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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 3, 2006

Live Nation, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-32601**	**20-3247759**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

9348 Civic Center Drive **Beverly Hills, CA** (Address of principal executive offices)	**90210** (Zip Code)

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

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Explanatory Note

This Current Report on Form 8-K/A ("Amendment No. 1") amends the Current Report on Form 8-K filed by Live Nation, Inc. on November 9, 2006 (the "Initial Filing"). The Initial Filing is being amended to provide the required financial statements and pro forma financial information in connection with the acquisition of HOB Entertainment, Inc.

Except for the filing of such financial statements and pro forma financial information, Amendment No. 1 does not modify or update other disclosures in, or exhibits to, the Initial Filing.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated balance sheet of HOB Entertainment, Inc. and Subsidiaries as of July 2, 2006 and the related consolidated statements of income, common stockholders' equity (deficit) and cash flows for the year then ended and the notes to the consolidated financial statements, together with the auditor's report thereon are filed as Exhibit 99.1 to Amendment No. 1 and incorporated herein by reference.

Also included is the unaudited consolidated balance sheet and common stockholders' equity (deficit) of HOB Entertainment, Inc. and Subsidiaries as of October 1, 2006 and the related consolidated statements of income and cash flows for the three months ended October 1, 2006 and October 2, 2005 and the notes to the unaudited consolidated financial statements.

(b) Pro Forma Financial Information.

The unaudited pro forma combined balance sheet of Live Nation, Inc. and HOB Entertainment, Inc. as of September 30, 2006 and the unaudited pro forma combined statements of operations of Live Nation, Inc. and HOB Entertainment, Inc. for the year ended December 31, 2005 and the nine months ended September 30, 2006 are filed as Exhibit 99.2 to Amendment No. 1 and incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Exhibit Title
2.1	Agreement and Plan of Merger, dated June 30, 2006, by and among Live Nation Worldwide, Inc., Harry Merger Sub Inc., HOB Entertainment, Inc. ("HOBE") and certain HOBE stockholders named therein (incorporated by reference to Exhibit 2.1 of Live Nation's Current Report on Form 8-K filed July 7, 2006).
4.1	Credit Agreement, dated as of December 21, 2005, among SFX Entertainment, Inc. and the foreign borrowers party thereto, as Borrowers, and CCE Spinco, Inc., the Lenders party thereto, JPMorgan Chase Bank N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Agent, J.P. Morgan Europe Limited, as London Agent, Bank of America, N.A., as Syndication Agent, and J.P. Morgan Securities Inc. and Bank of America Securities LLC, as Co-Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.11 of Live Nation's Current Report on Form 8-K filed December 23, 2005).
4.2	Incremental Assumption Agreement and Amendment No. 1 dated as of November 3, 2006, to the Credit Agreement dated as of December 21, 2005, among Live Nation, Inc., Live Nation Worldwide, Inc. and the Foreign Borrowers party thereto, as Borrowers, JPMorgan Chase Bank, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Agent, J.P. Morgan Europe Limited, as London Agent, and Bank of America, N.A., as Syndication Agent (incorporated by reference to Exhibit 4.2 of the Initial Filing).
23.1 *	Consent of Ernst & Young LLP
99.1 *	Audited financial statements of HOB Entertainment, Inc. and Subsidiaries for the year ended July 2, 2006 and unaudited financial statements of HOB Entertainment, Inc. and Subsidiaries for the three months ended October 1, 2006 and October 2, 2005.
99.2 *	Unaudited pro forma combined balance sheet as of September 30, 2006 and unaudited pro forma combined statements of operations for the year ended December 31, 2005 and the nine months ended September 30, 2006.
99.3	Press Release dated November 6, 2006 (incorporated by reference to Exhibit 99.1 of the Initial Filing).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIVE NATION, INC.

Date: January 19, 2007

By: /s/ Kathy Willard

Kathy Willard
Executive Vice President and
Chief Accounting Officer

EXHIBIT INDEX

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* Filed herewith.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-132949 and No. 333-139178) pertaining to the Live Nation, Inc. 2005 Stock Incentive Plan and the Live Nation, Inc. Nonqualified Deferred Compensation Plan, respectively, of our report dated October 30, 2006, with respect to the consolidated financial statements of HOB Entertainment, Inc. included in the Current Report (Form 8-K/A) filed with the Securities and Exchange Commission pertaining to Live Nation, Inc's acquisition of HOB Entertainment, Inc.

/s/ Ernst & Young LLP

Los Angeles, California
January 17, 2007

Report of Independent Auditors

The Stockholders of
HOB Entertainment, Inc.

We have audited the accompanying consolidated balance sheet of HOB Entertainment, Inc. (a Delaware corporation) and subsidiaries as of July 2, 2006, and the related consolidated statement of income, common stockholders' equity (deficit) and cash flows for the year then ended. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOB Entertainment, Inc. and subsidiaries as of July 2, 2006, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Los Angeles, California
October 30, 2006

HOB Entertainment, Inc. and Subsidiaries

Consolidated Balance Sheets

(Amounts in thousands except per share amounts)

	July 2, 2006	October 1, 2006 *(Unaudited)*
Assets		
Current assets:		
Cash and cash equivalents	$ 37,106	$ 20,930
Accounts receivable, net of allowance for doubtful accounts of $303 at July 2, 2006 and $223 at October 1, 2006	16,216	16,713
Due from affiliates and employees	2,458	1,781
Inventories	2,333	2,411
Prepaid expenses and other current assets	5,770	8,056
Total Current Assets	63,883	49,891
Property and equipment, net	104,746	105,530
Investments in unconsolidated affiliates	19,957	21,545
Goodwill	81,838	81,838
Other assets, net of accumulated amortization of $2,512 at July 2, 2006 and $2,711 at October 1, 2006	10,201	9,414
Total assets	$ 280,625	$ 268,218
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 13,457	$ 15,026
Accrued expenses and other current liabilities	29,265	27,804
Current portion of long-term debt	42	42
Deferred revenue	43,063	25,915
Total current liabilities	85,827	68,787
Deferred revenue, net of current portion	10,695	9,654
Long-term debt, net of current portion	40,168	40,168
Deferred tax liabilities	8,045	8,787
Total liabilities	144,735	127,396
Commitment and contingencies		
Minority interest	3,149	3,297
Preferred stock, at cumulative liquidation preference	45,703	47,085
Common stockholders' equity:		
Common stock, $.001 par value; 200,000 shares authorized; 110,556 shares issued and outstanding	111	111
Additional paid-in capital	497,106	497,106
Accumulated deficit attributable to common stockholders	(410,179)	(406,777)
Total common stockholders' equity	87,038	90,440
Total liabilities and equity	$ 280,625	$ 268,218

See accompanying notes.

