or termination on the Executive's rights or benefits under the Stock Option Scheme shall be determined in accordance with the rules, terms and conditions of the Stock Option Scheme and not in accordance with the provisions (other than this Clause) of this Agreement.

11.2 The Executive's participation in the Stock Option Scheme (if any) shall be commensurate with the participation (if any) in the Stock Option Scheme by other senior executives within the Company of the Executive's level of seniority.

12. HOLIDAYS

12.1 The Executive shall be entitled to public holidays and to 25 working day's paid holiday in each period of twelve months commencing on 1 January during the Employment (the "HOLIDAY YEAR").

12.2 Holiday shall be taken at such time or times as may be approved by the CEO and the Executive may not, without the prior written consent of the CEO, take more than 10 working days consecutively or carry unused holiday entitlement from one Holiday Year to another.

12.3 Holiday entitlement in the Holiday Year in which the Employment commences or terminates shall be proportionate to the period of service during the Holiday Year and the Executive shall be paid in lieu of any entitlement not taken at the date of termination, any payment in excess of holiday accrued due being deducted from the final payment of the Salary.

12.4 The Company reserves the right, to require the Executive at its discretion, to take any outstanding holiday during any notice period.

13. INCAPACITY

13.1 The Executive shall, subject to complying with the Company's rules governing notification and evidence of absence by reason of Incapacity for the time being in force, be entitled to payment of Salary (which shall include any entitlement to statutory sick pay) in respect of absence by reason of Incapacity as follows:

13.1.1 full Salary in respect of the first three months' absence.

PROVIDED THAT:

(A) the Executive shall not be entitled to be paid whilst absent through Incapacity during more than an aggregate of ninety one (91) days (whether working days or not) in any period of twelve months; and

(B) whilst the Executive is entitled to be paid during Incapacity there shall be deducted therefrom the aggregate of any amounts receivable by the Executive by virtue of any sickness, accident benefit or permanent health scheme operated by or on behalf of the Company (except insofar as such amounts represent reimbursement of medical or nursing fees or expenses incurred by the Executive) and the amount of any social security sickness or other benefit to which the Executive may be entitled.

13.2 If the Executive shall be absent by reason of Incapacity for more than an aggregate of ninety one (91) days (whether working days or not) in any period of twelve months, the Company may, subject to Clause 13.3 below, at any time thereafter (but no longer than three months after the ending of any such period of Incapacity) by not less than three

months' notice in writing to the Executive terminate the Employment and the Executive shall have no claim for damages or otherwise against the Company in respect of such termination.

13.3 The Company shall, for so long as such cover is available on terms which the CEO considers to be reasonable, maintain a permanent health insurance policy (the "Policy") for the benefit of the Executive and shall bear all premiums required to keep the Policy in force throughout the period of the Employment. Subject to the rules of the Policy from time to time, the Executive may receive payment of two-thirds of the Salary in respect of any period of Incapacity exceeding ninety one (91) days (whether working days or not) and contributions to the Pension Scheme may be maintained. The Company shall not terminate the Employment in accordance with Clause 13.2 above unless the Company has procured the continued payment of benefits under the Policy for the period of the Incapacity or, apart from such termination, until such

benefits would have ceased to be payable had the Employment continued PROVIDED THAT the Company may, in the event of the absence by reason of Incapacity exceeding ninety one (91) days, require the Executive to resign from any office held in the Company and/or any Group Company and may, at its discretion, vary the capacity in which the Executive shall continue in the Employment.

13.4 The Executive shall submit to medical examination at such time or times and by such registered medical practitioner as the Company may select and shall permit the disclosure of the outcome of such medical examination to the Company PROVIDED ALWAYS that the Company shall meet any costs and/or expenses incurred by the Executive in respect of any such examination.

14. SUMMARY TERMINATION

14.1 The Company may summarily terminate the Employment so that the Executive shall have no claim for damages or otherwise against the Company in respect of such termination (but without prejudice to any other remedy or remedies which it may have against the Executive) if the Executive shall:

14.1.1 become of unsound mind or a patient for the purposes of Part VII of the Mental Health Act 1983 or any statute related to mental health; or

14.1.2 be convicted of any criminal offence (other than an offence under road traffic legislation in the United Kingdom or elsewhere for which a penalty other than imprisonment is imposed; or

14.1.3 commit or reasonably be believed by the CEO and/or the Board to have committed any act of dishonesty, any serious misconduct or any other act which may seriously affect his ability to discharge his duties as Finance Director; or

14.1.4 be guilty of any serious or (after written warning) persistent neglect in the discharge of his duties or commit any wilful or (after written warning) persistent breach of any of the provisions of this Agreement (other than by reason of Incapacity); or

14.1.5 commit any act or so conduct himself in a manner which might or does bring the reputation of the Company and/or any Group Company into question or disrepute.

