

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009,

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-32601

LIVE NATION ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

20-3247759
(I.R.S. Employer
Identification No.)

9348 Civic Center Drive
Beverly Hills, CA 90210
(Address of principal executive offices, including zip code)

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

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, \$.01 Par Value per Share; Preferred Stock Purchase Rights	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the Common Stock beneficially held by non-affiliates of the registrant was approximately \$341.8 million. (For purposes hereof, directors, executive officers and 10% or greater stockholders have been deemed affiliates).

On February 19, 2010, there were 171,676,593 outstanding shares of the registrant's common stock, \$0.01 par value per share, including 3,026,724 shares of unvested restricted stock awards and excluding 1,979,053 shares held in treasury.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders, expected to be filed within 120 days of our fiscal year end, are incorporated by reference into Part III. Portions of our Registration Statement on Form S-4 declared effective on November 6, 2009 are incorporated by reference into Item 1, Item 1A and Item 2.

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GLOSSARY OF KEY TERMS

ADA	Americans with Disabilities Act of 1990
AMG	Academy Music Holdings Limited Group
Anthill	Anthill Trading Ltd.
APB	Accounting Principles Board
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Updates
BIC	Broadway in Chicago, LLC
Brand New Live	Brand New Live B.V.
Clear Channel	Clear Channel Communications, Inc.
Codification	SFAS No. 168, <i>FASB Accounting Standards Codification</i> , issued by the FASB in June 2009
Company	Live Nation Entertainment, Inc.
CPI	Concert Productions International
CPI Companies	CPI and related companies and subsidiaries
DDA	United Kingdom's Disability Discrimination Act 1995
De-Lux	De-Lux Merchandise Company Limited
DF Concerts	DFC Holdings Limited
Dominion	Dominion Theatre Investments Limited
Etix	Intelli-Mark Technologies, Inc.
F&P Italia	Friends & Partners Italia S.r.l.
FASB	Financial Accounting Standards Board
FSP	FASB Staff Position
GAAP	United States Generally Accepted Accounting Principles
Get Live 2	Get Live 2 S.r.l.
HOB	HOB Entertainment, Inc.
HOB Canada	House of Blues Concerts Canada
KSC	KSC Consulting (Barbados) Inc.
Liberty Media	Liberty Media Corporation
Live Nation	Live Nation Entertainment, Inc., formerly known as Live Nation, Inc.
Luger	Lugerinc. AB
Mean Fiddler	Mean Fiddler Music Group, PLC
Merger	Merger between Live Nation, Inc. and Ticketmaster Entertainment, Inc. announced in February 2009 and consummated in January 2010
Merger Agreement	Agreement and Plan of Merger between Live Nation, Inc. and Ticketmaster Entertainment, Inc.
Mirage	Mirage Promotions FZ-LLC
MLK	Marek Lieberberg Konzertagentur
Moondog	Moondog Entertainment AB
Musictoday	Musictoday, LLC
OCI	Other comprehensive income (loss)
Parcolimpico	Parcolimpico S.r.l.
Phantom–Vegas	<i>Phantom: The Las Vegas Spectacular</i> at The Venetian Resort Hotel and Casino
SEC	United States Securities and Exchange Commission
Separation	The contribution and transfer by Clear Channel of substantially all of its entertainment assets and liabilities to Live Nation
SFAS	Statement of Financial Accounting Standards
Signatures	Signatures SNI, Inc.
Tecjet	Tecjet Limited
Ticketmaster	Ticketmaster Entertainment LLC, formerly known as Ticketmaster Entertainment, Inc.
U.K.	United Kingdom
U.S.	United States

PART I

“Live Nation” (which may be referred to as the “Company”, “we”, “us” or “our”) means Live Nation Entertainment, Inc. and its subsidiaries, or one of our segments or subsidiaries, as the context requires.

Special Note About Forward-Looking Statements

Certain statements contained in this Form 10-K (or otherwise made by us or on our behalf from time to time in other reports, filings with the SEC, news releases, conferences, internet postings or otherwise) that are not statements of historical fact constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, notwithstanding that such statements are not specifically identified. Forward-looking statements include, but are not limited to, statements about our financial position, business strategy, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition, the effects of future legislation or regulations, plans and objectives of our management for future operations and our merger with Ticketmaster. We have based our forward-looking statements on our beliefs and assumptions based on information available to us at the time the statements are made. Use of the words “may,” “should,” “continue,” “plan,” “potential,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “outlook,” “could,” “target,” “project,” “seek,” “predict,” or variations of such words and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those set forth under Item 1A.—Risk Factors as well as other factors described herein or in our annual, quarterly and other reports we file with the SEC (collectively, “cautionary statements”). Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described in any forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. We do not intend to update these forward-looking statements, except as required by applicable law.

ITEM 1. BUSINESS

Our Company

We believe that we are the largest producer of live music concerts in the world, based on total attendance at Live Nation events as compared to events of other promoters, producing nearly 22,000 concerts for 2,000 artists in 42 countries during 2009. In 2009, over 52 million fans attended Live Nation concerts and the Company drove over 70 million unique visitors to www.livenation.com and our other online properties. Globally, Live Nation owns, operates, has booking rights for and/or has an equity interest in 142 venues, including *House of Blues*® music venues and prestigious locations such as *The Fillmore* in San Francisco, the Hollywood Palladium, the Heineken Music Hall in Amsterdam and the O₂ Dublin.

On February 10, 2009, we entered into a merger agreement with Ticketmaster. The Merger closed on January 25, 2010 and, pursuant to the merger agreement, Ticketmaster became our wholly owned subsidiary. For more information about Ticketmaster, please see Item 1 of Ticketmaster’s Annual Report on Form 10-K for the year ended December 31, 2009, which Ticketmaster will file with the SEC, and the description under the heading “Information About Ticketmaster Entertainment’s Business” in our Registration Statement on Form S-4 declared effective on November 6, 2009, which we have filed with the SEC and is incorporated by reference into this Annual Report.

On February 1, 2010, LMC Events, LLC, a wholly owned subsidiary of Liberty Media, filed a Tender Offer Statement on Schedule TO, or the Schedule TO, with the SEC to purchase up to 34,200,000 shares of our common stock at a purchase price of \$12.00 net per share in cash, or the Tender Offer. For more information about the Tender Offer, please see the Schedule TO and our Solicitation/Recommendation Statement on Schedule 14D-9 filed with the SEC on February 12, 2010.

Our principal executive offices are located at 9348 Civic Center Drive, Beverly Hills, California 90210 (telephone: 310-867-7000). Our principal website is www.livenation.com. Live Nation is listed on the New York Stock Exchange, trading under the symbol “LYV”.

Our Strategy

Our strategy is to connect the artist to the fan. We believe that this focus will enable us to increase stockholder value by developing new ancillary revenue streams around the live music event and the artist themselves. We will continue to focus on our live music assets and we plan to expand our business through building a stronger connection with the fan through the live event and our online ticketing activities. We will seek to connect corporate sponsors with this fan through the live music experience. We will continue to execute on this strategy through pursuing the objectives listed below.

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- *Improve the Profitability of Our Existing Core Business.* We continue to focus on improving the profitability of our existing core live music operations by implementing strategies to increase ancillary sales per fan at all events and at all venues we operate in, as well as continually striving to reduce the marketing and operating costs of an event.
- *Extend Relationships with Artists and Sponsors.* Our goal is to develop deeper relationships with touring artists centered on the live music event. We are able to expand our relationship with the artist through longer-term and broader relationships by providing more services and partnering with the artist to grow their music properties. We believe that we can expand the business lines related to the live music event, such as the sale of tour merchandise and live concert DVDs or downloads, as well as providing other products and services to fans and artists both before and after the concert, including the development of artist fan clubs and websites. We also believe that we have an opportunity to expand our relationship with corporate sponsors by providing strategic programs that deliver more value to the sponsor through our unique relationship to the music fan and to the artist and by utilizing our distribution network of venues and our extensive online presence.
- *Expand Ticketing and Online Services.* Our goal is to have a direct relationship with the music fan through ticketing and to be the leading online live music destination website through www.livenation.com. Our website offers comprehensive information about live concerts, including shows that are not Live Nation promoted events, and access to tickets and artist merchandise. We seek to continue to drive the growth of our website by expanding our online offering to increase traffic and generating incremental revenue from additional ticket sales, merchandise sales, online advertising and other goods and services.
- *Increase Our Global Live Music Platform.* We plan to selectively expand our promoter presence to include the top music markets and population centers around the world. As of December 31, 2009, we operated in 19 countries. Our focus internationally is on increasing our promoter presence. We intend to expand our North American platform in key larger markets through ownership or operation of key venues and by growing our festival presence.
- *Divest Non-Core Assets.* We are focused on building our live music business and ancillary services in major music markets around the world. As a result, we expect, where it is economically justifiable, to continue to divest non-live music related assets and/or underperforming live music assets and use the net proceeds to re-invest in our core live music business, repay outstanding indebtedness or for general corporate purposes.

In order to achieve our objectives and successfully implement our strategies, we have made, and expect to continue to pursue, investments, acquisitions and divestitures that contribute to the above goals where the valuations, returns and growth potential are consistent with our long-term goal of increasing stockholder value.

Our Assets

We believe we have a unique portfolio of assets that is unmatched in the live music industry.

- *Fans.* During 2009, our events and venues were attended by over 52 million live music fans. Our database provides us with the means to efficiently market our shows to these fans as well as offer them other music-related products and services. This database is an invaluable asset that we are able to use to service our artists and corporate clients.
- *Artists.* We have extensive relationships with artists ranging from those acts that are just beginning their careers to superstars. In 2009, we promoted shows or tours for approximately 2,000 artists globally. We believe our artist relationships are a competitive advantage and will help us pursue our strategy to develop additional ancillary revenue streams around the live music event and the artists themselves.
- *Online Services and Ticketing.* Our primary online website, www.livenation.com, is designed to promote ticket sales for live events and to disseminate event and related merchandise information online. Through this site, we sell tickets to our owned and/or operated venues in North America currently using an established ticketing software system that we have licensed and operate on hardware we own.
- *Distribution Network.* We believe that our global distribution network of promoters, venues and festivals provides us with a strong position in the live music industry. We believe we have one of the largest global networks of music promoters in the world, with offices in 28 cities in North America and a total of 19 countries worldwide. In addition, we own, operate, have booking rights and/or have an equity interest in 142 venues located across seven countries as of the end of 2009, making us, we believe, the second largest operator of music venues in the world. We also believe that we produce one of the largest networks of music festivals in the world with almost 30 festivals globally.

- *Sponsors.* We employed a sales force of approximately 200 people that worked with over 800 sponsors during 2009, through a combination of local venue related deals and national deals, both in North America and internationally. Our sponsors include some of the most well-recognized national and global brands including O₂, Blackberry and Citi®.

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- *Employees.* At December 31, 2009, we employed approximately 4,300 full-time employees who are dedicated to providing first-class service to our artists, fans and corporate sponsors. Many of our employees have decades of experience in promoting and producing live concerts, as well as operating live music venues.

Our History

We were formed through acquisitions of various entertainment businesses and assets by our predecessors. In August 2005, we were incorporated in our current form as a Delaware corporation to own substantially all of the entertainment business of Clear Channel. In December 2005, the separation of the business previously conducted by Clear Channel's live entertainment segment and sports representation business, and the distribution by Clear Channel of all of our common stock to its stockholders, was completed in a tax-free spin-off. Following our separation from Clear Channel, we became a separate publicly traded company on the New York Stock Exchange trading under the symbol "LYV". As of January 25, 2010, in connection with our merger with Ticketmaster, we changed our name from Live Nation, Inc. to Live Nation Entertainment, Inc.

Our Industry

The live music industry includes concert promotion and/or production. According to *Pollstar*, North American gross concert revenue increased from \$3.9 billion in 2007 to \$4.6 billion in 2009, a compound annual growth rate of approximately 9%. Excluding the impact of acquisitions, in the 2007 to 2009 period, our North American Music and International Music revenue, comprised primarily of gross concert-related revenue, increased from \$3.6 billion to \$4.0 billion, a compound annual growth rate of 6%. We believe the industry growth was primarily due to increasing ticket prices for top-grossing acts and the desire of these acts, such as U2 and Madonna, to tour; however, our growth was impacted by a decline in the number of events and attendance in North American Music.

Typically, to initiate live music events or tours, booking agents directly contract with performers to represent them for defined periods. Booking agents then contact promoters, who will contract with them or directly with performers to arrange events. Booking agents generally receive fixed or percentage fees from performers for their services. Promoters earn revenue primarily from the sale of tickets. Performers are paid by the promoter under one of several different formulas, which may include fixed guarantees and/or a percentage of ticket sales or event profits. 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 reduce their losses. Promoters can also reduce the risk of losses by entering into global or national touring agreements with performers and including the right to offset lower performing shows against higher performing shows on the tour in the determination of overall artist fees.

For music tours, one to four months typically elapse between booking performers and the first performances. Promoters, in conjunction with performers, managers and booking agents, set ticket prices and advertise events. Promoters market events, sell tickets, rent or otherwise provide venues 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 revenue 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 concessionaire and percentages of total merchandise sales from the merchandisers.

Ticketing services include the sale of tickets primarily through online channels but also through phone, outlet and box office channels. Ticketing companies will contract with venues and/or promoters to sell tickets to events over a period of time, generally three to five years. The ticketing company does not set ticket prices or seating charts for events as this information is given to them by the venue and/or promoter in charge of the event. The ticketing company generally gets paid a fixed fee per ticket sold or a percentage of the total ticket service charges. Venues will often also sell tickets through a local box office at the venue using the ticketing company's technology; on these box office tickets, the ticketing company will generally not earn a fee. The ticketing company receives the cash for the ticket sales and related service charges at the time the ticket is sold and periodically remits these receipts to the venue and/or promoter after deducting their fee. As ticket purchases increase, related ticketing costs generally decrease.

Our Business

We operate in three reportable business segments: North American Music, International Music and Ticketing. Prior to 2009, the Company reported an Artist Nation segment, which is now allocated between the North American Music and International Music segments. Information related to these operating segments and other operations for 2009, 2008 and 2007 is included in Note 18—Segment Data in the Notes to Consolidated Financial Statements in Item 8.

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North American Music. Our North American Music segment principally involves the promotion of live music events in our owned and/or operated venues and in rented third-party venues and the operation and management of music venues primarily in the United States and Canada, as well as providing various services to artists. During 2009, our North American Music business generated approximately \$2.6 billion, or 61.4%, of our total revenue. We promoted approximately 9,500 North American live music events in 2009, including artists such as U2, Jonas Brothers and Nickelback. While our North American Music segment operates year-round, we experience higher revenue during the second and third quarters due to the seasonal nature of shows at our outdoor amphitheaters, which primarily occur May through September.

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 revenue 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 or event profits. For each event, we either use a venue we own and/or operate, or rent a third-party venue. Revenues are generally related to the number of events, volume of ticket sales and ticket prices. Event costs such as artist and production service expenses are included in direct operating expenses and are typically substantial in relation to the revenue. As a result, significant increases or decreases in promotion revenue do not typically result in comparable changes to operating income.