HOB Entertainment, Inc. and Subsidiaries

Consolidated Statements of Income

(Amounts in thousands)

	Year Ended July 2, 2006	Three Months Ended October 1, 2006 *(Unaudited)*	Three Months Ended October 2, 2005 *(Unaudited)*
Revenues	$ 368,775	$ 119,151	$ 120,899
Expenses:			
Operating	335,576	105,875	112,395
General and administrative	22,063	5,505	4,889
Depreciation and amortization	9,669	2,197	2,234
Venue preopening costs	83	7	226
Operating Income	1,384	5,567	1,155
Other income (expense):			
Interest income	506	316	175
Interest expense	(6,063)	(1,421)	(1,360)
Gain on sale of fixed assets by unconsolidated affiliate	7,174	—	—
Equity in net income of unconsolidated affiliates	3,946	1,550	2,342
Minority interest in consolidated affiliates	612	(210)	144
Income before provision for income taxes	7,559	5,802	2,456
Provision for income taxes	(3,277)	(1,018)	(839)
Net income	$ 4,282	$ 4,784	$ 1,617

See accompanying notes.

HOB Entertainment, Inc. and Subsidiaries

Consolidated Statements of Common Stockholders' Equity (Deficit)

(Amounts in thousands)

	Common Stock				
	Number Of Shares	**Par Value**	**Additional Paid-in Capital**	**Accumulated Deficit**	**Total Common Stockholders' Equity**
Balance, July 3, 2005	110,600	$111	$497,150	$ (409,365)	$ 87,896
Exercise of stock options	5	—	5	—	5
Repurchase of common stock	(58)	—	(58)	—	(58)
Conversion of Class B convertible preferred stock into common	9	—	9	—	9
Accretion of preferred stock	—	—	—	(5,096)	(5,096)
Net income	—	—	—	4,282	4,282
Balance, July 2, 2006	110,556	111	497,106	(410,179)	87,038
Accretion of preferred stock *(unaudited)*	—	—	—	(1,382)	(1,382)
Net income *(unaudited)*	—	—	—	4,784	4,784
Balance, October 1, 2006 *(unaudited)*	110,556	$111	$497,106	$ (406,777)	$ 90,440

See accompanying notes.

HOB Entertainment, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(Amounts in thousands)

	Year Ended July 2, 2006	Three Months Ended October 1, 2006 *(Unaudited)*	Three Months Ended October 2, 2005 *(Unaudited)*
Operating activities			
Net income	$ 4,282	$ 4,784	$ 1,617
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	9,669	2,197	2,234
Amortization of debt issuance costs	653	163	163
Gain on disposal of fixed assets by unconsolidated affiliate	(7,174)	—	—
Minority interest in consolidated affiliates	(612)	210	(144)
Equity in net income of unconsolidated affiliates	(3,946)	(1,550)	(2,342)
Deferred tax liabilities	3,008	742	772
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	773	(535)	2,899
Decrease (increase) in due from affiliates and employees	(1,913)	676	187
Decrease (increase) in inventories	42	(78)	(181)
Decrease (increase) in prepaid expenses and other assets	3,464	(1,864)	2,139
Increase (decrease) in accounts payable	(2,140)	1,569	(1,972)
Increase (decrease) in accrued expenses and other current liabilities	(3,330)	(1,460)	426
Decrease in deferred revenue	(2,052)	(18,172)	(19,265)
Net cash provided by (used in) operating activities	724	(13,318)	(13,467)
Investing activities			
Proceeds from disposal of fixed assets by unconsolidated affiliate, net	10,291	—	—
Additions to property and equipment	(12,255)	(2,796)	(1,829)
Cash received from unconsolidated affiliates	3,526	—	—
Net cash provided by (used in) investing activities	1,562	(2,796)	(1,829)
Financing activities			
Net proceeds from issuance of common stock	5	—	—
Repurchase of common stock	(58)	—	—
Distributions to minority interests	(183)	(62)	(62)
Debt repayments	(75)	—	—
Net cash used in financing activities	(311)	(62)	(62)
Net change in cash and cash equivalents	1,975	(16,176)	(15,358)
Cash and cash equivalents, beginning of period	35,131	37,106	35,131
Cash and cash equivalents, end of period	$ 37,106	$ 20,930	$ 19,773

See accompanying notes.

(Amounts in thousands except per share data)

1. Business, Organization and Business Risks

Business and Organization

HOB Entertainment, Inc. (the Company), a Delaware corporation, is a leading live music entertainment company which operates ten *House of Blues®* clubs, eight amphitheatre concert venues and one theatre concert venue, has booking arrangements with 12 other amphitheatre, arena, theatre and club concert venues, and operates certain other complementary businesses.

The Company opened *House of Blues®* clubs which integrate a live music hall, restaurant, bar and specialty retail store in Cambridge (1992), New Orleans (1994), Los Angeles (1994), Chicago (1996), Myrtle Beach (1997), Orlando (1997), Las Vegas (1999), Anaheim (2001), Cleveland (November 2004), San Diego (May 2005) and Atlantic City (July 2005). The Cambridge club was sold in October 2003.

On September 10, 1999, the Company acquired Universal Concerts Inc. (UCI) from Universal Studios, Inc. UCI changed its name to House of Blues Concerts, Inc. (Concerts) following its acquisition. Concerts is a leading venue operator, venue developer, promoter and producer of live music entertainment. It owns, operates or has exclusive booking arrangements with over 20 premier music venues in the United States and Canada, either solely or with a partner, and promotes live music entertainment in third-party venues throughout North America.

Business Risks

The Company has incurred net losses in each year since its inception, other than its most recent fiscal year. The Company’s ability to conduct and expand its operations had been dependent on the continued issuance of preferred and common stock and debt financing.

Fiscal Year

The Company operates on a 52/53-week accounting year, ending on the Sunday nearest to June 30 of each year. The year ended July 2, 2006, was a 52-week fiscal year.

Principles of Consolidation

The consolidated financial statements include the accounts of all wholly owned, majority-owned and controlled subsidiary companies and affiliates (see Note 3). All significant intercompany accounts and transactions have been eliminated.

The Company uses the equity basis of accounting for investments in which it has an ownership interest between 20% and 50%, and where the Company has the ability to exercise significant influence but not control.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Preparation of Interim Financial Statements

The accompanying interim balance sheet as of October 1, 2006, the statements of income and statements of cash flows for the three months ended October 1, 2006 and October 2, 2005, and the statement of common stockholders' equity (deficit) for the three months ended October 1, 2006 are unaudited. These unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim information 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. 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.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with original maturity dates of three months or less and investments in money market funds to be cash equivalents. The fair market value of the Company's cash equivalents approximated cost at July 2, 2006 and October 1, 2006.