14.2 The Company may at any time, by written notice given by the CEO, suspend the Executive for the purpose of investigating any misconduct or neglect alleged against the Executive for a period not exceeding one month and during any such period the Executive shall not, except with the consent in writing of the CEO, attend at any premises of the Company or any Group Company or contact any employee of the Company or any Group Company (other than a director of the Company or any Group Company) or any customer or supplier of the Company or any Group Company.

15. TRANSFER OF UNDERTAKING

In the event of the Company going into voluntary liquidation for the purpose of amalgamation or reconstruction of transferring the whole or any substantial part of its business to any other company, the Executive shall not for that reason, or by reason of any consequent termination of the Employment, have any claim for damages or otherwise for breach of this Agreement so long as the Executive shall be offered employment on terms overall no less favourable than those contained in this Agreement by any company succeeding to the whole or any part of the business of the Company.

16. DUTIES ON TERMINATION

16.1 Upon termination of the Employment for any reason, the Executive shall without prejudice to any claim for damages or other remedy which either party might have against the other:

16.1.1 upon the request of the Company immediately resign from all offices and appointments held by him in or on behalf of the Company and any Group Company;

16.1.2 immediately deliver up to the Company all correspondence, documents, specifications, papers, magnetic disks, tapes or other software storage media and property belonging to the Company and any Group Company which may be in the Executive's possession or under his control (including such as may have been made or prepared by or have come into the possession or under the control of the Executive and relate in any way to the business or affairs of the Company or any Group Company and/or of any of their suppliers, agents, distributors and/or customers) and the Executive shall not, without the written consent of the CEO, retain any copies thereof;

16.1.3 immediately deliver up to the Company the mobile phone referred to in Clause 9.2.

17. CONFIDENTIAL INFORMATION

17.1 The Executive shall not without prejudice to his common law duties in respect of the same, during the continuance of the Employment or at any time after its termination, for any reason use (other than for the purposes of the Company and any Group Company) or disclose to any person or persons whatsoever (except the proper officers of the Company or under the authority of the CEO and/or the Board) and shall use his best endeavours to prevent the publication or disclosure of any trade secrets or confidential or secret information relating to the business, technical processes, designs, source codes and computer systems, software, employees and officers, or finances of the Company and any Group Company and their suppliers, agents, distributors or customers or any confidential or secret information relating to Property or connected with the services

provided or products manufactured, marketed or under development by the Company or any Group Company all of which he may in the course of the Employment become possessed.

17.2 Clause 17.1 shall not apply to information disclosed pursuant to any order of any court of competent jurisdiction or any information which, except through any breach of this or any other agreement by the Executive, is in the public domain.

18. DATA PROTECTION

18.1 The Company will hold computer records and personnel files relating to the Executive. These will include the Executive's employment application, references, bank details, performance appraisals, holiday and sickness records, salary reviews and remuneration details and other records, (which may, where necessary, include sensitive data relating to the Executive's health, and data held for ethnic monitoring purposes). The Company requires such personal data for personnel administration and management purposes and to comply with its obligations regarding the keeping of employee/worker records. The Executive's right of access to this data is as prescribed by law.

18.2 The Executive hereby agrees that the Company may process personal data relating to him for personnel administration and management purposes and may, when necessary for those purposes, make such data available to its advisors, to parties providing products and/or services to the Company (such as IT systems suppliers, pension, benefits and payroll administrators), to regulatory authorities (including the Inland Revenue), and as required by law. Further, the Executive hereby agrees that the Company may transfer such data to and from its Associated Companies including any Associated Companies located outside the European Economic Area.

19. POST-EMPLOYMENT RESTRICTIONS

19.1 For the purposes of this Clause 19 the following expressions have the following respective meanings:

19.1.1 the "TERMINATION DATE" means the date of termination for any reason of the Employment;

19.1.2. the "PRIOR PERIOD" means the period of 12 months immediately preceding the Termination Date.

19.2 The Executive understands and acknowledges that his senior position with the Company and the Group gives him access to and the benefit of confidential information vital to the continued success of the Company and the Group and influence over and connection with the Company's customers, suppliers, distributors, agents, employees and directors and those of the Group, or prospective customers, suppliers, distributors, agents, employees and directors with whom or which the Company or the Group is in negotiation, with which the Executive is engaged or in contact and hereby acknowledges and confirms that he agrees that the provisions appearing in Clauses 19.5 and 19.6 below are reasonable in their application to him and necessary but no more than sufficient to protect the interests of the Company and the Group.