As a venue operator, we contract with promoters, including our own, to rent our venues for events and provide operational services such as concessions, merchandising, parking, security, ushering and ticket-taking. We generate revenue primarily from the sale of food and beverages, parking, premium seating, rental income, venue sponsorships and ticket rebates or service charges earned on tickets sold through phone, outlet and internet by third parties under our ticketing agreements or through our internal ticketing operations for events we promote at our venues. In our amphitheaters, the sale of food and beverages is outsourced and we receive a share of the net revenue from the concessionaire which is recorded in revenue with no significant direct operating expenses associated with it. Revenue generated from venue operations typically have a higher margin than promotion revenue and therefore typically have a more direct relationship to operating income.

We believe that we have a unique opportunity to connect the music fan to corporate sponsors and therefore seek to optimize this relationship through the development of strategic sponsorship programs. We continue to also pursue the sale of national and local sponsorships and placement of advertising, including signage and promotional programs. Many of our venues have venue naming rights 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 include companies such as Citi® and BlackBerry. 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.

International Music. Our International Music segment principally involves the promotion of live music events in our owned and/or operated venues and in rented third-party venues, the production of music festivals and the operation and management of music venues outside of North America. For 2009, our International Music business generated approximately \$1.5 billion, or 36.7%, of our total revenue. We promoted and/or produced nearly 4,400 live music events internationally in 2009, including artists such as U2, Madonna, AC/DC, Coldplay and Depeche Mode, as well as several large festivals in Europe, such as *Rock Werchter* in Belgium, *Lowlands* in the Netherlands, and *Reading* and *Leeds*, both in the United Kingdom. While our International Music segment operates year-round, we experience higher revenue during the second and third quarters due to the seasonal nature of our international festivals, which primarily occur June through August.

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 revenue 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 or event profits. For each event, we either use a venue we own and/or operate, or rent a third-party venue. Revenues are generally related to the number of events, volume of ticket sales and ticket prices. Event costs such as artist and production service expenses are included in direct operating expenses and are typically substantial in relation to the revenue. As a result, significant increases or decreases in promotion revenue do not typically result in comparable changes to operating income.

As a venue operator, we contract with promoters to rent our venues for events and provide operational services such as concessions, merchandising, security, ushering and ticket-taking. We generate revenue primarily from rental income, the sale of food and beverages, venue sponsorships and ticket rebates earned on tickets sold through phone, outlet and internet by third parties under our ticketing agreements for events we promote. Revenue generated from venue operations typically have a higher margin than promotion revenue and therefore typically have a more direct relationship to operating income.

Ticketing. Our Ticketing segment principally involves the management of our ticketing operations and online and wireless distribution activities, including the continued enhancement of our primary website, www.livenation.com, in addition to management of our information technology operations in North America. During 2009, our Ticketing business generated approximately \$74 million, or 1.8% of our total revenue. Through all of our ticketing services, we sold 12.6 million tickets in 2009 in North America, excluding 2.5 million tickets sold at our venue box offices. Our Ticketing segment sells tickets primarily for events at our owned and/or operated venues in North America.

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This segment derives the majority of its revenue from service charges earned on tickets sold through our internal ticketing operations and from sponsorships. During 2009, the tickets sold by this segment primarily represented those tickets at our owned and/or operated venues in North America. Ticketing pays our North American Music segment a ticket rebate equivalent to the amount that they would have received had the ticket been sold by an outside ticketing agency. The remainder of the service charge is retained by Ticketing.

Other. For 2009, our other businesses generated approximately \$5 million, or 0.1%, of our total revenue.

2009 Acquisitions

Brand New Live. In February 2009, we acquired a 51.0% interest in Brand New Live. Brand New Live is a concert promotion company in the Netherlands.

Pleasure PAAS Party and Pleasure Magazine. In February 2009, we acquired event and magazine assets in the Netherlands for the Pleasure PAAS Party, which is an indoor Latin/Salsa event, and the associated monthly Pleasure magazine.

Tecjet. In March 2009, we acquired a 77.5% interest in Tecjet. Tecjet was acquired by AMG which is owned through the Company's joint venture with Gaiety Investments. Tecjet holds the lease for a venue in Scotland. Our effective ownership percentage in Tecjet is 21.7%.

Parcolimpico. In November 2009, we acquired a 70% interest in Parcolimpico. Parcolimpico was acquired by Get Live 2, a newly formed joint venture in which we hold a 10% controlling interest. Parcolimpico manages venues and facilities in Turin, Italy. Our effective ownership percentage in Parcolimpico is 7%.

2009 Divestitures

Consistent with our strategy to focus on our core live music business, we continued to divest of certain assets during 2009.

Etix. In June 2009, we sold our 20% equity interest in Etix, a web-based ticketing service provider.

Boston venues. In September 2009, we sold the Boston Opera House, a non-core operational asset, along with rights under the Orpheum Theatre management agreement and a leasehold interest in Paradise Rock Club. All of these venues were located in Boston.

Dominion. In October 2009, we sold our 33% equity interest in Dominion, a U.K. theatrical company involved in venue operations.

United Kingdom theater business. In October 2009, we sold our remaining theatrical venues and operations in the United Kingdom including two theaters in London's West End, the Lyceum Theatre and the Apollo Victoria, and 14 regional theaters located throughout the United Kingdom.

MLK. In December 2009, we sold our 20% equity interest in MLK, a German music company involved in the promotion of live entertainment events.

Live Nation Venue Details

In the live entertainment industry, 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 December 31, 2009, we did not own or lease any stadiums, although we may rent them for certain 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 December 31, 2009, we owned eight, leased 29, operated six and had booking rights for eight amphitheaters located in North America.
- *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 that other similar-sized outdoor venues cannot, such as luxury suites and premium club memberships. As a result, we believe they

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have become increasingly popular for higher-priced concerts aimed at audiences willing to pay for these amenities. At December 31, 2009, we owned one, leased two, operated four and had booking rights for three arenas located in the United Kingdom, Ireland, The Netherlands and North America.

- *Music Theaters*—Music theaters are indoor venues that are built primarily for music events. These venues typically have a capacity between 1,000 and 6,500. Because these venues have a smaller capacity than an amphitheater, they do not offer as much economic upside on a per show basis. However, because music theaters can be used year-round, unlike most amphitheaters, they can generate annual profits similar to those of an amphitheater. Music theaters represent less risk to concert promoters because they have lower fixed costs associated with hosting a concert and may provide a more appropriately-sized venue for developing artists and more artists in general. At December 31, 2009, we owned seven, leased 26, operated two, had booking rights for ten and an equity interest in one music theater located in North America, the United Kingdom and Sweden.
- *Clubs*—Clubs are indoor venues that are built primarily for music events but may also include comedy clubs. These venues typically have a capacity of less than 1,000 and often without full fixed seating. Because of their small size, they do not offer as much economic upside, but they also represent less 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. Clubs can also be used year-round and can therefore generate higher profits for the year, even though per show profits are lower. At December 31, 2009, we owned three, leased seven and had booking rights for eight clubs in North America and the United Kingdom.
- *House of Blues*—House of Blues venues are indoor venues that offer customers an integrated live music and dining experience. The live music halls are specially designed to provide optimum acoustics and typically can accommodate between 1,000 to 2,000 guests. A full-service restaurant and bar is located adjacent to the live music hall. We believe that the high quality of the food, service and atmosphere in our restaurants attracts customers to these venues independently from an entertainment event, and generates a significant amount of repeat business from local customers. At December 31, 2009, we owned two and leased ten House of Blues venues located in North America. One of the House of Blues venues is comprised of two buildings where we own one and lease the other. We have included this venue as an owned venue.
- *Festival Sites*—Festival sites are outdoor locations used primarily in the summer season to stage day-long or multi-day concert events featuring several performers. Depending on the location, festival site capacities can range from 10,000 to 120,000. We believe they are popular because of the value provided to the fan by packaging several performers for a full-day or multi-day event. While festival sites only host a few events each year, they can provide higher operating income because they have lower costs associated with producing the event and maintaining the site. At December 31, 2009, we owned four festival sites located in North America and the United Kingdom.
- *Theatrical Theaters*—Theatrical theaters are generally indoor venues that are built specifically for theatrical events, with substantial aesthetic and acoustic consideration. These venues typically have less than 5,000 seats. Additionally, given their size, they are able to host events aimed at niche audiences. At December 31, 2009, we leased one theatrical theater located in North America.

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Music Venues

At December 31, 2009, we owned, operated, had booking rights for and/or had an equity interest in the following domestic and international venues primarily used for music events:

<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
NEW YORK, NY				
	1			
PNC Bank Arts Center		Amphitheater	22-year lease that expires December 31, 2017	17,500
Nikon at Jones Beach Theater		Amphitheater	20-year license agreement that expires December 31, 2019	14,400
Theatre at Westbury		Music Theater	43-year lease that expires December 31, 2034	2,800
Asbury Park Convention Hall		Music Theater	Booking agreement	3,600
The Paramount Theatre		Music Theater	Booking agreement	1,500
The Fillmore New York at Irving Plaza		Club	10-year lease that expires October 31, 2016	1,000
The Gramercy Theatre		Club	10-year lease that expires December 31, 2016	600
Roseland Ballroom		Club	Booking agreement	3,700
The Stone Pony		Club	Booking agreement	600
LOS ANGELES, CA				
	2			
San Manuel Amphitheater		Amphitheater	25-year lease that expires June 30, 2018	65,000
Verizon Wireless Amphitheater		Amphitheater	20-year lease that expires February 28, 2017	16,300
Gibson Amphitheatre at Universal Citywalk		Music Theater	15-year lease that expires September 9, 2014	6,200
Hollywood Palladium		Music Theater	20-year lease that expires January 31, 2027	4,000
The Wiltern		Music Theater	15-year lease that expires June 30, 2020	2,300
Avalon-Hollywood		Club	Booking agreement	1,400
The Roxy Theatre		Club	Booking agreement	500
House of Blues—Sunset Strip		House of Blues	10-year lease that expires May 10, 2012	1,000
House of Blues—Anaheim		House of Blues	10-year lease that expires January 8, 2011	1,000
CHICAGO, IL				
	3			
First Midwest Bank Amphitheatre		Amphitheater	Owned	28,600
Charter One Pavilion at Northerly Island		Amphitheater	6-year lease that expires December 31, 2010	8,500
House of Blues—Chicago		House of Blues	Owned	1,300
PHILADELPHIA, PA				
	4			
Susquehanna Bank Center		Amphitheater	31-year lease that expires September 29, 2025	25,000
Tower Theater		Music Theater	Owned	3,100
Theatre of the Living Arts		Club	Owned	800
Electric Factory		Club	Booking agreement	2,300
DALLAS—FORT WORTH, TX				
	5			
Superpages.com Center		Amphitheater	30-year lease that expires December 31, 2018	20,100
House of Blues—Dallas		House of Blues	15-year lease that expires April 30, 2022	1,600

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<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
SAN FRANCISCO— OAKLAND—SAN JOSE, CA	6			
Shoreline Amphitheatre at Mountain View		Amphitheater	15-year lease that expires December 31, 2020	22,000
Sleep Train Pavilion at Concord		Amphitheater	4-year management agreement that expires December 31, 2010	12,500
Mountain Winery		Amphitheater	Booking agreement	1,800
The Fillmore		Music Theater	15-year lease that expires August 31, 2012	1,200
Montalvo Arts Center		Music Theater	Booking agreement	1,300
Villa Montalvo—Front Lawn		Music Theater	Booking agreement	2,000
Nob Hill Masonic Auditorium		Music Theater	10-year lease that expires June 30, 2019	3,300
Punch Line Comedy Club—San Francisco		Club	5-year lease that expires September 15, 2011	500
Cobb's Comedy Club		Club	10-year lease that expires October 31, 2015	200
BOSTON, MA	7			
Comcast Theatre		Amphitheater	Owned	19,900
Bank of America Pavilion		Amphitheater	Indefinite license agreement that expires 18 months after notification that pier is to be occupied for water dependent use	4,900
House of Blues—Boston		House of Blues	20-year lease that expires February 28, 2029	2,400
ATLANTA, GA	8			
Aaron's Amphitheatre at Lakewood		Amphitheater	35-year lease that expires December 31, 2034	19,000
Chastain Park Amphitheatre		Amphitheater	10-year lease that expires December 31, 2010	6,400
The Tabernacle		Music Theater	20-year lease that expires January 31, 2018	2,500
WASHINGTON, DC	9			
Jiffy Lube Live		Amphitheater	Owned	22,500
Warner Theatre		Music Theater	10-year lease that expires September 30, 2012	1,900
HOUSTON, TX	10			
Cynthia Woods Mitchell Pavilion		Amphitheater	Booking agreement	16,500
The Showgrounds at Sam Houston Race Park		Amphitheater	Booking agreement	9,000
Verizon Wireless Theater		Music Theater	15-year lease that expires December 31, 2012	2,900
House of Blues—Houston		House of Blues	10-year lease that expires October 31, 2018	1,500
DETROIT, MI	11			
The Fillmore Detroit		Music Theater	15-year lease that expires January 31, 2018	2,900
Saint Andrews Hall		Club	Owned	800
PHOENIX, AZ	12			
Cricket Wireless Pavilion		Amphitheater	60-year lease that expires June 30, 2049	20,000
Dodge Theatre		Music Theater	10-year lease that expires December 31, 2016	5,500

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<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
SEATTLE —TACOMA, WA	13			
White River Amphitheatre		Amphitheater	25-year management agreement that expires October 31, 2027	20,000
Maryhill Winery		Music Theater	Booking agreement	4,000
TAMPA—ST PETERSBURG— SARASOTA, FL	14			
Ford Amphitheatre at the Florida State Fairgrounds		Amphitheater	15-year lease that expires December 31, 2018	20,000
DENVER, CO	16			
Comfort Dental Amphitheatre		Amphitheater	20-year lease that expires December 31, 2012	16,800
The Fillmore Auditorium		Music Theater	Owned	3,600
MIAMI—FT LAUDERDALE, FL	17			
Bayfront Park Amphitheater		Amphitheater	10-year management agreement that expires December 31, 2018	5,000
Pompano Beach Amphitheater		Amphitheater	6-year management agreement that expires November 25, 2015	3,300
The Fillmore Miami Beach at the Jackie Gleason Theater		Music Theater	10-year management agreement that expires August 31, 2017	2,700
Revolution Live		Club	Booking agreement	1,300
CLEVELAND—AKRON, OH	18			
Blossom Music Center		Amphitheater	15-year lease that expires October 31, 2014	19,600
Time Warner Cable Amphitheater at Tower City		Amphitheater	6-year lease that expires April 30, 2011	5,500
House of Blues—Cleveland		House of Blues	20-year lease that expires October 31, 2024	1,200
ORLANDO—DAYTON BEACH— MELBOURNE, FL	19			
House of Blues—Orlando		House of Blues	15-year lease that expires September 1, 2012	2,100
SACRAMENTO—STOCKTON—MODESTA, CA	20			
Sleep Train Amphitheatre		Amphitheater	Owned	18,500
Punch Line Comedy Club—Sacramento		Club	5-year lease that expires December 31, 2010	100
ST. LOUIS, MO	21			
Verizon Wireless Amphitheater— St. Louis		Amphitheater	Owned	21,000
The Pageant		Music Theater	50% equity interest	2,300
PITTSBURGH, PA	23			
First Niagara Pavilion		Amphitheater	45-year lease that expires December 31, 2035	23,100
CHARLOTTE, NC	24			
Verizon Wireless Amphitheatre Charlotte		Amphitheater	Owned	18,800
Uptown Amphitheatre at The Music Factory		Amphitheater	10-year lease that expires June 12, 2019	5,000
The Fillmore Charlotte		Music Theater	10-year lease that expires June 12, 2019	2,000