Inventories

Inventories consist primarily of retail merchandise, food and beverages, and are stated at the lower of cost determined on a first-in, first-out (FIFO) basis or market.

Prepaid Expenses

Prepaid expenses consist primarily of artist advances and other costs directly related to future events. Such costs are charged to operations upon the occurrence of the related event.

Property and Equipment

Except for purchase accounting adjustments, property and equipment are stated at cost less accumulated depreciation. Property and equipment acquired as part of an acquisition are stated at estimated fair market value at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 15 to 39 years for amphitheaters, buildings and art, and three to ten years for furniture, artifacts and office and computer equipment. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful lives of the improvements or the expected life of the lease.

Major renewals and betterments are capitalized, while maintenance and repairs, which do not significantly improve or extend the lives of the respective assets, are expensed as incurred.

The cost and accumulated depreciation and amortization for property and equipment sold, retired or otherwise disposed of are relieved from the accounts and resulting gains and losses are reflected in the consolidated statements of income.

Goodwill and Other Assets

Goodwill represents the excess of the cost of the acquisition of UCI over the fair market value of the identifiable net assets acquired. According to Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, goodwill and intangible assets with indefinite lives are not subject to amortization, but rather an annual assessment of impairment by applying a fair-value-based test. Based on the Company's assessment, no impairment was recorded during fiscal 2006 or during the three months ended October 1, 2006.

Trademarks are amortized over five years using the straight-line method. Other assets include debt issuance costs, which are amortized using the effective-interest method over the term of the debt.

Long-Lived Assets

The Company accounts for long-lived assets under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* , which requires that impaired long-lived assets be carried at the lower of carrying amount or fair value and that an evaluation of an individual property for possible impairment be performed whenever events or changes in circumstances indicate that an impairment may have occurred.

The Company recorded a noncash charge of approximately $598 for the year ended July 2, 2006 related to impairment charges for property and equipment relating to existing venues and construction in progress incurred for potential future venue developments. These amounts are included in depreciation and amortization expense. There were no similar charges for the three months ended October 1, 2006 and October 2, 2005.

Preferred Stock Issued with Warrants or Common Stock

When the Company issues preferred stock with warrants or with common stock, it allocates the proceeds from issuance between the securities based on the fair value of the warrants or common stock on the date of issuance as determined by the Board of Directors.

Stock Options

Through July 2, 2006, the Company accounted for the option plans under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, under which compensation cost is not recognized for options issued at the market value of the common stock at the date of the grant. Had compensation cost for the option plans been determined consistent with SFAS No. 123R, *Share-Based Payment* ("SFAS No. 123R"), the Company's net income or loss would have been decreased or increased to the following pro forma amounts for the year ended July 2, 2006 and three months ended October 1, 2005:

	July 2 2006	**October 2 2005**
		(unaudited)
Net income – as reported	**$4,282**	$ 1,617
Net income – pro forma	**$2,728**	$ 1,228

The Company adopted SFAS No. 123R as of the fiscal year beginning July 3, 2006 and the adoption had no impact on the Company's results for the three months ended October 1, 2006 as there were no new stock option grants during that period.

The fair value of each option granted was estimated on the date of grant using the minimum-value method with the following weighted-average assumptions for grants: risk-free interest rates of approximately 4 — 6%, no volatility, expected lives of five years and no dividend payments. See further discussion of stock options in Note 11.

Revenue Recognition

Admission revenue is recognized on the date of the performance. Cash received for advance ticket sales is recorded as deferred revenue until the related event occurs. Revenue from food and beverage operations at the venues is recognized upon delivery of goods and services to customers. Merchandise revenue is recognized when goods are sold. Membership revenue is recognized on a straight-line basis over the term of the membership.

The Company outsources certain admission ticket processing functions. The Company receives certain advances or upfront payments upon entering into such agreements, which are initially recorded as deferred revenue and are then recognized as revenue as they are earned over the terms of the agreements.

Concerts outsources its food and beverage and merchandise operations to third-party concessionaires and receives a percentage of the revenue generated.

In consideration for exclusive publicity rights granted at certain venues or events, the Company receives sponsorship fees. Sponsorship fees that are not related to any single event are classified as deferred revenue and are amortized on a straight-line basis over the term of the related contract.

The Company recognizes barter revenue based on the fair value of goods exchanged. Barter revenue was $1,459 for the year ended July 2, 2006 and $731 and $503 for the three months ended October 1, 2006 and October 2, 2005, respectively.

Advertising

Advertising costs are expensed as incurred. Advertising expenses included in operating expenses were $16,209 for the year ended July 2, 2006 and $4,637 and $3,875 for the three months ended October 1, 2006 and October 2, 2005, respectively.

Capitalized Interest

The Company capitalizes interest expense on construction expenses incurred during the construction of new club venues. Interest costs of $0, $95 and $0 were capitalized out of total interest expense of $6,063, $1,516 and $1,360 for the year ended July 2, 2006, the three months ended October 1, 2006 and the three months ended October 2, 2005, respectively.

Income Tax

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. SFAS No. 109 specifies an asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events, which have been recognized in the Company’s financial statements. In addition, SFAS No. 109 requires that deferred tax assets be reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized.

Deferred income taxes reflect the tax consequences on future years of temporary differences between the tax basis of assets and liabilities and their financial reporting basis and the potential benefits of certain tax carryforwards.

Comprehensive Income

Comprehensive income consists of two components, net income and other comprehensive income. Other comprehensive income refers to revenue, expenses, gains and losses that, under generally accepted accounting principles, are recorded as an element of stockholders' equity but are excluded from net income. For the year ended July 2, 2006 and the three months ended October 1, 2006 and October 2, 2005, and as of those dates, the Company had no items that were classified as other comprehensive income.

Concentration and Seasonality

For the year ended July 2, 2006, and three months ended October 1, 2006 and October 2, 2005, one vendor processed approximately 60%, 67% and 63%, respectively, of the Company's ticket sales revenue. Management does not believe that this concentration poses a risk, as other vendors would be available to provide this service on comparable terms.

Concerts' operations and revenues are seasonal in nature, with higher revenue generated in the second and third calendar quarters, as Concerts' outdoor venues are primarily utilized during the warmer months and generally do not generate significant revenue during the winter.

Business Interruption Insurance Recovery

The consolidated statements of income include a $1,642 reduction in operating expenses for the year ending July 2, 2006 from business interruption insurance recoveries related to Hurricane Katrina's impact on the New Orleans club. The Company has filed a lawsuit against its insurance company claiming additional amounts due, which are not accrued as of July 2, 2006 or October 1, 2006.