19.3 The Executive agrees that in the event of receiving from any person, firm, corporation or other organisation an offer of employment either during the continuance of this Agreement or during the continuance in force of any of the restrictions set out in Clauses 19.5 and 19.6 below, he will forthwith provide to such person, firm, corporation or other organisation making such an offer of employment a full and accurate copy of Clause 19 hereof.

19.4. In the event that any restriction contained in Clauses 19.5 and 19.6 below shall be found to be void, but would be valid if some part of the relevant restriction were deleted, the relevant restriction shall apply with such modifications as may be necessary to make it valid and effective.

19.5 The Executive shall not without the prior written consent of the Company, during the period of 12 months from the Termination Date, whether alone or jointly with or as principal, partner, agent, director, employee or consultant of any other person, firm or corporation, and whether directly or indirectly, in competition with any of the businesses of the Company or any Group Company carried on at the Termination Date:

19.5.1 Subject to Clause 19.8, solicit the services or custom of or otherwise deal with any person, firm or corporation who or which at any time during the Prior Period was a customer, client, supplier, agent of distributor of the Company or any Group Company, or a prospective customer, client, supplier, agent or distributor with whom or which the Company or any Group Company had entered into negotiations, and with whom or which the Executive was personally concerned during the Prior Period; or

19.5.2 entice or endeavour to entice away from the Company or any Group Company or employ any person whose name is supplied to the Executive on or about the Termination Date being persons employed by the Company or any Group Company who reported to the Executive or to an employee of the Company or a Group Company to whom the Executive reported or who was in direct regular contact with the Executive during the Employment.

19.6 The Executive shall not without the prior written consent of the Company, during the period of 12 months from the Termination Date carry on (whether as an individual or otherwise and whether by investing or working or allowing his name to be used or otherwise) the business of: live entertainment and/or any other theatrical business that materially competes or is liable materially to compete with any business of the Company or any Group Company carried on at the Termination Date in which the Executive was materially engaged during the Prior Period where the competing business carries on business within England, Wales or Scotland. For the avoidance of doubt this clause shall not refer to any business in the radio or outdoor advertising sector.

19.7 Nothing in Clause 19.6 shall prevent the Executive holding securities in a company listed on a Recognised Stock Exchange where his holding does not exceed three per pent of the class of securities concerned.

19.8 Subject to the provisos hereto, the Company shall not unreasonably withhold the giving of its consent pursuant to Clause 19.5.1 and in deciding whether or not it is reasonable to withhold its consent the Company shall only withhold (and, for the avoidance of doubt, shall in such case be entitled so to withhold) the giving of such consent if, in the opinion

of the CEO, acting in good faith, the proposed action or conduct of the Executive in respect of which consent is sought, is such that it would or might have an adverse effect on any of the businesses of the Company or any Group Company carried on at the Termination Date or would or might damage or harm the relationship of any Group Company with any customer, client, supplier, agent or distributor (or prospective customer, client, supplier, agent or distributor with whom or which the Company or any Group Company had entered into negotiations) with whom or which the Executive was personally concerned during the Prior Period. The burden of proof with respect to establishing that the CEO shall have acted in good faith shall lie on the Company PROVIDED THAT it is not the parties intention thereby to increase the standard of proof which the Company would otherwise have to meet if such burden had not been so allocated and PROVIDED FURTHER THAT this Clause 19.8 shall not apply with respect to any action or conduct falling within Clause 19.5.2.

19.9 The Executive agrees that he will not at any time after the termination of the Employment represent himself as still having any connection with the Company or any Associated Company, save as a former employee for the purpose of communicating with prospective employers or complying with any applicable statutory requirements

20. INTELLECTUAL PROPERTY

20.1 The Executive shall promptly communicate to the Company all Own Property (whether or not capable of protection by any Intellectual Property Right).

20.2 The Executive agrees that all right, title and interest to Own Property (including all rights in connection with it which arise whether before or after the Employment terminates) throughout the world EXCEPT any such Own Property which by virtue of the Patents Act 1977 (as amended) belongs to the Executive shall, without payment, belong to the Company absolutely.

20.3 When instructing any person, firm or company to carry out work (including the supply of goods and/or services) for the Company or any Group Company or in connection with the Company's business or the business of any Group Company the Executive shall ensure that such person, firm or company first assigns to the Company or any Group Company all future Intellectual Property Rights in any Property which they conceive, create, devise, produce, discover or formulate in the course of carrying out the work which they are instructed to perform.