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<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
INDIANAPOLIS, IN	25			
Verizon Wireless Music Center Indianapolis		Amphitheater	Owned	24,400
The Lawn at White River State Park		Amphitheater	Booking agreement	6,000
The Murat Centre		Music Theater	50-year lease that expires September 4, 2045	2,500
RALEIGH—DURHAM, NC	26			
Time Warner Cable Music Pavilion at Walnut Creek		Amphitheater	40-year lease that expires October 31, 2030	20,000
SAN DIEGO, CA	28			
Cricket Wireless Amphitheatre		Amphitheater	20-year lease that expires October 31, 2023	19,500
SDSU Open Air Theatre		Amphitheater	Booking agreement	4,800
Viejas Arena		Arena	Booking agreement	12,500
House of Blues—San Diego		House of Blues	15-year lease that expires May 31, 2020	1,100
HARTFORD—NEW HAVEN, CT	30			
Comcast Theatre		Amphitheater	40-year lease that expires September 13, 2034	24,200
Mohegan Sun Arena		Arena	Booking agreement	9,000
Toyota Presents Oakdale		Music Theater	Owned	4,600
KANSAS CITY, MO	32			
Starlight Theatre		Music Theater	Booking agreement	8,100
CINCINNATI, OH	33			
Riverbend Music Center		Amphitheater	Booking agreement	20,500
PNC Pavilion		Amphitheater	Booking agreement	4,000
Taft Theatre		Music Theater	5-year lease that expires July 31, 2010	2,500
Bogarts		Club	10-year lease that expires September 30, 2012	1,500
COLUMBUS, OH	34			
Germain Amphitheater		Amphitheater	Currently not in operation	20,000
MILWAUKEE, WI	35			
Alpine Valley Music Theatre		Amphitheater	21-year management agreement that expires December 31, 2019	35,300
Marcus Amphitheater		Amphitheater	Booking agreement	23,000
SAN ANTONIO, TX	37			
Selma Amphitheater		Amphitheater	Currently not in operation	19,300
WEST PALM BEACH— FORT PIERCE, FL	38			
Centre for the Arts at Mizner Park Amphitheater		Amphitheater	5-year lease that expires June 30, 2014	4,500
Cruzan Amphitheatre		Amphitheater	10-year lease that expires December 31, 2015	19,300
BIRMINGHAM, AL	40			
Verizon Wireless Music Center— Birmingham		Amphitheater	Owned	10,600
LAS VEGAS, NV	42			
Pearl Concert Theater at Palms Casino Resort		Music Theater	Booking agreement	2,500
House of Blues—Las Vegas		House of Blues	15-year lease that expires March 1, 2014	1,800

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<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
NORFOLK—PORTSMOUTH— NEWPORT NEWS, VA	43			
Virginia Beach Amphitheater		Amphitheater	30-year lease that expires December 31, 2026	20,000
ALBUQUERQUE— SANTA FE, NM	44			
The Pavilion		Amphitheater	20-year lease that expires April 16, 2021	12,000
Sandia Casino Amphitheater		Music Theater	Booking agreement	4,200
LOUISVILLE, KY	49			
The Louisville Palace		Music Theater	Owned	2,700
NEW ORLEANS, LA	51			
House of Blues—New Orleans		House of Blues	One building owned and one building under 35-year lease that expires October 31, 2027	1,000
BUFFALO, NY	52			
Darien Lake Performing Arts Center		Amphitheater	25-year lease that expires October 15, 2020	21,800
Seneca Niagara Casino		Music Theater	Booking agreement	2,100
Seneca Events Center		Music Theater	Booking agreement	1,700
WILKES BARRE—SCRANTON, PA	54			
Toyota Pavilion at Montage Mountain		Amphitheater	10-year lease that expires December 31, 2011	17,500
ALBANY—SCHENECTADY— TROY, NY	57			
Saratoga Performing Arts Center		Amphitheater	10-year lease agreement that expired September 7, 2009 (currently negotiating new terms)	25,200
FLORENCE—MYRTLE BEACH, SC	104			
House of Blues—Myrtle Beach		House of Blues	27-year lease that expires May 31, 2025	2,000
YAKIMA—PASCO—RICHLAND— KENNEWICK, WA	126			
The Gorge Amphitheatre		Amphitheater	20-year lease that expires October 31, 2023	20,000
WHEELING, WV—STEUBENVILLE, OH	159			
Jamboree in the Hills		Festival Site	Owned	N/A
TORONTO, CANADA	N/A			
Molson Amphitheatre		Amphitheater	35-year lease that expires December 31, 2010	16,000
The Government-Kool Haus		Club	Booking agreement	2,400
The Drink at the Government		Club	Booking agreement	1,200
VANCOUVER, CANADA	N/A			
General Motors Place		Arena	Booking agreement	13,000
Commodore Ballroom		Club	15-year lease that expires July 31, 2014	1,100
BIRMINGHAM, ENGLAND	N/A			
O ₂ Academy Birmingham		Music Theater	27-year lease that expires September 25, 2034	3,000

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<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
BOURNEMOUTH, ENGLAND	N/A			
O ₂ Academy Bournemouth		Music Theater	35-year lease that expires July 16, 2034	1,800
BRIGHTON, ENGLAND	N/A			
O ₂ Academy Brighton		Music Theater	Currently not in operation	2,500
BRISTOL, ENGLAND	N/A			
O ₂ Academy Bristol		Music Theater	25-year lease that expires December 25, 2023	1,900
LEEDS, ENGLAND	NA			
O ₂ Academy Leeds		Music Theater	25-year lease that expires June 23, 2026	2,300
Leeds Festival Site		Festival Site	Owned	N/A
LIVERPOOL, ENGLAND	NA			
O ₂ Academy Liverpool		Music Theater	34-year lease that expires January 22, 2037	1,200
LONDON, ENGLAND	NA			
Wembley Arena		Arena	15-year management agreement that expires March 31, 2021	12,800
O ₂ Academy Brixton		Music Theater	98-year lease that expires December 24, 2024	4,900
O ₂ Academy Shepherds Bush Empire		Music Theater	Owned	2,000
O ₂ Academy Islington		Music Theater	25-year lease that expires June 20, 2028	800
MANCHESTER, ENGLAND	NA			
Manchester Apollo		Music Theater	Owned	3,500
NEWCASTLE, ENGLAND	NA			
O ₂ Academy Newcastle		Music Theater	99-year lease that expires March 24, 2021	2,000
NOTTINGHAM, ENGLAND	NA			
Media		Club	Currently not in operation	1,400
OXFORD, ENGLAND	NA			
O ₂ Academy Oxford		Music Theater	25-year lease that expires October 30, 2031	1,000
READING, ENGLAND	NA			
Little John's Farm		Festival Site	Owned	N/A
SHEFFIELD, ENGLAND	NA			
Sheffield Hallam FM Arena		Arena	18-year management agreement that expires March 31, 2011	11,300
O ₂ Academy Sheffield		Music Theater	35-year lease that expires January 9, 2043	2,400
SOUTHAMPTON, ENGLAND	NA			
Southampton Guildhall		Music Theater	25-year management agreement that expires February 10, 2028	1,800
AMSTERDAM, THE NETHERLANDS	NA			
Heineken Music Hall		Arena	20-year lease that expires December 31, 2027	5,500

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<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
GLASGOW, SCOTLAND	NA			
O ₂ Academy Glasgow		Music Theater	Owned	2,500
O ₂ ABC Glasgow		Music Theater	40-year lease that expires August 24, 2039	1,600
King Tuts Wah Wah Hut		Club	Owned	300
Universe		Club	Currently not in operation	200
Balado Airfield (<i>T in the Park</i>)		Festival Site	Owned	N/A
CARDIFF, WALES	NA			
Cardiff International Arena		Arena	137-year lease that expires December 31, 2131	6,700
DUBLIN, IRELAND	NA			
The O ₂ Dublin		Arena	Owned	13,000
TURIN, ITALY	NA			
Palasport Olimpico		Arena	30-year management agreement that expires November 25, 2039	12,500
Palavela		Arena	30-year management agreement that expires November 25, 2039	8,300
STOCKHOLM, SWEDEN	NA			
Cirkus		Music Theater	10-year lease that expires March 31, 2019	3,000

(1) DMA® region refers to a United States designated market area as of January 1, 2010. At that date, there were 210 DMA®s. DMA® is a registered trademark of Nielsen Media Research, Inc.

Theater Venues

At December 31, 2009, we owned, operated, had booking rights for and/or had an equity interest in the following domestic and international venues primarily used for theatrical events:

<u>Market and Venue</u>	<u>DMA® Region Rank (1)</u>	<u>Type of Venue</u>	<u>Live Nation's Interest</u>	<u>Estimated Seating Capacity</u>
NEW YORK, NY	1			
Hilton Theatre		Theatrical Theater	40-year lease that expires December 31, 2038	1,800
PHILADELPHIA, PA	4			
Chestnut Street Theatre		Theatrical Theater	Currently not in operation	2,400

(1) DMA® region refers to a United States designated market area as of January 1, 2010. At that date, there were 210 DMA®s. DMA® is a registered trademark of Nielsen Media Research, Inc.

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The following table summarizes the number of venues by type that we owned, operated, had booking rights for and/or had an equity interest in as of December 31, 2009.

<u>Venue Type</u>	<u>Capacity</u>	<u>Owned</u>	<u>Leased</u>	<u>Operated</u>	<u>Booking Rights</u>	<u>Equity Interest</u>	<u>Total</u>
Music Venues:							
Amphitheater	5,000 - 30,000	8	29	6	8	—	51
Arena	5,000 - 20,000	1	2	4	3	—	10
Music Theater	1,000 - 6,500	7	26	2	10	1	46
Club	Less than 1,000	3	7	—	8	—	18
House of Blues	1,000 - 2,000	2	10	—	—	—	12
Festival Site	N/A	4	—	—	—	—	4
Total music venues		25	74	12	29	1	141
Theatrical Venues:							
Theatrical Theater	Less than 5,000	—	1	—	—	—	1
Total venues		25	75	12	29	1	142
Venues not currently in operation		3	3	—	—	—	6

Competition

Competition in the live music and ticketing industries is intense. We believe that we compete primarily on the basis of our ability to deliver quality music products, sell tickets and provide enhanced fan and artist experiences. We believe that our primary strengths include:

- the quality of service delivered to our artists, fans and corporate sponsors;
- our track record in promoting and producing live music events and tours both domestically and internationally;
- artist relationships;
- ticketing services;
- distribution platform (venues);
- the scope and effectiveness in our expertise of marketing and sponsorship programs; and
- our financial stability.

Although we believe that our 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, especially those with significantly greater brand recognition, financial, marketing, service, support, technical and other resources.

In the markets in which we promote music concerts, we face competition from promoters and venue operators. 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.

Our main competitors in the live music industry include Anschutz Entertainment Group, C3 Presents, MSG Entertainment, Jam Productions and Palace Sports & Entertainment, in addition to numerous smaller regional companies and various casinos in North America and Europe. Anschutz Entertainment Group operates under a number of different names including AEG Live, Concerts West and The Messina Group. Some of our competitors in the live music industry have a stronger presence in certain markets, have access to other sports and entertainment venues, and have greater financial resources, which may enable them to gain a greater competitive advantage in relation to us.

In markets where we own and/or operate a venue, we compete with other venues to serve artists likely to perform in that general region. Consequently, touring artists have significant alternatives to our venues in scheduling tours. Our main competitors in venue management include SMG and Anschutz Entertainment Group, in addition to numerous smaller regional companies and various casinos in North America and Europe. Some of our competitors in venue management have a greater number of venues in certain markets as well as greater financial resources in those markets.

Our main competitors at the local market level for sponsorships consist of local sports teams, which often offer state of the art venues and strong local media packages. Additionally, our competitors locally can include festivals, theme parks and other local events. On the national level, our competitors include the major sports leagues that all sell sponsorships combined with significant national media packages.

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The ticketing services industry includes the sale of tickets primarily through online channels but also through phone, outlet and box office channels. As online ticket purchases increase, related ticketing costs generally decrease, which has made it easier for technology-based companies to offer primary ticketing services and standalone, automated ticketing systems that enable venues to perform their own ticketing services or utilize self-ticketing systems. In the online environment, we compete with other websites, online event sites and ticketing companies to provide event information, sell tickets and provide other online services such as fan clubs and artist websites.

We experience competition from other national, regional and local primary ticketing service providers to secure new venues and to reach fans for events. The advent of online commerce has also contributed to the growth of resale ticketing services and the consolidation of the resale industry, which historically had been more fragmented and consisted of a significant number of local resellers with limited inventory selling through traditional storefronts. The internet has allowed fans and other ticket resellers to reach a vastly larger audience through the aggregation of inventory on online resale websites and marketplaces, and has provided consumers with more convenient access to tickets for a larger number and greater variety of events. We also face significant and increasing competition from companies that sell self-ticketing systems, as well as from venues that choose to integrate self-ticketing systems into their existing operations or acquire primary ticketing service providers. Our main competitors for online event sites include Tickets.com, as well as secondary ticketing companies such as Stubhub.

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, permitting and zoning, including noise ordinances;
- 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 ADA and the United Kingdom's Disability Discrimination Act 1995;
- sales and other taxes and withholding of taxes;
- privacy laws and protection of personally identifiable information;
- historic landmark rules; and
- environmental protection.

We believe that our venues are in material compliance with these laws. The regulations relating to our food 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, 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 customer. Although we generally hire outside vendors to provide these services at our larger operated venues and regularly sponsor training programs designed to minimize the likelihood of such a situation, we cannot guarantee that intoxicated or minor customers will not be served or that liability for their acts will not be imposed on us.

We are also required to comply with the ADA, the DDA and certain state statutes and local ordinances that, among other things, require that places of public accommodation, including both existing and newly constructed venues, be accessible to customers with disabilities. The ADA and DDA require that venues be constructed to permit persons with disabilities full use of a live entertainment venue. The ADA and DDA may also require that certain modifications be made to existing venues in order to make them accessible to customers and employees who are disabled. In order to comply with the ADA, DDA and other similar ordinances, we may face substantial capital expenditures in the future.

We are required to comply with federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction.