New Accounting Pronouncements

In December 2004, SFAS No. 123R, *Share-Based Payment*, was issued which sets accounting requirements for share-based compensation to employees and requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation. The Company adopted SFAS No. 123R as of the fiscal year beginning July 3, 2006, and adoption had no impact on the Company's results of operations or financial condition as the Company granted no new stock options in the three months ended October 1, 2006.

In June 2005, the FASB ratified its consensus in EITF Issue 04-05, *Determining Whether a General Partner, or the General Partners as Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* (Issue 04-5). The adoption of the provision of EITF 04-05 as of July 2, 2006 had no impact on the Company's results of operations or financial condition.

In January 2003, the FASB issued Interpretation No. 46 *Consolidation of Variable Interest Entities* ("FIN 46"). This Interpretation addresses consolidation by business enterprises of certain variable interest entities and the conditions under which they should be included in consolidated financial statements. In December 2003, the FASB issued Interpretation No. 46R ("FIN 46R"), which served to clarify guidance on FIN 46 and provided additional guidance surrounding the application of FIN 46. The adoption of FIN 46 as of July 3, 2005 had no impact on the consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective in fiscal years beginning after December 15, 2006. The provisions of FIN 48 are to be applied to all tax positions upon initial adoption, with the cumulative effect adjustment reported as an adjustment to the opening balance of retained earnings. We are currently evaluating the potential impact, if any, that the adoption of FIN 48 will have on our consolidated financial statements.

3. Investments in Unconsolidated Affiliates

In September 1999, in connection with the acquisition of Concerts, the Company acquired a 50% interest in House of Blues Concerts Canada, which owns and operates two facilities, and promotes and produces live music events in Canada. The fair value of this interest exceeded the equity in the underlying assets by $14,893 at the date of acquisition. The excess amounts were being amortized on a straight-line basis over 20 years until the Company adopted SFAS No. 142 in fiscal 2002. No amortization was recorded during fiscal 2006 or the three months ended October 1, 2006 and October 2, 2005. The Company accounts for its 50% interest under the equity method of accounting.

Summarized Financial Information

The following table sets forth certain condensed financial information representing 100% of House of Blues Concerts Canada balances and not the Company's pro-rata share:

	July 2 2006	October 1 2006	October 2 2005
		(unaudited)	
For the year ended July 2, 2006, three months ended October 1, 2006 and three months ended October 2, 2005			
Revenues	**$126,382**	$35,046	$39,936
Operating income	**6,457**	2,034	3,030
Net income	**5,613**	2,034	3,030
At July 2, 2006, October 1, 2006 and October 2, 2005			
Current assets	**12,356**	11,556	10,992
Noncurrent assets	**15,155**	15,460	12,351
Current liabilities	**12,325**	9,805	8,634
Noncurrent liabilities	**404**	—	—

On March 1, 2006 Marina City Hotel Enterprises, LLC, a 44% owned unconsolidated affiliate, sold its property and the Company received cash of $10,291, net of selling expenses of $1,127. The Company recorded $3,117 as deferred revenue for the use of the Company's name on the hotel which was part of the sold property, which will be recognized as revenue over the seven- year term of the related license agreement. The remaining $7,174 was recognized as income when received, and is classified in Other Income.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at July 2, 2006 and October 1, 2006:

	July 2 2006	October 1 2006
		(unaudited)
Payroll-related costs	**$ 8,748**	$ 6,705
Performance and talent	**2,528**	2,908
Property, sales and other taxes	**3,085**	3,320
Rent	**1,014**	849
Other	**13,890**	14,022
	$29,265	$ 27,804

5. Property and Equipment

Property and equipment consist of the following at July 2, 2006 and October 1, 2006:

	July 2 2006	October 1 2006
		(unaudited)
Land	**$ 2,277**	$ 2,277
Building and leasehold improvements	**109,154**	109,857
Art and artifacts	**3,341**	3,339
Furniture and equipment	**8,376**	8,425
Office equipment and computers	**9,060**	9,322
Construction in progress	**11,675**	13,151
	143,883	146,371
Less accumulated depreciation and amortization	**(39,137)**	(40,841)
	$104,746	$105,530

6. Income Taxes

The provision for income taxes for the year ended July 2, 2006 and three months ended October 1, 2006 and October 2, 2005, resulted in a minimal current tax provision. The Company has historically incurred book and tax losses, which had been fully reserved because of the uncertainty of their realization. Accordingly, the Company recorded a valuation allowance equal to its net deferred tax assets at July 2, 2006 and October 1, 2006. In addition, the Company has recorded a deferred tax liability related to timing differences from its tax-deductible goodwill which cannot be offset with its net deferred tax assets because of its indefinite-lived nature.

The provision for income taxes is comprised of the following for the year ended July 2, 2006, three months ended October 1, 2006 and three months ended October 2, 2005:

	July 2 2006	October 1 2006	October 2 2005
		(unaudited)	
Current:			
Federal	**$ 78**	$ 21	$ 25
State and Foreign	**191**	255	62
Total current provision	**269**	276	87
Deferred:			
Federal	**2,707**	631	677
State and Foreign	**301**	111	75
Total deferred provision	**3,008**	742	752
Total income tax provision	**$3,277**	$ 1,018	$ 839

The reconciliation of the effective tax rate to the statutory United States federal tax rate is summarized as follows for the year ended July 2, 2006 and three months ended October 1, 2006 and October 2, 2005:

	July 2 2006	October 1 2006	October 2 2005
		(unaudited)	
Statutory federal rate	**34%**	34%	34%
State and foreign taxes, net of federal tax effect	**10**	5	2
Effect of valuation allowance, net	**(1)**	(21)	(2)
Effective tax rate	**43%**	18%	34%

The significant deferred tax assets and liabilities, as determined under the provisions of SFAS No. 109 are as follows at July 2, 2006 and October 1, 2006:

	July 2 2006	October 1 2006
		(unaudited)
Long-term deferred tax liability	$ (8,045)	$ (8,787)
Deferred tax assets:		
Net operating loss carry forwards	**$ 59,632**	$ 60,774
Other deferred tax assets, net	**14,195**	12,551
	73,827	73,325
Valuation allowance	**(73,827)**	(73,325)
Net long-term deferred tax liability	**$ (8,045)**	$ (8,787)

Deferred tax assets principally comprise deferred revenues and accrued liabilities and the deferred tax liability relates to the temporary difference resulting from the amortization for tax purposes of the goodwill established on the acquisition of Concerts.