20.4 The Executive shall, during the Employment and thereafter at the direction and expense of the Company, apply for and do all acts and things necessary to obtain and maintain any Intellectual Property Right that may subsist in any Own Property which by virtue of this Clause or any statute affecting Property belongs to the Company or any Group Company in any part of the world as the Company may require and shall vest all such Intellectual Property Rights in the Company or as the Company may direct.

20.5 The Executive hereby irrevocably waives all moral rights arising under the Copyright, Designs and Patents Act 1988 in any copyright work written or created by him in the course of the Employment and all moral rights in all other countries in which copyright (including future copyright) in any work subsists or may subsist except to the extent that

the Executive shall exercise such moral rights at the Company's request provided that the Company shall pay the Executive's expenses in so doing.

21. PRESCRIBED INFORMATION

21.1 The following information is set forth for the purposes of section 3, ERA:

21.1.1 If the Executive shall have a grievance relating to the Employment or is dissatisfied with any disciplinary decision relating to him he may apply to the Board and his application will be dealt with by the Board at a meeting at which the Executive shall be entitled to be present.

21.1.3 The Executive's period of continuous employment began on the Commencement date.

22. SEVERABILITY

The Company and the Executive acknowledge that the Clauses and sub-Clauses and Schedules of this Agreement are severable. If any Clause, sub-Clause or identifiable part of any Clause or sub-Clause or Schedule or any paragraph of any Schedule is held to be invalid or unenforceable by an English court, then such invalidity or unenforceability shall not affect the validity or enforceability of the remaining Clauses or sub-Clauses or the identifiable parts of such Clauses or sub-Clauses.

23. COUNTERPARTS

This Deed may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same agreement.

24. GOVERNING LAW AND JURISDICTION

This Deed shall be governed by English law and for the benefit of the Company, the Executive hereby submits to the exclusive jurisdiction of the English Courts. The Executive hereby agrees that service upon the Executive at his address specified in this Agreement or such other address as he may notify to the Company in writing of any proceedings relating to this Deed or to any document entered into pursuant hereto shall constitute good service upon the Executive.

25. NOTICES

Any notice shall be duly served under this Agreement if, in the case of the Company, it is handed to a director of the Company (other than the Executive) or sent by recorded or first class post to the Company at its registered office for the time being and if, in the case of the Executive, it is handed to his or sent by recorded or first class post to him at his address specified in this Agreement or such other address as he may notify to the Company. A notice sent by recorded or first class post shall be deemed served on the working day next following posting.

IN WITNESS whereof the parties hereto have executed and delivered this instrument as a Deed the day and year first before written.

SIGNED by PATRICK GLYDON)
for and on behalf of APOLLO)
LEISURE (UK) LIMITED in the)
presence of:

SIGNED by ALAN RIDGEWAY)
in the presence of:)

[CLEAR CHANNEL ENTERTAINMENT LOGO]

PRIVATE & CONFIDENTIAL

ALAN RIDGEWAY
European Music
Argyll Street

13th October 2004

Dear Alan,

RE: AMENDMENTS TO CONTRACT OF SERVICES TERMS & CONDITIONS

I am pleased to confirm your recent promotion to President of European Music with effect from 1st October 2004.

To reflect the promotion your salary has been increased to Pound Sterling 200,000, with a continuous 5% salary increase per annum. Your next salary increase will take place on 1st January 2006. In addition you will also receive a non-consolidated Car Allowance of Pound Sterling 20,000 per annum, which is also effective from 1st October 2004.

The Company has also reviewed its bonus structure for Senior Executives and future bonus payment will be calculated on the following basis:-

- Contractual Bonus of Pound Sterling 50,000 will be paid to you based on the achievement of the annual objectives set by the President of Global Music.

- 15% bonus based on European Music EBITDA growth.

This new bonus structure gives you the capability to earn up to a maximum of 200% of your salary in a given year should you reach a 25% EBITDA growth figure. This is based in a sliding scale and a copy of this is attached for your information.

This bonus structure will apply with immediate effect and your 2005 payment will be made in the first quarter of 2006.

As of this date you will report to directly to the Michael Rapino -President Global of Music.

All other Terms & Conditions as stated in your previous Contract of Services remain unchanged. If you have any queries, please do not hesitate to contact me directly.

Yours sincerely

/s/ Jignna Patel

JIGNNA PATEL
HUMAN RESOURCES CONSULTANT