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From time to time, 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 music 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.

Intellectual Property

We create, own and distribute intellectual property worldwide. It is our practice to protect our trademarks, brands, copyrights, patents and other original and acquired works, ancillary goods and services. Our trademarks include, among others, the word marks "Live Nation," "House of Blues" and "The Fillmore," as well as the Live Nation, House of Blues, and The Fillmore logos. We have registered our most significant trademarks in many foreign countries. We believe that our trademarks and other proprietary rights have significant value and are important to our brand-building efforts and the marketing of our services. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights.

Employees

As of December 31, 2009, we had approximately 4,300 full-time employees, including 3,200 domestic and 1,100 international employees, of which approximately 4,200 were employed in our operations departments and approximately 100 were employed in our corporate area.

Our staffing needs vary significantly throughout the year. Therefore, we also employ part-time and/or seasonal employees. As of December 31, 2009, we employed approximately 4,700 seasonal and/or part-time employees and during peak seasonal periods, particularly in the summer months, we employed as many as 13,000 seasonal employees in 2009. The stagehands at some of our venues and other employees 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 renegotiate 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. In addition, our business operations at one or more of our facilities may also be interrupted as a result of labor disputes by outside unions attempting to unionize a venue even though we do not have unionized labor at that venue currently. A work stoppage at one or more of our owned and/or operated venues or at our promoted events could have a material adverse effect on our business, results of operations and financial condition. We cannot predict the effect that a potential work stoppage will have on our expenses.

Executive Officers

Set forth below are the names, ages and current positions of our executive officers and other significant employees as of February 19, 2010.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Michael Rapino	44	President and Chief Executive Officer and Director
Irving Azoff	62	Executive Chairman and Director
Brian Capo	43	Chief Accounting Officer
Arthur Fogel	56	Chief Executive Officer—Global Touring and Chairman—Global Music
Jason Garner	37	Chief Executive Officer—Global Music
John Hopmans	51	Executive Vice President—Mergers and Acquisitions and Strategic Finance
Nathan Hubbard	34	Chief Executive Officer—Ticketing
Thomas Johansson	61	Chairman—International Music
Alan Ridgeway	43	Chief Executive Officer—International Music
Michael Rowles	44	General Counsel and Secretary
Kathy Willard	43	Chief Financial Officer

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Michael Rapino is our President and Chief Executive Officer and has served in this capacity since August 2005. He has also served on our board of directors since December 2005. From August 2004 to August 2005, Mr. Rapino was Chief Executive Officer and President of our predecessor's Global Music division.

Irving Azoff is our Executive Chairman along with serving on our board of directors and has served in these capacities since January 2010. From October 2008 to January 2010, Mr. Azoff was Chief Executive Officer of Ticketmaster. He also served on Ticketmaster's board of directors since January 2009. Mr. Azoff has served as Chief Executive Officer of Front Line since its inception in January 2005.

Brian Capo is our Chief Accounting Officer and has served in this capacity since December 2007. Prior to that, Mr. Capo served as a Senior Finance Director at BMC Software, Inc. from November 2005 to November 2007. From August 2004 to October 2005, he served as a Finance Director at Waste Management, Inc.

Arthur Fogel is the Chief Executive Officer of our Global Touring division and Chairman of our Global Music group and has served in this capacity since 2005. Previously, Mr. Fogel served as President of our Music Touring division since 1999.

Jason Garner is the Chief Executive Officer of our Global Music group and has served in this capacity since September 2008. Prior to that, Mr. Garner held various positions within our North American Music division including President and Chief Executive Officer.

John Hopmans is our Executive Vice President of Mergers and Acquisitions and Strategic Finance and has served in this capacity since April 2008. Previously, Mr. Hopmans served in several capacities at Scotia Capital including Managing Director, Industry Head, Private Equity Sponsor Coverage and as Managing Director, Industry Head, Diversified Industries since joining them in 1991.

Nathan Hubbard is the Chief Executive Officer of our Ticketing division and has served in this capacity since June 2008. From January 2008 to May 2008, Mr. Hubbard served as President of the Ticketing division. Prior to that, Mr. Hubbard was Chief Executive Officer of Musictoday.

Thomas Johansson is the Chairman of our International Music division and has served in this capacity since September 2004. Previously, Mr. Johansson served as the Chief Executive Officer of our subsidiary EMA Telstar Group, a company he founded in April 1969 and which our predecessor acquired in 1999.

Alan Ridgeway is the Chief Executive Officer of our International Music division and has served in this capacity since September 2007. From September 2005 to August 2007, Mr. Ridgeway was our Chief Financial Officer. Prior to that, Mr. Ridgeway served as President of our European Music division.

Michael Rowles is our General Counsel and has served in this capacity since March 2006 and as our Secretary since May 2007. Previously, Mr. Rowles served as General Counsel and Secretary of Entravision Communications Corporation since September 2000.

Kathy Willard is our Chief Financial Officer and has served in this capacity since September 2007. From September 2005 to August 2007, Ms. Willard was our Chief Accounting Officer. Prior to that, Ms. Willard served as Chief Financial Officer of our predecessor from December 2004 to September 2005.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings with the SEC are also available to the public through the SEC's website at www.sec.gov.

You can find more information about us at our internet website located at www.livenation.com. Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports are available free of charge on our internet website as soon as reasonably practicable after we electronically file such material with the SEC.

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ITEM 1A. RISK FACTORS

You should carefully consider each of the following risks and all of the other information set forth in this Annual Report. The following risks relate principally to our leverage, our convertible notes, our business, our common stock, our separation from Clear Channel and our merger with Ticketmaster. In addition to the following risks, you should consider other risks specific to Ticketmaster's business that will also affect our company. These risks are described in Item 1A of Ticketmaster's Annual Report on Form 10-K for the year ended December 31, 2009, which Ticketmaster will file with the SEC, and under the headings "Risks Related to the Combined Company if the Merger is Completed," "Risks Relating to the Ticketmaster Entertainment Spin-Off" and "Risks Relating to Ticketmaster Entertainment's Business (and, Following the Completion of the Merger, the Combined Company)" in our Registration Statement on Form S-4 declared effective on November 6, 2009, which we have filed with the SEC and is incorporated by reference into this Annual Report. These risks and uncertainties 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 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

We have a large amount of debt, redeemable preferred stock and lease obligations that could restrict our operations and impair our financial condition.

As of December 31, 2009, Live Nation's total indebtedness for borrowed money, including its redeemable preferred stock and excluding the debt discount on the convertible notes, was approximately \$832.9 million. Live Nation's available borrowing capacity under the revolving portion of its senior secured credit facility at that date was approximately \$141.4 million, with sub-limits up to \$235.0 million available for letters of credit. At December 31, 2009, outstanding letters of credit were approximately \$42.3 million. As of December 31, 2009, Ticketmaster's total indebtedness for borrowed money was approximately \$812.0 million. Ticketmaster's available borrowing capacity under the revolving portion of its senior secured credit facility at that date was approximately \$115.0 million, with sub-limits up to \$20.0 million available for letters of credit. At December 31, 2009, outstanding letters of credit were approximately \$1.0 million. We may incur substantial additional indebtedness in the future.

Our substantial indebtedness could have adverse consequences, including:

- making it more difficult for us to satisfy our obligations;
- increasing our vulnerability to adverse economic, regulatory and industry conditions;
- limiting our ability to obtain additional financing for future working capital, capital expenditures, mergers and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to fund payments on our debt, thereby reducing funds available for operations and other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- making us more vulnerable to increases in interest rates;
- placing us at a competitive disadvantage compared to our competitors that have less debt; and
- having a material adverse effect on us if we fail to comply with the covenants in the instruments governing our debt and redeemable preferred stock.

To service our debt, redeemable preferred stock and lease obligations and to fund potential acquisitions, artist advances and capital expenditures, we will require a significant amount of cash, which depends on many factors beyond our control.

As of December 31, 2009, approximately \$41.0 million of Live Nation's total indebtedness (excluding interest) is due in 2010, \$198.7 million is due in the aggregate for 2011 and 2012, \$579.9 million is due in the aggregate for 2013 and 2014 and \$13.3 million is due thereafter. See the table in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Firm Commitments. As of December 31, 2009, no portion of Ticketmaster's total indebtedness (excluding interest) is due in 2010, \$31.8 million is due in the aggregate for 2011 and 2012, \$493.2 million is due in the aggregate for 2013 and 2014 and \$287.0 million is due thereafter.

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Live Nation's redeemable preferred stock bears an annual dividend rate of 13%, or \$5.2 million annually, and is subject to financial and other covenants substantially similar to the covenants applicable to its senior secured credit facility. If Live Nation exceeds certain of these covenants, it will have to pay additional dividends. In addition, as of December 31, 2009, Live Nation had approximately \$1.4 billion in operating lease agreements, of which approximately \$81.9 million is due in 2010 and \$81.8 million is due in 2011. As of December 31, 2009, Ticketmaster had approximately \$99.0 million in operating lease agreements, of which approximately \$26.6 million is due in 2010 and \$19.2 million is due in 2011.

Our ability to service our debt, redeemable preferred stock and lease obligations and to fund potential acquisitions, artist advances and 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 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. We cannot predict the impact to our ability to access additional capital in light of the current uncertainty in the credit market. 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 on or before maturity. In addition, the terms of our existing debt, including our senior secured credit facility, other future debt and our redeemable preferred stock may limit our ability to pursue any of these alternatives.

These measures might also be unsuccessful or inadequate in permitting us to meet scheduled debt, redeemable preferred stock 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, redeemable preferred stock or lease obligations could cause us to default on those obligations. Any such defaults could materially harm our financial condition and liquidity.

The agreement governing our senior secured credit facilities, our redeemable preferred stock designations and certain of our other indebtedness impose restrictions on us that limit the discretion of management in operating our business and that, in turn, could impair our ability to meet our obligations under our debt.

The agreement governing our senior secured credit facilities, our redeemable preferred stock designations and certain of our other indebtedness include restrictive covenants that, among other things, restrict our ability to:

- incur additional debt or issue redeemable preferred stock;
- 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, our senior secured credit facilities and redeemable preferred stock designations include other 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 the governing documents, which would entitle the lenders to accelerate the indebtedness and declare all amounts owed due and payable. If we default under any of the covenants applicable to our redeemable preferred stock, the holders of our redeemable preferred stock may be entitled to elect a director of one of our subsidiaries, and we will have to pay additional dividends.

These covenants could materially and adversely affect our ability to finance our future operations or capital needs. Furthermore, they may restrict our ability to expand, to pursue our business strategies and otherwise to conduct our business. Our ability to comply with these covenants may be affected by circumstances and events beyond our control, such as prevailing economic conditions and changes in regulations, and we cannot assure you that we will be able to comply. A breach of these covenants could result in a default under our debt. If there were an event of default under our outstanding indebtedness and the obligations thereunder accelerated, our assets and cash flow might not be sufficient to repay our outstanding debt and we could be forced into bankruptcy.

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We will depend on the cash flows of our subsidiaries in order to satisfy our obligations.

We will rely on distributions and loans from our subsidiaries in order to meet our payment requirements under our obligations. If our subsidiaries are unable to pay dividends or otherwise make payments to us, we may not be able to make debt service payments on our obligations. We are a holding company and conduct substantially all of our operations through our subsidiaries. Our operating cash flows and consequently our ability to service our debt is therefore principally dependent upon our subsidiaries' earnings and their distributions of those earnings to us and may also be dependent upon loans or other payments of funds to us by those subsidiaries. Our subsidiaries are separate legal entities and may have no obligation, contingent or otherwise, to pay any amount due pursuant to our obligations or to make any funds available for that purpose. In addition, the ability of our subsidiaries to provide funds to us may be subject to restrictions under our senior secured credit facilities and the outstanding redeemable preferred stock of our subsidiary and may be subject to the terms of such subsidiaries' future indebtedness, as well as the availability of sufficient surplus funds under applicable law.

Any inability to fund the significant up-front cash requirements associated with our touring business could result in the loss of key tours.

In order to secure a tour, including global tours by major artists, we are often required to post a letter of credit or advance cash to the artist prior to the sale of any tickets for that tour. If we do not have sufficient cash on hand or capacity under our revolving credit facility to advance the necessary cash or post the required letter of credit, for any given tour we would not be able to promote that tour and our touring business would be negatively impacted.

Risks Relating to our 2.875% Convertible Senior Notes

We may not have the funds necessary to finance the repurchase of the notes or to pay the cash payable upon a conversion (if we make the net share settlement election), or we may otherwise be restricted from making such payments, which may increase note holders' credit risk.

In July 2007, we issued \$220 million of 2.875% convertible senior notes due 2027 in a private placement in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. On July 15, 2014, July 15, 2017 and July 15, 2022, or in the event of a fundamental change (as defined in the indenture governing the notes), holders may require us to repurchase their notes at a price of 100% of the principal amount of the notes, plus accrued and unpaid interest, including contingent interest and additional amounts, to the repurchase date. In addition, at any time on or prior to June 15, 2027, we may irrevocably elect net share settlement of the notes, and thereafter we will be required to make a cash payment of up to \$1,000 for each \$1,000 in principal amount of notes converted. However, it is possible that we will not have sufficient funds available at such time to make the required repurchase or settlement of converted notes. In addition, some of our existing financing agreements contain, and any future credit agreements or other agreements relating to our indebtedness could contain, provisions prohibiting the repurchase of the notes under certain circumstances, or could provide that a fundamental change constitutes an event of default under that agreement, restrict our ability to make cash payments upon conversion of the notes or restrict the ability of our subsidiaries to make funds available to us for that purpose. If any agreement governing our indebtedness prohibits or otherwise restricts us from repurchasing the notes or making the cash payment upon conversion when we become obligated to do so, we could seek the consent of the lenders to repurchase the notes or settle the conversion or attempt to refinance the other debt. If we do not obtain such consent or refinance the debt, we would not be permitted to repurchase the notes or settle the conversion without potentially causing a default under the other debt. Our failure to repurchase tendered notes or to pay any cash payable on a conversion would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

The additional shares of common stock payable on any notes converted in connection with specified corporate transactions may not adequately compensate holders of notes for any loss they may experience as a result of such specified corporate transactions.

If certain specified corporate transactions occur on or prior to July 15, 2014, we will under certain circumstances increase the conversion rate on notes converted in connection with the specified corporate transaction by a number of additional shares of common stock. The number of additional shares of common stock will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per share of our common stock in the specified corporate transaction. The additional shares of common stock issuable upon conversion of the notes in connection with a specified corporate transaction may not adequately compensate holders of notes for any loss they may experience as a result of such specified corporate transaction. Furthermore, holders of notes will not receive the additional consideration payable as a result of the increase in the conversion rate until the effective date of the specified corporate transaction or later, which could be a significant period of time after holders of notes have tendered their notes for conversion. If the specified corporate transaction occurs after July 15, 2014, or if the price paid per share of our common stock in the specified corporate transaction is less than the common stock price at the date of issuance of the notes or above a specified price, there will be no

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increase in the conversion rate. In addition, in certain circumstances upon a change of control arising from our acquisition by a public company, we may elect to adjust the conversion rate and, if we so elect, holders of notes will not be entitled to the increase in the conversion rate determined as described above.