The Company had approximately $173,610 and $10,091 in net operating loss carry forwards for federal and California income tax purposes, respectively, at July 2, 2006 and approximately $172,545 and $9,035, respectively, at October 1, 2006. The net operating loss carry forwards will expire in fiscal years 2007 through 2024 if not previously utilized. In the event of certain changes in ownership of the Company, as defined in the Internal Revenue Code, existing net operating loss carry forwards may be subject to limitation.

7. Debt

Debt consists of the following at July 2, 2006 and October 1, 2006:

	July 2 2006	October 1 2006
		(unaudited)
Term loans (a)	**$40,000**	$ 40,000
Other	**210**	210
	40,210	40,210
Less current maturities	**(42)**	(42)
	$40,168	$ 40,168

(a) Term loan collateralized by a second lien on substantially all of the Company's assets. Interest at LIBOR plus 6.5% (or Base Rate plus 5.25%) is due quarterly. All principal is due at maturity on March 18, 2009.

The Company also has a $35,000 line of credit that is collateralized by a first lien on substantially all of the Company's assets. Interest at LIBOR plus 3.0%-3.5% (or Base Rate plus 2.0%-2.5%) is due quarterly. This facility matures March 18, 2008. There have been no cash draws on the new line of credit, and outstanding letters of credit were $6,133 at July 2, 2006 and October 1, 2006, leaving a remaining availability of $28,867 as of those dates.

Financial covenants for the term loan and line of credit are the same, and require that the Company maintain on a quarterly basis certain levels of fixed charge coverage ratios and leverage ratios as defined in the agreement, as amended. Additional provisions under the facility, among other things, have certain restrictions on capital expenditures and new venue development. The Company was in compliance with its financial covenants at July 2, 2006 and October 1, 2006.

Principal payments due as of July 2, 2006 and October 1, 2006, are as follows:

Fiscal year ended:	
2007	**$ 42**
2008	**92**
2009	**40,056**
2010	**20**
	$40,210

The fair value of the Company's long term debt approximates its carrying value.

8. Commitments and Contingencies

Litigation

A class action lawsuit was filed in January 2005 alleging violations of the California Labor Code concerning the payment of wages of the Company's Los Angeles and Anaheim club venue employees. A settlement was reached in September 2005 to which the Court granted final approval in May 2006. The Company accrued $800 for this claim in the fiscal year ended July 3, 2005, with no additional accruals in the fiscal year ended July 2, 2006 or three months ended October 1, 2006.

The Company and its subsidiaries are parties to various other legal proceedings arising in the ordinary course of business. Management believes, based upon the advice of legal counsel responsible for the review of such matters, that there is no proceeding, either threatened or pending, against the Company or its subsidiaries that could result in a material adverse effect on the results of operations or the financial condition of the Company.

Operating Lease Agreements

The Company has entered into various operating lease agreements for land and buildings for entertainment venues and office space. Total rent expense for the year ended July 2, 2006, three months ended October 1, 2006 and three months ended October 2, 2005, was $22,393, $5,879 and $6,069, respectively.

Future minimum lease payments at July 2, 2006, relating to the Company's noncancelable operating leases are as follows:

Fiscal year ended:	
2007	**$ 8,679**
2008	**8,453**
2009	**8,335**
2010	**7,187**
2011	**7,249**
Thereafter	**73,195**
	$113,098

Certain entertainment venue property leases require base and/or additional contingent rental payments based upon a percentage of gross sales or contractually defined earnings. Certain property leases have renewal options, which permit the Company to extend the basic lease for periods of five to 30 years beyond the original terms.

9. Related Party Transactions

In August 2005 an agreement was reached with SilkHOB, LLC, ("SilkHOB") an affiliate of a shareholder and Director of the Company to provide advisory, promotional and marketing services to the Company's Myrtle Beach club. The agreement provides in part that the Company will be reimbursed for any Myrtle Beach net operating losses, as defined in the agreement, up to $3,000 for the three years beginning July 2005. As a result, the Company had accrued an $884 receivable as of July 2, 2006 and $910 as of October 1, 2006. During the term of the Myrtle Beach lease SilkHOB is to receive 70% of the club's net operating income as defined in the agreement, if any. SilkHOB also has an option to take over the Myrtle Beach property as long as the Company is released from obligations under the building lease, and has certain other House of Blues branded hotel and Foundation Room development rights in Myrtle Beach. In addition, during the fiscal year ended July 2, 2006 a different affiliate of the same Company shareholder and Director purchased the real estate containing the Myrtle Beach club, thereby becoming that club's landlord, without any change in the related lease. The Myrtle Beach club had operating losses during the year ended July 2, 2006, three months ended October 1, 2006 and three months ended October 2, 2005, and the Company's Myrtle Beach fixed assets have a net book value of $0 as of July 2, 2006 and $24 as of October 1, 2006.

10. Preferred Stock and Common Stockholders' Equity

Preferred Stock

Preferred stock consists of the following:

	July 2 2006	October 1 2006
		(unaudited)
Redeemable 12% senior preferred stock, $0.001 par value, 35 shares authorized, issued and outstanding, with a liquidation preference of $45,703 and $47,085	**$45,703**	$ 47,085
Total preferred stock	**$45,703**	$ 47,085

12% Senior Preferred Stock

Holders of 12% senior preferred stock are entitled to cumulative dividends at the rate of 12% per annum on the original purchase price of the shares, compounded quarterly. The dividend rate on the 12% senior preferred stock is subject to increase to as high as 20% in certain circumstances. All dividends are to be paid out of assets legally available for distribution. No dividend payments can be made until the entire balance of the Company's term loans and revolving line of credit have been repaid.

The 12% senior preferred stock is redeemable at the option of the Company at any time, is mandatorily redeemable upon the consummation of a qualified initial public offering and is redeemable at the option of the holder in the event of a change of control (as defined in the Company's certificate of incorporation), in each case at the original purchase price per share plus accrued but unpaid dividends and the applicable redemption premium.

The Company increases the carrying amount of the 12% senior preferred stock by periodic accretions, using the effective-interest method, such that the carrying amount of such shares equals the liquidation preference plus accrued dividends at the end of each reporting period.

Other Rights

Certain holders of the common and preferred stock of the Company have registration rights, rights of first refusal on disposition of shares by other holders and contractual preemptive rights. Holders of preferred stock have limited voting rights.

Warrants and Options

In connection with various transactions, the Company has issued and outstanding as of July 2, 2006 and October 1, 2006, the following warrants and options (exclusive of the option plans described in Note 11) to purchase shares of the Company's common stock.

Exercise Price Per Share	Shares Outstanding July 2 2006	October 1 2006
		(unaudited)
$0.50	**33**	33
$7.29	**165**	165
$60.00-$250.00	**40**	40
	238	238

These warrants and options generally expire 10 years from the date of grant.

11. Stock Option Plan

The Company adopted stock options plans (the Option Plans) during 1993, 2001 and 2004. The Option Plans allow for a committee selected by the Board of Directors to grant stock options to certain employees at a price not less than 100% of the fair value of the Company's common stock, as defined by the Option Plans (incentive stock options), or issue nonqualified stock options pursuant to the Option Plans. The Option Plans prescribe general terms for the exercise of options and option periods subject to the condition that all options terminate not more than 10 years from the date of grant. As of July 2, 2006, under the 2004 Plans 21,556 of 24,375 options had been granted. No further grants are being made from the 1993 or 2001 Plans and 504 and 423 are outstanding as of July 2, 2006 and October 1, 2006, respectively.

Options granted generally vest over four-year periods unless otherwise specified in the option grant. In addition, options granted under the 2004 Performance Equity Incentive Plan are not exercisable unless, among other criteria, a liquidity event, as defined, has occurred. There was no liquidity event through October 1, 2006. Information regarding stock options awarded under the Option Plans at July 2, 2006 and October 1, 2006 is as follows.

	Shares	Weighted-Average Exercise Price
July 2, 2006		
Options outstanding, at beginning of year	**21,589**	**$ 7.53**
Granted	**1,084**	**1.10**
Exercised	**(5)**	**1.00**
Canceled	**(608)**	**5.03**
Options outstanding, at end of year	**22,060**	**$ 2.64**
Options exercisable, at end of year	**11,185**	**$ 4.20**
Weighted-average fair value of options granted		**$ 0.62**

	Shares	Weighted-Average Exercise Price
	(unaudited)	
October 1, 2006		
Options outstanding, at beginning of year	**22,060**	**$ 2.64**
Granted	—	
Exercised	—	
Canceled	**(240)**	**$ 21.04**
Options outstanding, at end of year	**21,820**	**$ 2.39**
Options exercisable, at end of year	**11,067**	**$ 3.71**
Weighted-average fair value of options granted		**n/a**

The following summarizes the exercise price per share, the number of shares outstanding and exercisable, and the weighted-average remaining contractual life of options exercisable at July 2, 2006 and October 1, 2006.

Exercise Price Per Share	Option Shares Outstanding	Option Shares Exercisable	Weighted-Average Remaining Contractual Life (years)
(actual price)			
July 2, 2006			
$1.00	**21,345**	**10,684**	**7.73**
1.50	**211**	—	**n/a**
60.00 to 150.00	**504**	**501**	**2.74**
	22,060	**11,185**	

Exercise Price Per Share	Option Shares Outstanding	Option Shares Exercisable	Weighted-Average Remaining Contractual Life (years)
(actual price)		*(unaudited)*	
October 1, 2006			
$1.00	**21,211**	**10,648**	**7.50**
1.50	**187**	—	**n/a**
60.00 to 150.00	**422**	**419**	**2.93**
	21,820	**11,067**	

12. Employee Benefit Plan

Effective January 1, 1996, the Company adopted the HOB Entertainment, Inc. 401(k) Plan to provide deferred compensation benefits for all eligible employees. Each year, participants may elect to contribute a fixed dollar amount or percentage not to exceed 15% of compensation, as defined, subject to Internal Revenue Code limitations. In addition, the Company may make qualified non-elective contributions to certain eligible participants for each 401(k) Plan year.

Contributions made by the Company for the year ended July 2, 2006, three months ended October 1, 2006 and three months ended October 2, 2005 were $486, $134 and $114, respectively.

13. Supplemental Disclosure of Cash Flow Information

Supplemental disclosure of cash flow information and noncash activities for the year ended July 2, 2006, and three months ended October 1, 2006 and October 2, 2005, are as follows:

	July 2 2006	October 1 2006	October 2 2005
		(unaudited)	
Cash flow information:			
Cash paid for interest	**$6,083**	$ 1,421	$ 1,382
Cash paid for (refunds received for) income taxes	**$ 191**	$ 179	$ (32)
Noncash rent expense	**$ 480**	$ 122	$ 121

14. Subsequent Event (unaudited)

On November 3, 2006, the Company was acquired by Live Nation, Inc. for an aggregate price of $354 million in cash, subject to certain adjustments.

Exhibit 99.2

LIVE NATION, INC.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

On November 3, 2006, a wholly-owned subsidiary of Live Nation Worldwide, Inc. (“Worldwide”), an indirect subsidiary of Live Nation, Inc. (“Live Nation” or the “Company”), merged with and into HOB Entertainment, Inc. (“HOBE”) pursuant to an Agreement and Plan of Merger, dated June 30, 2006, by and among Worldwide, HOBE and certain stockholders of HOBE named therein (the “Merger Agreement”). As a result of the transaction (the “Merger”), HOBE became a wholly-owned subsidiary of Worldwide. The following unaudited pro forma combined financial statements give effect to this transaction.

The aggregate merger consideration paid by Worldwide in connection with the Merger, subject to closing adjustments, was approximately $354 million (approximately $360 million including transaction and financing fees and expenses), of which $10 million in cash was placed in escrow, subject to the terms of an escrow agreement, as security relating to any potential indemnification claims of Worldwide. The purchase of HOBE was initially reported on a Current Report on Form 8-K dated and filed on November 9, 2006, and is being amended hereby to include the financial statements required by Item 9.01.

The unaudited pro forma combined financial statements present the acquisition of HOBE under the purchase method of accounting. The unaudited pro forma combined financial statements reflect the preliminary purchase price allocation based on Live Nation’s estimate of the fair value of the assets acquired and liabilities assumed. The preliminary purchase price allocation is subject to finalization of the valuation of intangible assets, and other assets acquired and liabilities assumed. Once finalized, the allocation of the purchase price could change which may result in additional expense related to amortization.

The unaudited pro forma combined balance sheet of Live Nation gives effect to the transaction as if it occurred on September 30, 2006. The unaudited pro forma combined statements of operations for the year ended December 31, 2005 and the nine months ended September 30, 2006 give effect to the transaction as if it had occurred on January 1, 2005. These pro forma statements include the unaudited consolidated balance sheet of HOBE as of October 1, 2006 and the unaudited consolidated statements of operations of HOBE for the twelve months ended January 1, 2006 and the nine months ended October 1, 2006. The date and periods of HOBE included in the pro forma combined financial statements are the most comparable to those of Live Nation and may differ from those reflected in HOBE’s historical financial statements. The preliminary pro forma acquisition adjustments are based on available information and certain assumptions made by Live Nation’s management and are subject to change as additional information becomes available. The unaudited pro forma combined financial information is not intended to represent what Live Nation’s financial position was or results of operations would have been if the acquisition had occurred on those dates or to project Live Nation’s financial position or results of operations for any future period. Since Live Nation and HOBE were not under common control or management for any period presented, the unaudited pro forma financial results may not be comparable to, or indicative of, future performance.