The conditional conversion feature of the notes could result in holders of notes receiving less than the value of the common stock for which a note would otherwise be convertible.

Prior to July 15, 2027, the notes are convertible for shares of our common stock (or cash or a combination of cash and shares of our common stock) only if specified conditions are met. If the specific conditions for conversion are not met, holders of notes will not be able to convert their notes, and they may not be able to receive the value of the common stock or cash and common stock, as applicable, for which the notes would otherwise be convertible.

Upon conversion of the notes, holders of notes may receive less proceeds than expected because the value of our common stock may decline after the exercise of the conversion right.

If we elect to settle conversions other than solely in shares of common stock, including by making a net share settlement election, the conversion value that holders of notes will receive upon conversion of their notes are in part determined, subject to certain exceptions, by the average of the last reported sale prices of our common stock for the 20 trading days beginning on the second trading day immediately following the day the notes are tendered for conversion, or, if tendered within the 20 days leading up to the maturity date or a specified redemption date, beginning on the fifth day following the maturity date or the redemption date. Accordingly, if the price of our common stock decreases after holders of notes tender their notes for conversion, the conversion value they will receive may be adversely affected.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment only for certain specified events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, cash dividends and certain issuer tender or exchange offers. However, the conversion rate will not be adjusted for other events, such as an issuance of common stock for cash or acquisition, that may adversely affect the trading price of the notes or the common stock, or for a third-party tender offer. For example, the conversion rate was not adjusted as a result of our merger with Ticketmaster.

Risks Relating to Our Business

Our live music business is highly sensitive to public tastes and dependent on our ability to secure popular artists and other live music events, and we may be unable to anticipate or respond to changes in consumer preferences, which may result in decreased demand for our services.

Our ability to generate revenue from our music 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 music content, any unwillingness to tour or lack of availability of popular artists could limit our ability to generate revenue. In particular, there are a limited number of artists that can headline a major North American or global tour or who can sell out larger venues, including many of our amphitheaters. If those key artists do not continue to tour, or if we are unable to secure the rights to their future tours, then our business would be adversely affected.

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 revenue earned, as well as foregone revenue we could have earned at booked venues. We have cancellation insurance policies in place to cover a portion of our losses if a performer cancels a tour but it may not be sufficient and is subject to deductibles. 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.

Our operating results from continuing operations have been adversely affected by, among other things, event profitability and overhead costs. Live Nation incurred net losses of approximately \$126.0 million, \$333.5 million and \$62.3 million in 2009, 2008 and 2007, respectively. We may face reduced demand for our live music 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.

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Our operations are seasonal and our results of operations vary from quarter to quarter and year over year, so our financial performance in certain financial quarters or years may not be indicative of, or comparable to, our financial performance in subsequent financial quarters or years.

We believe our financial results and cash needs will vary greatly from quarter to quarter and year to year depending on, among other things, the timing of tours, 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 and year to year, our financial results for one quarter or year cannot necessarily be compared to another quarter or year and may not be indicative of our future financial performance in subsequent quarters or years. Typically, we experience our lowest financial performance in the first and fourth quarters of the calendar year as our outdoor venues are primarily used, and our festivals primarily occur, during May through September. In addition, the timing of tours of top grossing acts can impact comparability of quarterly results year over year and potentially annual results.

The following table sets forth Live Nation's operating income (loss) for the last eight fiscal quarters:

<u>Fiscal Quarter Ended</u>	<u>Operating income (loss)</u> <i>(in thousands)</i>
March 31, 2008	\$ (74,770)
June 30, 2008	\$ 26,531
September 30, 2008	\$ 74,377
December 31, 2008	\$ (323,431)
March 31, 2009	\$ (88,259)
June 30, 2009	\$ (8,135)
September 30, 2009	\$ 108,399
December 31, 2009	\$ (64,361)

We may be adversely affected by the current, or any future, 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 or reduction in the number of live music events may have an adverse effect on our revenue and operating income. In addition, during past economic slowdowns and recessions, 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 revenue. The risks associated with our businesses may become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in attendance at live music 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 which 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 seat sales, 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 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 current economic conditions, or by any further or future deterioration in economic conditions, thereby possibly impacting our operating results and growth.

Loss of our key promoters, management and other personnel could result in the loss of key tours and negatively impact our business.

The live music business is uniquely dependent upon personal relationships, as promoters and executives within the live music companies such as ours leverage their existing network of relationships with artists, agents and managers in order to secure the rights to the live music tours and events which are critical to our success. Due to the importance of those industry contacts to our business, the loss of any of our promoters, officers or other key personnel could adversely affect our operations. Although we have entered into long-term agreements with many of those individuals to protect our interests in those relationships, we can give no assurance that all or any of these key employees will remain with us or will retain their associations with key business contacts.

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Doing business in foreign countries creates risks not found in doing business in the United States.

Live Nation's international operations accounted for approximately 35% of its revenue in 2009. Ticketmaster's international operations accounted for approximately 27% of its revenue in 2009. 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;
- restrictions on the withdrawal of foreign investment and earnings;
- investment restrictions or requirements on businesses owned by foreigners;
- expropriations of property;
- potential instability of foreign governments;
- 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 significant current limitations on our ability to recognize foreign tax credits that would be associated with such repatriation. We could repatriate some of the cash generated by our international operations and use certain of our substantial net operating losses to offset associated tax liabilities. 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 revenue 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 year ended December 31, 2009, Live Nation's international operations accounted for approximately 35% of its revenue. 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, Live Nation experienced a foreign exchange rate net loss of \$39.9 million in 2009 which had a negative effect on its operating income and, in 2008 and 2007, Live Nation had net gains of \$0.2 million and \$3.5 million, respectively, which had a positive effect on its operating income. See Item 7A. Quantitative and Qualitative Disclosures about Market Risk. For the year ended December 31, 2009, Ticketmaster's international operations accounted for approximately 27% of its revenue. Although we cannot predict the future relationship between the United States Dollar and the currencies used by our international businesses, principally the British Pound, the Canadian Dollar and the Euro, Ticketmaster experienced foreign exchange rate net losses of \$7.2 million and \$2.2 million in 2009 and 2008, respectively, which had a negative effect on its operating income and, in 2007, Ticketmaster had a net gain of \$3.3 million which had a positive effect on its operating income.

We may enter into future acquisitions and long-term artist rights arrangements and take certain actions in connection with such transactions that could affect the price of our common stock.

As part of our growth strategy, we expect to review acquisition prospects that would offer growth opportunities. We also may enter into additional long-term arrangements with certain artists under which we would acquire the rights to certain music-related activities, including touring, merchandising, recording, online fan clubs, film/DVD and other rights, or a subset of these rights. In the event of future acquisitions or artist rights arrangements, we could:

- use a significant portion of our available cash;
- issue equity securities, which would dilute current stockholders' percentage ownership;
- incur substantial debt;
- incur or assume contingent liabilities, known or unknown;

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- incur amortization expenses related to intangibles; and
- incur large accounting write-offs.

Such actions by us could harm our results from operations and adversely affect the price of our common stock.

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. A significant portion of our growth has been attributable to acquisitions, including, among others, our acquisitions of HOB and an equity interest in AMG. We may be unable to identify other suitable targets for further acquisition or make further 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; 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, expenses to pursue the acquisition, 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 United States Department of Justice with respect to our domestic acquisitions, and the European Commission (the antitrust regulator of the European Union) and the United Kingdom Competition Commission 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 other jurisdictions 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, the credit agreement for the senior secured credit facility and the terms of our subsidiary's redeemable preferred stock restrict our ability to make acquisitions.

There is the risk of personal injuries and accidents in connection with our live music events, which could subject us to personal injury or other claims and increase our expenses, as well as reduce attendance at our live music events, causing a decrease in our revenue.

There are inherent risks involved with producing live music 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 music 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 revenue. We are currently subject to wrongful death claims, as well as other litigation. While we maintain insurance policies 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.

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The success of our ticketing operations depends, in part, on the integrity of our systems and infrastructures. System interruption and the lack of integration and redundancy in these systems and infrastructures may have an adverse impact on our business, financial condition and results of operations.

The success of our ticketing operations depends, in part, on our ability to maintain the integrity of our systems and infrastructures, including websites, information and related systems, call centers and distribution and fulfillment facilities. System interruption and the lack of integration and redundancy in the information systems and infrastructures of our ticketing operations may adversely affect our ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. We may experience occasional system interruptions that make some or all systems or data unavailable or prevent us from efficiently providing services or fulfilling orders. We also rely on affiliate and third-party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in the systems and infrastructures of our business, our affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair the ability of our business to provide services, fulfill orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent us from providing services, fulfilling orders and/or processing transactions. While we have backup systems for certain aspects of our operations, these systems are not fully redundant and disaster recovery planning is not sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these adverse events were to occur, it could adversely affect our business, financial condition and results of operations.

The processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.

In the processing of consumer transactions, we receive, transmit and store a large volume of personally identifiable information and other user data. The sharing, use, disclosure and protection of this information are governed by the respective privacy and data security policies maintained by our business. Moreover, there are federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. We could be adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations.

We may also become exposed to potential liabilities as a result of differing views on the privacy of the consumer and other user data collected by our business. The failure of us and/or the various third-party vendors and service providers with which we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage the reputation of our business, discourage potential users from trying the products and services that we offer and/or result in fines and/or proceedings by governmental agencies and/or consumers, one or all of which could adversely affect our business, financial condition and results of operations.

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 terrorist and related security incidents. As a result, we may experience increased difficulty 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 major cities and which hold events typically attended by a large number of fans. At December 31, 2009, Live Nation had property and equipment with a net book value of approximately \$750.0 million. At December 31, 2009, Ticketmaster had property and equipment with a net book value of approximately \$101.0 million.

These operational, geographical and situational factors, among others, may 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.

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In addition, we enter into various agreements with artists from time to time, including long-term artist rights arrangements. The profitability of those arrangements depends upon those artists' willingness and ability to continue performing, and we may not be able to obtain sufficient insurance coverage at reasonable costs to adequately protect us against the death, disability or other failure of such artists to continue engaging in revenue-generating activities under those agreements.

We cannot guarantee that our insurance policy coverage limits, including insurance coverage for property, casualty, liability, artists 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. 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 and liquidity.

Growth or maintenance of our existing revenue 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 revenue. We frequently have a number of significant capital projects underway. 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 music 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, permitting and zoning, including noise ordinances;
- human health, safety and sanitation requirements;
- requirements with respect to the service of food and alcoholic beverages;
- working conditions, labor, minimum wage and hour, citizenship and employment laws;
- compliance with the ADA and the DDA;
- sales and other taxes and withholding of taxes;
- privacy laws and protection of personally identifiable information;
- historic landmark rules; and
- environmental protection laws.

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We cannot predict the extent to which any future laws or regulations will impact our operations. The regulations relating to our food service in our venues are many and complex. Although we generally contract with a third-party vendor for these services at our owned and/or 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 music 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 customer. 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 customers will not be served or that liability for their acts will not be imposed on us. We cannot assure you 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, 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 music events for entertainment taxes and for incidents that occur at our events, particularly relating to drugs and alcohol.

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. Additionally, certain laws and regulations could hold us strictly, jointly and severally responsible for the remediation of hazardous substance contamination at our facilities or at third-party waste disposal sites, and could hold us responsible for any personal or property damage related to any contamination.

We face intense competition in the live music, ticketing and artist services industries, and we may not be able to maintain or increase our current revenue, 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 revenue. We compete in the live music industry and within this industry we compete with other venues to book performers, and, in the markets in which we promote music concerts, we face competition from other promoters and venue operators. Our competitors 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 music 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.

We compete in the ticketing industry and the intense competition that we face in the ticketing industry could cause the volume of our ticketing services business to decline. There can be no assurance that we will be able to compete successfully in the future with existing or potential competitors or that competition will not have an adverse effect on our business and financial condition. We may face direct competition in the live music industry with our prospective or current primary ticketing clients, who primarily include live event content providers (such as owners or operators of live event venues). This direct competition with our prospective or current primary ticketing clients could result in a decline in the number of clients we may obtain and a decline in the volume of our ticketing services business, which could adversely affect our business and financial condition.

Other variables that could adversely affect our financial performance by, among other things, leading to decreases in overall revenue, the number of sponsors, 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 via ticket prices;
- our competitors may offer more favorable terms than we do in order to obtain agreements for new venues or to obtain events for the venues they operate;

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- technological changes and innovations that we are unable to adopt or are late in adopting that offer more attractive entertainment alternatives than 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 music 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 other employees 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. In addition, our business operations at one or more of our facilities may also be interrupted as a result of labor disputes by outside unions attempting to unionize a venue even though we do not have unionized labor at that venue currently. A work stoppage at one or more of our owned and/or operated venues or at our promoted events could have a material adverse effect on our business, results of operations and financial condition. We cannot predict the effect that a potential work stoppage will have on our expenses.

We are dependent upon our ability to lease, acquire and develop live music 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 revenue from live music events. For these events, we use venues that we own, but we also operate a number of our live music 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 music 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 forego 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 music venues and the expansion of existing live music venues, which poses a number of risks, including:

- construction of live music venues may result in cost overruns, delays or unanticipated expenses;
- desirable sites for live music venues may be unavailable or costly; and
- the attractiveness of our venue locations may deteriorate over time.

Additionally, the market potential of live music venue sites cannot be precisely determined, and our live music venues may face competition in markets from unexpected sources. Newly constructed live music venues may not perform up to our expectations. We face significant competition for potential live music venue locations and for opportunities to acquire existing live music venues. Because of this competition, we may be unable to add to or maintain the number of our live music venues on terms we consider acceptable.

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Our revenues depend in part 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 revenue or profits.

Similar to many companies, we spend significant amounts on advertising, promotional and other marketing campaigns for our live music 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 distribution of related souvenir merchandise and apparel. During 2009, Live Nation spent approximately 4.3% of its revenue and Ticketmaster spent approximately 4.4% of its revenue on marketing, including advertising, and there can be no assurance that such advertising, promotional and other marketing campaigns will be successful or will generate revenue or profits.

Poor weather adversely affects attendance at our live music events, which could negatively impact our financial performance from period to period.

We promote many live music events. Weather conditions surrounding these events affect sales of tickets, concessions and merchandise, 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 another available day or a different venue, which would increase our costs for the event and could negatively impact the attendance at the event, as well as 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 ticket revenue 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 music events, which may decrease our revenue or expose us to substantial liability. The terrorism and security incidents in the past, military actions in foreign locations, 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 past terrorism actions, some artists refused to travel or book tours, which adversely affected our music business. 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.

Risks Relating to Our Common Stock

We cannot predict the prices at which our common stock may trade.