The pro forma adjustments are based upon information and assumptions available at the time of the filing of this Current Report on Form 8-K/A and results of the preliminary allocation of the purchase price based on estimates of the fair value of the assets acquired and liabilities assumed. The pro forma adjustments include a $5.3 million accrual of restructuring costs primarily related to severance which was recognized in accordance with Emerging Issues Task Force Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination* (“EITF 95-3”) and the elimination of $9.6 million and $7.4 million of salary, bonus and benefit expense for the year ended December 31, 2005 and the nine months ended September 30, 2006, respectively, associated with the employees who will be terminated as part of the restructuring plan that was implemented by Live Nation’s management team subsequent to the Merger. The unaudited pro forma combined financial statements do not reflect any additional synergies such as rent, insurance and travel, that may be expected from the combination of the two entities. The unaudited pro forma combined financial statements do not include any adjustments to eliminate salary, bonus, benefit and other restructuring costs related to headcount reductions implemented by HOBE in February of 2006. The unaudited pro forma combined financial statements and the accompanying notes thereto should be read in conjunction with, and are qualified by, the historical financial statements and notes thereto of Live Nation and HOBE. Live Nation’s historical financial statements are included in its Annual Report on Form 10-K for the year ended December 31, 2005 and its Quarterly Report on Form 10-Q for the nine months ended September 30, 2006. The historical financial statements and related notes thereto for HOBE for the year ended July 2, 2006 and the three months ended October 1, 2006 and October 2, 2005 are attached as Exhibit 99.1 to this Current Report on Form 8-K/A. The historical financial information of HOBE for the year ended December 31, 2005 and the nine months ended September 30, 2006 included in the pro forma combined financial statements have been derived from the underlying accounting records of the businesses comprising HOBE.

There can be no assurances that Live Nation will be successful in its efforts to integrate the operations of the two companies.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
SEPTEMBER 30, 2006

(in thousands)

	Historical		Pro Forma	Pro Forma
	Live Nation	HOBE	Adjustments	Combined
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 496,586	$ 20,930	$ (357,146) (A)	$ 430,520
			270,150 (B)	
Accounts receivable, less allowance	313,863	18,494	—	332,357
Prepaid expenses	207,858	8,056	—	215,914
Other current assets	46,090	2,411	—	48,501
Total Current Assets	1,064,397	49,891	(86,996)	1,027,292
PROPERTY, PLANT AND EQUIPMENT				
Land, buildings and improvements	897,751	112,134	(30,004) (D)	979,881
Furniture and other equipment	177,591	21,086	(10,837) (D)	187,840
Construction in progress	40,673	13,151	(5,720) (A)	48,104
	1,116,015	146,371	(46,561)	1,215,825
Less accumulated depreciation	335,772	40,841	(40,841) (D)	335,772
	780,243	105,530	(5,720)	880,053
INTANGIBLE ASSETS				
Definite-lived intangibles — net	51,766	498	—	52,264
Goodwill	150,931	81,838	185,255 (A)(C)(E)	418,024
OTHER ASSETS				
Notes receivable, less allowance	2,721	—	—	2,721
Investments in nonconsolidated affiliates	43,516	21,545	(2,995) (C)	62,066
Other assets	35,193	8,916	1,901 (A) (B)	46,010
Total Assets	$2,128,767	$ 268,218	$ 91,445	$2,488,430
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 73,960	$ 15,026	$ —	$ 88,986
Accrued expenses	585,436	27,804	5,261 (E)	618,501
Deferred revenue	273,978	25,915	—	299,893
Current portion of long-term debt	28,296	42	2,000 (B)	30,338
Total Current Liabilities	961,670	68,787	7,261	1,037,718
Long-term debt	337,733	40,168	231,000 (A)(B)	608,901
Other long-term liabilities	41,890	18,441	(8,787) (A)	51,544
Minority interest liability	75,610	3,297	(504) (C)	78,403
Preferred stock	40,000	47,085	(47,085) (A)	40,000
SHAREHOLDERS' EQUITY				
Common stock	672	111	(111) (A)	672
Additional paid-in capital	766,845	497,106	(497,106) (A)	766,845
Retained deficit	(85,865)	(406,777)	406,777 (A)	(85,865)
Cost of shares held in treasury	(21,473)	—	—	(21,473)
Accumulated other comprehensive income	11,685	—	—	11,685
Total Shareholders' Equity	671,864	90,440	(90,440)	671,864
Total Liabilities and Shareholders' Equity	$2,128,767	$ 268,218	$ 91,445	$2,488,430

See Notes to Unaudited Pro Forma Combined Financial Statements

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Historical		Pro Forma	Pro Forma
	Live Nation	HOBE	Adjustments	Combined
	(in thousands except share and per share data)			
Revenue	$ 2,936,845	$359,130	$ —	$ 3,295,975
Operating expenses:				
Direct operating expenses	2,310,925	323,390	(1,748) (J)	2,632,567
Selling, general and administrative expenses	518,907	23,904	(7,855) (J)	534,956
Depreciation and amortization	64,622	10,380	—	75,002
Loss (gain) on sale of operating assets	4,859	—	—	4,859
Corporate expenses	50,715	—	—	50,715
Operating income (loss)	(13,183)	1,456	9,603	(2,124)
Interest expense	6,059	5,267	16,551(F) (H)	27,877
Interest expense with Clear Channel Communications	46,437	—	5,810(I)	52,247
Interest income	(2,506)	(446)	—	(2,952)
Equity in loss (earnings) of nonconsolidated affiliates	276	(3,679)	11(G)	(3,392)
Minority interest expense (income)	5,236	(273)	256(G)	5,219
Other expense (income) — net	446	—	—	446
Income (loss) before income taxes	(69,131)	587	(13,025)	(81,569)
Income tax expense (benefit)	61,488	4,800	(1,366) (K)	64,922
Net loss	$ (130,619)	$ (4,213)	$ (11,659)	$ (146,491)
Basic and diluted net loss per common share	$ (1.96)			$ (2.19)
Basic and diluted weighted average common shares outstanding	66,809,394			66,809,394