Our stock price has fluctuated between \$2.47 and \$25.63 over the past three years. The market price of our common stock may continue to fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- 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;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant contracts, acquisitions or divestitures;
- the publication by securities analysts of financial estimates or reports about our business;
- changes by securities analysts of earnings estimates or reports, or our inability to meet those estimates or achieve any goals described in those reports;
- the disclosure of facts about our business that may differ from those assumed by securities analysts in preparing their estimates or reports about our company;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations;
- the withdrawal of the Tender Offer by LMC Events, LLC; and

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- 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.

The price of our common stock may fluctuate significantly, and investors could lose all or part of the value of their 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.

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 our common stock.

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. 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 acquirer. 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.

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 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 acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both us and Clear Channel, 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. Clear Channel 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 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.

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, and in the case of Liberty Media and certain of its affiliates, 35% 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.

In addition, the terms of our senior secured credit facility provide that the lenders can require us to repay all outstanding indebtedness upon a change of control, and the redeemable preferred stock requires one of our subsidiaries to offer to repurchase the redeemable preferred stock at 101% of the liquidation preference upon a change of control. These provisions make an acquisition more costly to a potential acquirer. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Redeemable Preferred Stock.

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We have no plans to pay dividends on our common stock, which could affect its market price.

We currently intend to retain any future earnings to finance the growth, development and expansion of our business. Accordingly, we do not intend to declare or pay any dividends on our common stock for the foreseeable future. The declaration, payment and amount of future dividends, if any, will be at the sole discretion of our board of directors after taking into account various factors, including our financial condition, results of operations, cash flow from operations, current and anticipated capital requirements and expansion plans, the income tax laws then in effect and the requirements of Delaware law. In addition, our redeemable preferred stock and the agreement governing our senior secured credit facility include restrictions on our ability to pay cash dividends without meeting certain financial ratios and obtaining the consent of the lenders. Accordingly, holders of common stock will not receive cash payments on their investment and the market price may be adversely affected.

Future sales or other issuances of our common stock could adversely affect its market price.

We have a large number of shares of common stock outstanding and available for resale beginning at various points in time in the future. Sales of a substantial number of shares of our common stock in the public market, or the possibility that these sales may occur, could cause the market price for our common stock to decline. As of December 31, 2009, there were 84.4 million shares of Live Nation common stock outstanding, including 0.7 million shares of unvested restricted stock awards and excluding treasury shares, 2.1 million shares of common stock issuable from currently exercisable Live Nation options at a weighted average exercise price of \$17.21 per share and a warrant to purchase 0.5 million shares of common stock at an exercise price of \$13.73. As of December 31, 2009, there were 57.4 million shares of Ticketmaster common stock outstanding, excluding treasury shares, and 2.2 million shares of common stock issuable from currently exercisable Ticketmaster options at a weighted average exercise price of \$29.07 per share. These Ticketmaster outstanding shares were exchanged for Live Nation common stock and Ticketmaster options were assumed by Live Nation in connection with the Merger.

We continually explore acquisition opportunities consistent with our strategy. These acquisitions may involve the payment of cash, the incurrence of debt or the issuance of common stock or other securities. Any such issuance could be at a valuation lower than the trading price of our common stock at the time. The price of our common stock could also be affected by possible sales of our common stock by hedging or arbitrage trading activity that may develop involving our common stock. The hedging or arbitrage could, in turn, affect the trading prices of the notes.

Conversion of the notes may dilute the ownership interest of existing stockholders and may affect our per share results and the trading price of our common stock.

The issuance of shares of our common stock upon conversion of the notes may dilute the ownership interests of existing stockholders. Issuances of stock on conversion may also affect our per share results of operations. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock.

We can issue preferred stock without stockholder approval, which could materially adversely affect the rights of common stockholders.

Our certificate of incorporation authorizes us to issue "blank check" preferred stock, the designation, number, voting powers, preferences and rights of which may be fixed or altered from time to time by our board of directors. Our subsidiaries may also issue additional shares of preferred stock. Accordingly, the board of directors has the authority, without stockholder approval, to issue preferred stock with rights that could materially adversely affect the voting power or other rights of the common stockholders or the market value of the common stock.

Risks Relating to Our Separation from Clear Channel

The Separation could result in significant tax liability to our initial public stockholders.

Clear Channel received a private letter ruling from the Internal Revenue Service substantially to the effect that the distribution of our common stock to its stockholders qualifies as a tax-free distribution for United States federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Although a private letter ruling from the Internal Revenue Service generally is binding on the Internal Revenue Service, 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 Internal Revenue Service 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 is based upon representations by Clear Channel that these conditions have been satisfied, and any inaccuracy in such representations could invalidate the

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ruling. Therefore, in addition to obtaining the ruling from the Internal Revenue Service, Clear Channel made it a condition to the Separation that Clear Channel obtain a legal opinion that the Distribution will qualify as a tax-free distribution for United States federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The opinion relies on the ruling as to matters covered by the ruling. In addition, the opinion is based on, among other things, certain assumptions and representations as to factual matters made by Clear Channel and us, which if incorrect or inaccurate in any material respect would jeopardize the conclusions reached by counsel in its opinion. The opinion is not binding on the Internal Revenue Service or the courts, and the Internal Revenue Service or the courts may not agree with the opinion.

Notwithstanding receipt by Clear Channel of the ruling and opinion of counsel, the Internal Revenue Service could assert that the Distribution does not qualify for tax-free treatment for United States federal income tax purposes. If the Internal Revenue Service were successful in taking this position, our initial public stockholders could be subject to significant United States 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.

The Separation could result in significant tax-related liabilities to us.

As discussed above, notwithstanding receipt by Clear Channel of the ruling and the opinion of counsel, the Internal Revenue Service could assert that the Distribution does not qualify for tax-free treatment for United States federal income tax purposes. If the Internal Revenue Service were successful in taking this position, Clear Channel could be subject to a significant United States federal income tax liability. In general, Clear Channel 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 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 or us. For this purpose, any acquisitions of Clear Channel 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 may be able to rebut that presumption.

Although such corporate-level taxes, if any, resulting from a taxable distribution generally would be imposed on Clear Channel, we have agreed in the tax matters agreement to indemnify Clear Channel and its affiliates against tax-related liabilities, if any, caused by the failure of the Separation 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 Separation to qualify under Section 355 of the Code is for any reason for which neither we nor Clear Channel is responsible, we and Clear Channel 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. Clear Channel reported a \$2.4 billion capital loss as a result of the Separation. See Item 8. Financial Statements and Supplementary Data—Note 12—Related-Party Transactions—Relationship with Clear Channel for a more detailed discussion of the tax matters agreement between Clear Channel and us.

We could be liable for income taxes owed by Clear Channel.

Each member of the Clear Channel consolidated group, which includes Clear Channel, our company and our subsidiaries through December 31, 2005, and Clear Channel's other subsidiaries, is jointly and severally liable for the United States 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 consolidated group. Disputes or assessments could arise during future audits by the Internal Revenue Service in amounts that we cannot quantify. In addition, Clear Channel has recognized a capital loss for United States federal income tax purposes in connection with the Separation. If Clear Channel is unable to deduct such capital loss for United States federal income tax purposes as a result of any action we take following the Separation 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 for the lost tax benefits that Clear Channel would have otherwise realized if it were able to deduct this loss. See Item 8. Financial Statements and Supplementary Data—Note 12—Related-Party Transactions—Relationship with Clear Channel.

Risks Relating to Our Merger with Ticketmaster

The Merger resulted in changes to our board and management that may affect our strategy.

Upon completion of the Merger, the composition of our board of directors and management team changed in accordance with the merger agreement, as seven new members from Ticketmaster were appointed to our board. In addition, we have a new Executive Chairman. This new board and management may affect the business strategy and operating decisions of the combined company.

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Although we expect that the Merger will result in benefits to Live Nation, we may not realize those benefits because of integration difficulties and other challenges.

The Merger involves the integration of two companies that have previously operated independently with principal offices in two locations. Due to legal restrictions, we have conducted only limited planning regarding the integration of the two companies. The combined company will be required to devote significant management attention and resources to integrating the two companies. The success of the combination of Live Nation and Ticketmaster will be dependent in large part on the success of our management in integrating the operations, technologies and personnel of the two companies. Our failure to meet the challenges involved in successfully completing the integration of the operations of Live Nation and Ticketmaster or to otherwise realize any of the anticipated benefits of the Merger, including additional revenue opportunities, could impair our results of operations.

Challenges involved in this integration include, without limitation:

- integrating successfully each company's operations, technologies, products and services;
- reducing the costs associated with operations; and
- combining the corporate cultures, maintaining employee morale and retaining key employees.

We may not successfully complete the integration of the operations in a timely manner and we may not realize the anticipated benefits or synergies of the Merger to the extent, or in the timeframe, anticipated. The anticipated benefits and synergies include cost savings associated with anticipated restructurings and other operational efficiencies, and revenue enhancement opportunities. However, these anticipated benefits and synergies assume a successful integration and are based on projections, which are inherently uncertain, and other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved.

In connection with the Merger, we became subject to a proposed Final Judgment imposing certain obligations on us, and, in addition, the U.S. Department of Justice or the U.S. District Court may seek to modify the terms of the proposed Final Judgment before it is entered as final and any such changes could negatively impact the Company's business.

On January 25, 2010, the U.S. Department of Justice, or the DOJ, and several State Attorneys General jointly filed with the U.S. District Court for the District of Columbia a Complaint against the proposed merger between Live Nation and Ticketmaster and a proposed Final Judgment, or the proposed Final Judgment, that imposes certain obligations on us in order to address the issues the DOJ raised in its complaint. Among other things, the proposed Final Judgment requires us to offer a license to the Ticketmaster host ticketing technology to Anschutz Entertainment Group, to divest Ticketmaster's Paciolan ticketing business to a DOJ-approved purchaser within 60 days, to agree to abide by certain behavioral remedies that prevent us from engaging in retaliatory business tactics or improper trying arrangements and to provide periodic reports to the DOJ about our compliance with the proposed Final Judgment. The proposed Final Judgment is subject to a 60-day public comment period, after which time the court may enter the Final Judgment as written, or it may modify the order. The Final Judgment will be in effect and will bind us for ten years from the date that the court enters it. We stipulated to an interim Hold Separate order on January 25, 2010 that commits us to complying with the terms of the proposed Final Judgment until a Final Judgment is entered by the court.

During the duration of the Final Judgment, we will be restricted from engaging in certain business activities that, absent the Final Judgment, would be lawful for us to undertake. Our inability to undertake these business strategies could disadvantage us when we compete against firms that are not restricted by any such order. Our compliance with the Final Judgment therefore creates certain unquantifiable business risks for us.

Also on January 25, 2010, we entered into a Consent Agreement, or the Canadian Consent Agreement, with the Canadian Competition Commission, which had the effect of imposing essentially the same terms as the proposed Final Judgment on our business in Canada. The Canadian Consent Agreement will remain in effect for ten years following the date of the agreement. The Canadian Consent Agreement creates similar risks for us, both in terms of creating potential enforcement actions and in limiting us from pursuing certain business practices.

The terms of Live Nation Worldwide's agreement with CTS will cause Live Nation Worldwide to incur ongoing costs and could reduce operational efficiencies that the combined company might otherwise obtain through the Merger.

Live Nation Worldwide, Inc., which is referred to as Live Nation Worldwide, and CTS Eventim AG, which is referred to as CTS, are parties to an agreement, which is referred to as the CTS agreement, pursuant to which CTS licenses intellectual property to Live Nation Worldwide that is core to Live Nation's in-house ticketing platform. Under the terms of the CTS agreement, Live Nation Worldwide will be required to take actions and incur expenses, and may be limited in actions it can take, which could limit the ability of Live Nation and Ticketmaster to fully integrate their ticketing platforms successfully and realize the full operational efficiencies that the combined company might otherwise obtain through the Merger. For events in North America, CTS will be generally entitled to receive, during the 10-year term of the agreement, a per ticket license fee upon the sale of certain tickets that Live Nation Worldwide or any of substantially all of its subsidiaries, which are collectively referred to as the Live Nation Worldwide entities, have the right to distribute. This per ticket fee for events in North America will be payable to CTS regardless of whether the combined company chooses to use the CTS ticketing platform, Ticketmaster's ticketing platform or another ticketing platform for the sale of tickets that the Live Nation Worldwide entities have the right to distribute. In addition, for events in certain European countries outside of the United Kingdom, Live Nation Worldwide generally will be required, during a 10-year term, to exclusively book on the CTS ticketing platform all tickets that the Live Nation Worldwide entities have the right to distribute (or, to the extent other ticketing platforms are used, Live Nation Worldwide will generally be required to pay to CTS the same fee that would have been payable had the CTS platform been used). For events in the United Kingdom, Live Nation Worldwide will be required, provided that CTS first satisfies a significant threshold commitment, to offer for sale on the CTS UK website and pay a corresponding fee for a portion of the tickets that the Live Nation Worldwide entities have the right to distribute for events promoted by the Live Nation Worldwide entities for a 10-year term commencing on January 1, 2010. Finally, the Live Nation Worldwide entities may be precluded from offering ticketing services to third parties in certain European countries during the term of the CTS agreement. In

addition, upon completion of the Merger, for a period of two years thereafter, CTS will have the right to terminate the CTS agreement upon six months advance notice.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2009, we own, operate or lease 85 entertainment venues and 47 other facilities, including office leases, throughout North America and 27 entertainment venues and 32 other facilities internationally. We believe our venues

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and facilities are generally well-maintained and in good operating condition and have adequate capacity to meet our current business needs. We have a fifteen-year lease ending June 30, 2020 for our corporate headquarters in Beverly Hills, California, used primarily by our executive and domestic operations management staff. We also have a nine-year lease ending September 29, 2016, for office space in London, England, used primarily by our international operations management staff.

Our leases are for varying terms ranging from monthly to multi-year. These leases can typically 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.

For information about Ticketmaster's properties, please see Item 2 of Ticketmaster's Annual Report on Form 10-K for the year ended December 31, 2009, which Ticketmaster will file with the SEC, and the description under the heading "Information About Ticketmaster Entertainment's Business—Properties" in our Registration Statement on Form S-4 declared effective on November 6, 2009, which we have filed with the SEC and is incorporated by reference into this Annual Report.

ITEM 3. LEGAL PROCEEDINGS

Live Concert Antitrust Litigation

We were a defendant in a lawsuit filed by Malinda 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, alleged 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 appealed this decision to the U.S. Court of Appeals for the Second Circuit. On January 10, 2006, the U.S. Court of Appeals for the Second Circuit affirmed the ruling in our favor by the District Court. On January 17, 2006, the plaintiff filed a Notice of Voluntary Dismissal of her action in the Southern District of New York.

We are a defendant in twenty-two putative class actions filed by different named plaintiffs in various U.S. District Courts throughout the country. The claims made in these actions are substantially similar to the claims made in the *Heerwagen* action described above, except that the geographic markets alleged are regional, statewide or more 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. The plaintiffs seek unspecified compensatory, punitive and treble damages, declaratory and injunctive relief and costs of suit, including attorneys' fees. We have filed our answers in some of these actions, and we have denied liability. On December 5, 2005, we filed a motion before the Judicial Panel on Multidistrict Litigation to transfer these actions and any similar ones commenced in the future to a single federal district court for coordinated pre-trial proceedings. On April 17, 2006, the Panel granted our motion and ordered the consolidation and transfer of the actions to the U.S. District Court for the Central District of California. On June 4, 2007, the Court conducted a hearing on the plaintiffs' motion for class certification. On June 25, 2007, the Court entered an order to stay all proceedings in the case pending the Court's ruling on the plaintiffs' motion for class certification. On October 22, 2007, the Court ruled in the plaintiffs' favor, granting the plaintiffs' motion for class certification and certifying a class in the Chicago, New England, New York/New Jersey, Colorado and Southern California regional markets. On November 5, 2007, we filed a Petition for Permission to Appeal from Order Granting Class Certification with the U.S. District Court of Appeals for the Ninth Circuit. At a status conference conducted on November 5, 2007, the U.S. District Court extended its stay of all proceedings pending further developments in the U.S. Court of Appeals for the Ninth Circuit. On February 15, 2008, the U.S. Court of Appeals for the Ninth Circuit issued an order denying our Petition for Permission to Appeal. On February 20, 2008, we filed a Motion with the U.S. District Court for Reconsideration of its October 22, 2007 order granting the plaintiffs' motion for class certification. On March 6, 2008, the U.S. District Court entered an order approving a stipulated continuance and stay of all proceedings pending further developments in the U.S. Court of Appeals for the Ninth Circuit. A ruling by the U.S. District Court on the Company's Motion for Reconsideration of the October 22, 2007 class certification order is pending. We intend to vigorously defend all claims in all of the actions.

UPS Consumer Class Action Litigation

On October 21, 2003, a purported representative action was filed in the Superior Court of California, Los Angeles County, challenging Ticketmaster's charges to online customers for UPS ticket delivery. The complaint alleged in essence that it is unlawful for Ticketmaster not to disclose on its website that the fee it charges to online customers to have their tickets delivered by UPS contains a profit component. The complaint asserted a claim for violation of California's Unfair Competition Law, or UCL, and sought restitution or disgorgement of the difference between (i) the total UPS delivery fees charged by Ticketmaster in connection with online ticket sales during the applicable statute of limitations period, and (ii) the amount Ticketmaster paid to UPS for that service. On July 20, 2004, Ticketmaster filed a motion for summary judgment. The Court heard the motion on December 20, 2004 and denied Ticketmaster's motion, in part, based on the plaintiff's arguments.

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that the plaintiff was not challenging Ticketmaster's right to make a profit, but rather Ticketmaster's UPS delivery charges based on the plaintiff's "misleading pass-through" theory of liability. On December 7, 2004, Ticketmaster filed its first motion for judgment on the pleadings based on the passage of Proposition 64, which became effective in November 2004. The Court heard the motion on April 1, 2005, and explained that the plaintiff could not proceed with a representative action without amending the complaint to comply with class action procedures. On August 31, 2005, the plaintiff filed a first amended complaint, for the first time pleading this case as a putative class action. The first amended complaint alleged (i) as before, that Ticketmaster's website disclosures in respect of its charges for UPS ticket delivery violate the UCL, and (ii) for the first time, that Ticketmaster's website disclosures in respect of its ticket order-processing fees constitute false advertising in violation of California's False Advertising Law, or FAL. On this latter claim, the amended complaint seeks restitution or disgorgement of the entire amount of order-processing fees charged by Ticketmaster during the applicable statute of limitations period.

On September 25, 2006, Ticketmaster filed its second motion for judgment on the pleadings. On November 21, 2006, Ticketmaster requested that the court stay the case pending the California Supreme Court's decisions in two cases (*In re Tobacco II Cases*, 142 Cal. App. 4th 891 (2006), and *Pfizer Inc. v. Superior Court (Galfano)*, 141 Cal. App. 4th 290 (2006)) that presented issues concerning the interpretation of Proposition 64 directly pertinent to both of the pending motions. On November 29, 2006, the Court ordered that the case be stayed pending the California Supreme Court's ruling on the two cases referenced above. On September 20, 2007, the Court heard the plaintiff's motion for class certification. On December 19, 2007, the Court issued an Order denying the motion without prejudice and continuing the stay of the case pending resolution of *In re Tobacco II* (the lead case before the Supreme Court on the relevant issues). On May 18, 2009, the California Supreme Court decided the *Tobacco II* case. On April 1, 2009, the Superior Court granted the plaintiff's motion for leave to file a second amended complaint that purports to clarify the plaintiff's existing claims under the UCL and FAL and adds new claims that (a) Ticketmaster's order processing fees are unconscionable under the UCL and (b) Ticketmaster's alleged business practices violate the "unlawful" prong of the UCL because they also allegedly constitute an underlying violation of California's Consumer Legal Remedies Act. Ticketmaster filed a demurrer to the second amended complaint on May 8, 2009. The plaintiff filed a third amended complaint in attempt to cure deficiencies in the second amended complaint and to seek to address the California Supreme Court's holding in *Tobacco II*. Ticketmaster filed a demurrer to the third amended complaint on July 3, 2009. The Court overruled Ticketmaster's demurrers on October 20, 2009. The plaintiff filed a second class certification motion on August 31, 2009, which Ticketmaster opposed. On February 5, 2010, the court granted certification of a class on the first two causes of action, which alleges that Ticketmaster misrepresents/omits the fact that there is a profit component in its UPS and Order Processing Fees. The class will consist of California consumers who purchased tickets through Ticketmaster's website from 1999 to the present. The Court denied certification of a class on the third and fourth causes of action, which allege that Ticketmaster's UPS and Order Processing fees are unconscionably high. The parties are awaiting entry of a formal order from the Court on these rulings.

Canadian Consumer Class Action Litigation Relating to TicketsNow

In February 2009, five putative consumer class action complaints were filed in Canada against TNow Entertainment Group, Inc., or TicketsNow, Ticketmaster Entertainment, Inc., Ticketmaster Canada Ltd. and Premium Inventory, Inc. All of the cases allege essentially the same set of facts and causes of action: each plaintiff purports to represent a class consisting of

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all persons who purchased a ticket from Ticketmaster, Ticketmaster Canada Ltd. or TicketsNow from early February 2007 to the present. Each proposed class purports to extend to United States as well as Canadian consumers. The complaints allege in essence that Ticketmaster and Ticketmaster Canada Ltd. conspired to divert a large number of tickets for resale through the TicketsNow website at prices higher than face value in violation of Ontario's Ticket Speculation Act, the Amusement Act of Manitoba, the Amusement Act of Alberta, and the Quebec Consumer Protection Act, respectively. The Ontario case contains the additional allegation that Ticketmaster and TicketsNow's service fees run afoul of anti-scalping laws. Each lawsuit seeks compensatory and punitive damages on behalf of the class.

United States Consumer Class Action Litigation Relating to TicketsNow

From February through June of 2009, eleven purported class action lawsuits asserting causes of action under various state consumer protection laws were filed against Ticketmaster and TicketsNow in U.S. District Courts in California, New Jersey, Minnesota, Pennsylvania and North Carolina. The lawsuits allege that Ticketmaster and TicketsNow unlawfully deceived consumers by, among other things, selling large quantities of tickets to TicketsNow's ticket brokers, either prior to or at the time that tickets for an event go on sale, thereby forcing consumers to purchase tickets at significantly marked-up prices on TicketsNow.com instead of Ticketmaster.com. The plaintiffs further claim that Ticketmaster violated various state consumer protection laws by allegedly "redirecting" consumers from Ticketmaster.com to Ticketsnow.com, thereby engaging in false advertising and an unfair business practice by deceiving consumers into inadvertently purchasing tickets from TicketsNow for amounts greater than face value. The plaintiffs claim that Ticketmaster has been unjustly enriched by this conduct and seek compensatory damages, a refund to every class member of the difference between face value and the amount paid to TicketsNow, an injunction preventing Ticketmaster from engaging in further unfair business practices with TicketsNow, and attorney fees and costs. On July 20, 2009, all of the cases were consolidated and transferred to the U.S. District Court for the Central District of California. The plaintiffs filed their consolidated class action complaint on September 25, 2009. Ticketmaster filed its answer on October 26, 2009.

Litigation Relating to the Merger of Live Nation and Ticketmaster

We have been named as defendants in two lawsuits filed in the Superior Court of California, Los Angeles County, challenging the merger of Live Nation and Ticketmaster: *McBride v. Ticketmaster Entertainment, Inc.*, No. BC407677, and *Police and Fire Retirement System of the City of Detroit v. Ticketmaster Entertainment, Inc.*, No. BC408228. These actions were consolidated under the caption *In re Ticketmaster Entertainment Shareholder Litigation*, Lead Case No. BC407677, by a Court order dated March 30, 2009. The plaintiffs filed an amended complaint in the consolidated action on July 2, 2009, a second amended complaint on September 10, 2009, and a third amended complaint on November 19, 2009, which superseded the earlier complaints. The third amended consolidated complaint generally alleges that Ticketmaster and its directors breached their fiduciary duties by entering into the Merger Agreement without regard to the fairness of its terms to the Ticketmaster stockholders and in return for illicit payments of "surplus" Live Nation stock. The third amended consolidated complaint also alleges that the joint proxy statement/prospectus of Live Nation and Ticketmaster, which is a part of the final Form S-4 Registration Statement of Live Nation that was filed with the SEC on November 6, 2009, contains material omissions and misstatements. The plaintiffs moved for a preliminary injunction barring the completion of the Merger on December 4, 2009. The Court denied this motion at a hearing held on December 22, 2009. The Ticketmaster and Live Nation shareholders, respectively, approved the Merger in shareholder meetings held on January 8, 2010. The plaintiffs continue to prosecute the case, now seeking compensatory damages, attorneys' fees and expenses. The Ticketmaster defendants answered the third amended consolidated complaint on January 21, 2010, denying its allegations and asserting defenses.

Federal Trade Commission Investigation

Ticketmaster and TicketsNow have entered into a settlement agreement with the Federal Trade Commission, or FTC, to resolve the FTC's investigation of methods by which Ticketmaster and TicketsNow previously advertised and sold tickets to consumers on the TicketsNow resale marketplace. Under the deal, Ticketmaster and TicketsNow will make restitutionary payments to certain consumers claiming to be unsatisfied with ticket purchases made from the TicketsNow online resale marketplace, as well as additional disclosures (1) when linking between primary and resale ticket sites and (2) pertaining to the issue of speculative ticket postings and anticipated ticket delivery dates.

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. As required, we accrue our estimate of the probable settlement or other losses for the resolution of any outstanding 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 our assumptions or the effectiveness of our strategies related to these proceedings. In addition, under our agreements with Clear Channel, we have assumed and will indemnify Clear Channel for liabilities related to our business for which they are a party in the defense.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock was listed on the New York Stock Exchange under the symbol "LYV" on December 21, 2005. There were 5,380 stockholders of record as of February 19, 2010. This figure does not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies. The following table presents the high and low sales prices of the common stock on the New York Stock Exchange during the calendar quarter indicated.

	Common Stock Market Price	
	High	Low
2008		
First Quarter	\$15.04	\$ 9.26
Second Quarter	\$16.15	\$10.23
Third Quarter	\$18.75	\$ 9.60
Fourth Quarter	\$16.75	\$ 2.73
2009		
First Quarter	\$ 6.55	\$ 2.47
Second Quarter	\$ 6.07	\$ 2.55
Third Quarter	\$ 8.88	\$ 3.98
Fourth Quarter	\$ 8.96	\$ 6.33

Dividend Policy

Since the Separation and through December 31, 2009, we have not declared or paid any dividends. 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 our 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.

Issuer Purchases of Equity Securities

The following table sets forth certain information about the shares of our common stock we repurchased during the three months ended December 31, 2009.

Period	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1 – October 31	—	\$ —	—	\$ —
November 1 – November 30	—	\$ —	—	\$ —
December 1 – December 31	13,554	\$16.26	—	\$ —
	<u>13,554</u>	<u>\$16.26</u>	<u>—</u>	<u>\$ —</u>

In December 2009, we repurchased 13,554 shares of our common stock at the original issuance price. This repurchase related to settlement of a working capital adjustment for a prior year acquisition.

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ITEM 6. SELECTED FINANCIAL DATA

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<i>(in thousands except per share data)</i>					
Results of Operations Data (1) (2):					
Revenue	\$4,181,021	\$4,085,306	\$3,635,389	\$3,200,929	\$2,486,549
Operating Expenses:					
Direct operating expenses	3,357,245	3,299,444	2,943,311	2,636,425	1,993,053
Selling, general and administrative expenses	618,980	619,585	553,259	430,548	396,238
Depreciation and amortization	158,118	140,039	107,428	113,656	50,929
Goodwill impairment	9,085	269,902	—	—	—
Loss (gain) on sale of operating assets	(2,983)	1,131	(20,735)	(9,873)	5,002
Corporate expenses	56,889	52,498	45,854	33,863	50,715
Acquisition transaction expenses	36,043	—	—	—	—
Operating income (loss)	(52,356)	(297,293)	6,272	(3,690)	(9,388)
Interest expense	66,365	70,104	64,297	36,790	5,444
Interest expense with Clear Channel Communications	—	—	—	—	46,437
Interest income	(2,193)	(8,575)	(12,115)	(10,024)	(703)
Equity in (earnings) losses of nonconsolidated affiliates	(1,851)	(842)	7,737	1,330	3,437
Other expense (income)—net	1	(245)	(66)	(500)	151
Loss from continuing operations before income taxes	(114,678)	(357,735)	(53,581)	(31,286)	(64,154)
Income tax expense (benefit)	11,333	(24,257)	8,729	18,003	29,841
Loss from continuing operations	(126,011)	(333,478)	(62,310)	(49,289)	(93,995)
Income (loss) from discontinued operations, net of tax	76,277	95,653	54,990	30,056	(31,388)
Net loss	(49,734)	(237,825)	(7,320)	(19,233)	(125,383)
Net income attributable to noncontrolling interests	10,445	1,587	7,869	12,209	5,236
Net loss attributable to Live Nation Entertainment, Inc.	<u>\$ (60,179)</u>	<u>\$ (239,412)</u>	<u>\$ (15,189)</u>	<u>\$ (31,442)</u>	<u>\$ (130,619)</u>
Basic and diluted net income (loss) per common share attributable to common stockholders:					
Loss from continuing operations attributable to Live Nation Entertainment, Inc.					
	\$ (1.65)	\$ (4.39)	\$ (1.02)	\$ (0.94)	\$ (1.49)
Income (loss) from discontinued operations attributable to Live Nation Entertainment, Inc.					
	0.92	1.25	0.80	0.46	(0.47)
Net loss attributable to Live Nation Entertainment, Inc.	<u>\$ (0.73)</u>	<u>\$ (3.14)</u>	<u>\$ (0.22)</u>	<u>\$ (0.48)</u>	<u>\$ (1.96)</u>
Cash dividends per share	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

As of December 31,

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<i>(in thousands)</i>					
Balance Sheet Data (1):					
Total assets	\$2,341,759	\$2,476,723	\$2,749,820	\$2,225,002	\$1,776,584
Long-term debt, net of discount (including current maturities)	\$ 740,069	\$ 824,120	\$ 753,017	\$ 639,146	\$ 366,841
Redeemable preferred stock	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Live Nation Entertainment, Inc. stockholders' equity	\$ 652,317	\$ 677,853	\$ 942,097	\$ 642,269	\$ 636,700

(1) Acquisitions and dispositions significantly impact the comparability of the historical consolidated financial data reflected in this schedule of Selected Financial Data.