See Notes to Unaudited Pro Forma Combined Financial Statements

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	Historical		Pro Forma	Pro Forma
	Live Nation	HOBE	Adjustments	Combined
	(in thousands except share and per share data)			
Revenue	$ 2,639,586	$278,525	$ —	$ 2,918,111
Operating expenses:				
Direct operating expenses	2,102,531	249,673	(1,315) (J)	2,350,889
Selling, general and administrative expenses	384,415	18,063	(6,966) (J)(M)	395,512
Depreciation and amortization	93,887	7,375	—	101,262
Gain on sale of operating assets	(11,501)	—	—	(11,501)
Corporate expenses	22,942	—	—	22,942
Operating income	47,312	3,414	8,281	59,007
Interest expense	24,797	4,660	11,853 (F) (H)	41,310
Interest income	(8,968)	(536)	2,957 (L)	(6,547)
Gain on sale of fixed assets by nonconsolidated affiliate	—	(7,174)	—	(7,174)
Equity in earnings of nonconsolidated affiliates	(5,755)	(2,556)	(406) (G)	(8,717)
Minority interest expense (income)	7,590	(252)	210 (G)	7,548
Other expense (income) — net	(2,453)	—	—	(2,453)
Income before income taxes	32,101	9,272	(6,333)	35,040
Income tax expense (benefit)	30,403	2,851	(276) (K)	32,978
Net income (loss)	$ 1,698	$ 6,421	$ (6,057)	$ 2,062
Net income (loss) per common share:				
Basic	$ .03			$ .03
Diluted	$ .03			$ .03
Weighted average common shares outstanding:				
Basic	64,642,808			64,642,808
Diluted	65,405,262			65,405,262

See Notes to Unaudited Pro Forma Combined Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma adjustments relate to the Merger as if it had occurred as of September 30, 2006 for the unaudited pro forma combined balance sheet and as of January 1, 2005 for the unaudited pro forma combined statements of operations. The pro forma adjustments are based on preliminary estimates that may change as additional information is obtained.

(A) The purchase price paid for HOBE was as follows:

(in thousands)	
Cash consideration	$354,399
Transaction fees and expenses	2,747
Total purchase price	$357,146

The following represents the preliminary allocation of the purchase price to the acquired assets and assumed liabilities of HOBE and is based on September 30, 2006 balances for pro forma purposes only. These amounts differ from the preliminary allocation of purchase price based on the November 3, 2006 closing date balances.

(in thousands)	
Cash and cash equivalents	$ 20,930
Accounts receivable	18,494
Inventories	2,411
Prepaid expenses	8,056
Property, plant and equipment	99,810
Investments in nonconsolidated affiliates	21,545
Definite-live intangibles	498
Other assets	7,967
Goodwill	259,341
Current liabilities assumed	(68,787)
Non-current liabilities assumed	(9,822)
Minority interest liabilities assumed	(3,297)
Total purchase price	$357,146

Adjustment reflects the payoff of HOBE's long-term debt and redeemable preferred stock of $40.0 million and $47.1 million, respectively, in connection with the Merger, and the write off of the related net debt issuance costs of $0.9 million.

Adjustment reflects the elimination of $5.7 million of HOBE's construction in progress balance for projects that Live Nation will not be pursuing subsequent to the Merger.

Adjustment reflects the elimination of HOBE's deferred tax liability of $8.8 million.

Adjustment reflects the elimination of the historical stockholders' equity of HOBE.

(B) Adjustment reflects the $273 million of borrowings under Live Nation's senior secured credit facility in order to finance a portion of the acquisition of HOBE.

Adjustment reflects $2.9 million of debt issuance costs related to the term loan that will be amortized to interest expense over the life of the loan.

(C) Adjustment reflects the elimination of HOBE's minority interest liability and Live Nation's investment in nonconsolidated affiliate for a joint venture between the two companies. The difference between these two balances of $2.5 million was recorded to goodwill.

(D) Adjustment reflects the netting of HOBE's accumulated depreciation balances against the respective property, plant and equipment balances.

(E) Adjustment reflects an accrual of restructuring costs primarily related to severance which Live Nation expects to pay over the next several months. This restructuring will result in the actual termination of approximately 79 employees. This liability was recognized in accordance with EITF 95-3.

(F) Adjustments reflect interest expense on the term loan, revolving credit facility draw and amortization of debt issuance costs of \$21.6 million and \$16.1 million for the year ended December 31, 2005 and nine months ended September 30, 2006, respectively. Interest expense was estimated using the rate on November 3, 2006 applicable under Live Nation’s senior secured credit facility (2.75% above LIBOR for the term loan and 1.75% above LIBOR for borrowings under the revolving credit facility). Based on the borrowings in Note B, each 12.5 basis point increase or decrease in interest rates would increase or decrease interest expense by approximately \$0.3 million for the year ended December 31, 2005 and the nine months ended September 30, 2006.

(G) Adjustments reflect the elimination of HOBE’s minority interest expense and Live Nation’s long-term equity in earnings for a joint venture between the two companies.

(H) Adjustments reflect the elimination of interest expense and debt issuance cost amortization of \$5.1 million and \$4.3 million for the year ended December 31, 2005 and nine months ended September 30, 2006, respectively, associated with HOBE’s long-term debt and redeemable preferred stock balances which were paid off in connection with the Merger.

(I) Adjustment reflects interest expense with Clear Channel Communications for cash used in the Merger and not available to reduce the intercompany promissory note with Clear Channel Communications (“Clear Channel”). Prior to the Company’s separation from Clear Channel, the Company’s working capital requirements and capital for its general corporate purposes, including acquisitions and capital expenditures, were funded primarily through an intercompany promissory note with Clear Channel. The Company’s excess operating cash generated by its domestic operations was generally swept on a daily basis by Clear Channel, resulting in a reduction of the intercompany promissory note. Interest expense was estimated using a fixed per annum rate of 7%.

(J) Adjustments reflect the elimination of salary, bonus and benefit expense associated with the employees who were terminated as part of the restructuring plan that was implemented by Live Nation’s management team subsequent to the Merger (see discussion in Note E above).

(K) Adjustments reflect the effect of the Merger on the provision for income taxes based on Live Nation’s pro forma tax filing positions in the United States and Canada for the year ended December 31, 2005 and nine months ended September 30, 2006. Pro forma tax positions are such that current United States federal income tax expense is reduced to zero as a result of the elimination of alternative minimum tax; no incremental current tax expense is recognized from the net reductions in costs due to the application of net operating loss carry forwards in the United States and Canada. Deferred income tax expense is recorded ratably for the year ended December 31, 2005 and nine months ended September 30, 2006 based on the ratable amortization of the underlying temporary difference.

(L) Adjustment reflects the reduction of interest income for cash used in the Merger and not available for investment during the period. Interest income was estimated using an assumed interest rate of 4.75%.

(M) Adjustment reflects the elimination of \$0.9 million of merger transaction costs incurred by HOBE.