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- (2) For 2005, the combined financial statements include amounts that are comprised of businesses included in the consolidated financial statements and accounting records of Clear Channel, using the historical bases of assets and liabilities of the entertainment business. As a result of the Separation, we recognized the par value and additional paid-in capital in connection with the issuance of our common stock in exchange for the net assets contributed at that time.

The Selected Financial Data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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ITEM 7. 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 consolidated financial statements and notes to the financial statements included elsewhere in this Annual Report. 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 under 1A.—Risk Factors and other sections in this Annual Report.

Executive Overview

In February 2009, we announced our planned merger with Ticketmaster which we believe will allow the combined company to capitalize on strategic advantages and other opportunities created by combining a global concert business, global ticketing operations and an artist management company, including lowering costs and developing new distribution platforms and new revenue streams (through sponsorships and increased sales and distribution opportunities), based on our belief that the Merger would produce a vertically integrated combined company that would be positioned to address the challenges of serving artists and fans better through improved ticketing options, dynamic promotion arrangements and greater transparency with respect to ticket pricing. This merger was completed in January 2010.

In 2009, prior to the completion of the Merger, our mission was to maximize the revenue generated by the live concert experience driven by serving three clients—artists, fans and sponsors. During the year, we continued to execute on our strategy to improve and build our core business. The highlights for each of our segments for 2009 were:

North American Music

- We improved our profitability per event by our continued focus on our key profit drivers from our shows. In 2009, as compared to the prior year, these results included:
 - An 8% increase in ancillary revenue per fan at our owned and/or operated amphitheaters to \$17.85 per fan; and
 - A 10% decrease in our average operating costs per fan and a 14% decrease in our average marketing costs per fan at all of our promoted events during 2009, each resulting primarily from our cost-saving initiatives.
- In North American Music, we saw the impact in 2009 of our focus on reducing our less profitable events, thereby lowering our overall show count. This is reflected in the drop in the number of shows by 923, or 9%, to a total of 9,454 promoted events, with only a 2.4 million drop in total attendance since attendance per event increased by 2%.
- We continue to focus on reducing the number of unsold seats at events through various marketing concepts. In 2009, this included a new program to buy tickets to our events through our 'No Service Fee Wednesday' promotion. Through this program, we helped our fans buy tickets at a lower total cost while selling seats that might have otherwise been unsold. In 2009, we sold 859,000 tickets to our shows through this program.
- In February 2009, we opened our new *House of Blues* club in Boston, bringing our total number of *House of Blues* clubs to twelve.

International Music

- We delivered a strong show line-up for 2009 in International Music as demonstrated by the 4% increase in events over 2008 to a total of 4,391 promoted events.
- In 2009, attendance at our concerts internationally increased by 2.7 million, or 22%, to 14.8 million driven by an increase in the number of stadium and other outdoor concerts, including multiple sell-out concerts by U2, Madonna, Coldplay and Blur, among others.
- International Music also had a very strong festival season with an overall increase in attendance driven by *Rock Werchter* in Belgium, *T in the Park*, *Reading* and *Leeds* in the United Kingdom and *Lowlands* and *North Sea Jazz* in the Netherlands.
- We added to our international portfolio through the acquisition of an additional AMG venue in Glasgow, Scotland and through an exclusive promotion agreement with BIG Concerts International in South Africa.

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Ticketing

- Since the beginning of 2009, we have sold 12.6 million tickets globally, including 1.7 million tickets sold in the fourth quarter of 2009. This total for the year includes 2.3 million in tickets sold internationally for which our Ticketing segment does not earn any service charges. An additional 2.5 million tickets were also sold at our venue box offices directly, for which the service charges, if any, are reported by North American Music.
- Livenation.com continued to gain momentum during the year with a new milestone achieved in July 2009 when we were ranked 5th by Nielsen NetView among the most-visited domestic music websites, with 5.0 million unique visitors in the month.
- Traffic to our website increased by 55% in 2009 as compared to last year. This increased awareness of livenation.com as a key source for concert events and tickets was partially driven by our ‘No Service Fee Wednesday’ promotion during 2009 that also helped to sell more tickets to events in North America.

Other Information

- As of December 31, 2009, we have 853 local, national and international corporate sponsors, including O₂, Blackberry and Citi®. Sponsorship revenue increased to \$181.0 million in 2009 as compared to \$170.9 million in 2008.
- Global tours for 2009 included U2, Madonna and Il Divo. Madonna’s *Sticky and Sweet* tour during 2008 and 2009 was the largest tour ever for a female touring artist in terms of revenue. U2’s *360* tour that began in 2009 was ranked the top grossing tour for 2009 by *Pollstar*.
- We completed the divestiture of our U.K. theater operations in the fourth quarter of 2009.

Our Separation from Clear Channel

We were formed through acquisitions of various entertainment businesses and assets by our predecessors. In August 2005, we were incorporated in our current form as a Delaware corporation to own substantially all of the entertainment business of Clear Channel. In December 2005, the separation of the business previously conducted by Clear Channel’s live entertainment segment and sports representation business, and the distribution by Clear Channel of all of our common stock to its stockholders, was completed in a tax-free spin-off. Following our separation from Clear Channel, we became a separate publicly traded company on the New York Stock Exchange trading under the symbol “LYV”.

Segment Overview

Our reportable segments are North American Music, International Music and Ticketing. Prior to 2009, we reported an Artist Nation segment, which is now allocated between the North American Music and International Music segments. This change has been made to be consistent with the way we are now managing the business. Our business formerly reported as Artist Nation includes the promotion and/or production of global tours and also provides other services to artists. These artist relationships tend to be long-term and typically involve multiple revenue streams for an artist. We enter into these relationships in order to fill the distribution platform of our businesses with recurring events, both domestically and internationally. This is not a separate part of these businesses but rather is just one more facet of our North American Music and International Music segments. Therefore, we are now allocating these activities based on where the profits for services to these artists are being generated.

North American Music

Our North American Music segment principally involves the promotion of live music events in our owned and/or operated venues and in rented third-party venues and the operation and management of music venues primarily in the United States and Canada, as well as providing various services to artists. While our North American Music segment operates year-round, we experience higher revenue during the second and third quarters due to the seasonal nature of shows at our outdoor amphitheaters, which primarily occur May through September.

To judge the health of our North American Music segment, we primarily monitor the number of confirmed events in our network of owned and/or operated and third-party venues, talent fees, average paid attendance, total revenue per fan and advance ticket sales. In addition, at our owned and/or operated venues, we monitor attendance, ancillary revenue per fan, premium seat sales and corporate sponsorship sales.

International Music

Our International Music segment principally involves the promotion of live music events in our owned and/or operated venues and in rented third-party venues, the operation and management of music venues and the production of music festivals outside of North America. While our International Music segment operates year-round, we experience higher revenue during the second and third quarters due to the seasonal nature of our international festivals, which primarily occur June through August.

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To judge the health of our International Music segment, we primarily monitor the number of confirmed events in our network of owned and/or operated and third-party venues, talent fees, average paid attendance and advance ticket sales. In addition, at our owned and/or operated venues, we monitor attendance and ancillary revenue per fan. Because this business is conducted in foreign markets, we look at the operating results from our foreign operations on a constant dollar basis.

Ticketing

Our Ticketing segment manages our digital platform and Live Nation's ticketing activities. This segment is involved in managing our internal ticketing operations and online distribution activities, including the ongoing enhancement of our primary website, *www.livenation.com*, and our information technology operations.

To judge the health of our Ticketing segment, we primarily review the number of tickets sold through our ticketing operations, the percentage of visitors to our website that buy tickets, the number of unique visitors to our websites and the overall number of customers in our database.

See further discussion of our segments in Item 1. Business—Our Business.

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Consolidated Results of Operations

	Year Ended December 31,			% Change 2009 vs. 2008	% Change 2008 vs. 2007
	2009	2008	2007		
<i>(in thousands)</i>					
Revenue	\$4,181,021	\$4,085,306	\$3,635,389	2%	12%
Operating expenses:					
Direct operating expenses	3,357,245	3,299,444	2,943,311	2%	12%
Selling, general and administrative expenses	618,980	619,585	553,259	—	12%
Depreciation and amortization	158,118	140,039	107,428	13%	30%
Goodwill impairment	9,085	269,902	—	**	**
Loss (gain) on sale of operating assets	(2,983)	1,131	(20,735)	**	**
Corporate expenses	56,889	52,498	45,854	8%	14%
Acquisition transaction expenses	36,043	—	—	**	**
Operating income (loss)	(52,356)	(297,293)	6,272	82%	**
Operating margin	(1.3)%	(7.3)%	0.2%		
Interest expense	66,365	70,104	64,297		
Interest income	(2,193)	(8,575)	(12,115)		
Equity in (earnings) losses of nonconsolidated affiliates	(1,851)	(842)	7,737		
Other expense (income)—net	1	(245)	(66)		
Loss from continuing operations before income taxes	(114,678)	(357,735)	(53,581)		
Income tax expense (benefit):					
Current	19,584	(28,355)	680		
Deferred	(8,251)	4,098	8,049		
Loss from continuing operations	(126,011)	(333,478)	(62,310)		
Income from discontinued operations, net of tax	76,277	95,653	54,990		
Net loss	(49,734)	(237,825)	(7,320)		
Net income attributable to noncontrolling interests	10,445	1,587	7,869		
Net loss attributable to Live Nation Entertainment, Inc.	\$ (60,179)	\$ (239,412)	\$ (15,189)		

Note: Non-cash compensation expense of \$7.2 million, \$8.3 million and \$10.8 million is included in corporate expenses, \$9.5 million, \$27.0 million and \$17.4 million is included in selling, general and administrative expenses and a nominal amount, (\$0.7) million and \$1.0 million is included in discontinued operations for the years ended December 31, 2009, 2008 and 2007, respectively. The non-cash compensation expense for 2009, 2008 and 2007 includes expenses related to stock option and restricted stock grants as well as incentive bonuses being paid in stock in lieu of cash.

** Percentages are not meaningful.

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Key Operating Metrics

	Year Ended December 31,		
	2009	2008	2007
Estimated Events			
North American Music promotions:			
Owned and/or operated amphitheaters	787	912	856
All other	8,667	9,465	9,511
Total estimated North American Music promotions	9,454	10,377	10,367
North American Music third-party rentals at our owned and/or operated venues	4,757	4,641	1,419
International Music promotions	4,391	4,240	2,939
International Music third-party rentals at our owned and/or operated venues	3,097	2,909	2,022
Total estimated events	21,699	22,167	16,747
Estimated Attendance (rounded)			
North American Music promotions:			
Owned and/or operated amphitheaters	9,091,000	9,915,000	8,421,000
All other	21,480,000	23,044,000	21,207,000
Total estimated North American Music promotions	30,571,000	32,959,000	29,628,000
North American Music third-party rentals at our owned and/or operated venues	2,305,000	3,308,000	2,404,000
International Music promotions	14,764,000	12,056,000	10,702,000
International Music third-party rentals at our owned and/or operated venues	4,508,000	3,791,000	3,703,000
Total estimated attendance	52,148,000	52,114,000	46,437,000

Note: Events generally represent a single performance by an artist for both promotions and third-party rentals. Attendance generally represents the number of fans who were present at an event. Festivals are counted as one event in the quarter in which the festival begins but attendance is split over the days of the festival and can be split between quarters. Events and attendance metrics are estimated each quarter. Adjustments to previously reported quarters, if any, are only included in the year-to-date events and attendance metrics.

Promotions listed above include events in our owned and/or operated venues as well as events we promote in third-party venues. Excluded from the table above are events and attendance that occurred in the North American theatrical business that was sold in January 2008, our motor sports business that was sold in September 2008 and our United Kingdom theatrical business that was sold in October 2009.

The 2009 and 2008 data for North American Music third-party rentals at our owned and/or operated venues is not comparable to 2007 because the 2009 data includes 3,602 events and 432,000 attendees and 2008 data includes 3,076 events and 401,000 attendees related to our HOB music venues. The comparable data for our HOB music venues is not available for 2007.

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Revenue

Our revenue increased \$95.7 million, or 2%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decreases of approximately \$179.8 million related to the impact of changes in foreign exchange rates, revenue increased \$275.5 million, or 7%. Overall increases in revenue were primarily due to increases in revenue from our International Music and Ticketing segments of \$156.0 million and \$51.2 million, respectively, partially offset by a decrease in revenue in our North American Music segment of \$109.8 million. The total increase in revenue includes the impact of our acquisitions during the year.

Our revenue increased \$449.9 million, or 12%, during the year ended December 31, 2008 as compared to the same period of the prior year. Excluding the increases of approximately \$14.4 million related to the impact of changes in foreign exchange rates, revenue increased \$435.5 million, or 12%. Overall increases in revenue were primarily due to increases in revenue from our North American Music, International Music and Ticketing segments of \$382.8 million, \$70.4 million and \$11.0 million, respectively, partially offset by a decrease in revenue in our other operations of \$14.3 million. The total increase in revenue includes the impact of our acquisitions during the year.

More detailed explanations of the changes for the years ended 2009 and 2008 are included in the applicable segment discussions contained herein.

Direct operating expenses

Our direct operating expenses increased \$57.8 million, or 2%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decreases of approximately \$150.1 million related to the impact of changes in foreign exchange rates, direct operating expenses increased \$207.9 million, or 6%. Overall increases in direct operating expenses were primarily due to increases in direct operating expenses in our International Music and Ticketing segments of \$122.1 million and \$14.7 million, respectively, partially offset by a decrease in our North American Music segment of \$76.4 million.

Our direct operating expenses increased \$356.1 million, or 12%, during the year ended December 31, 2008 as compared to the same period of the prior year. Excluding the increases of approximately \$16.6 million related to the impact of changes in foreign exchange rates, direct operating expenses increased \$339.5 million, or 12%. Overall increases in direct operating expenses were primarily due to increases in direct operating expenses in our North American Music and International Music segments of \$309.5 million and \$49.4 million, respectively.

Direct operating expenses include artist fees, show related marketing and advertising expenses along with other costs.

More detailed explanations of the changes for the years ended 2009 and 2008 are included in the applicable segment discussions contained herein.

Selling, general and administrative expenses

Our selling, general and administrative expenses decreased \$0.6 million during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decreases of approximately \$19.7 million related to the impact of changes in foreign exchange rates, selling, general and administrative expenses increased \$19.1 million, or 3%. Overall decreases in selling, general and administrative expenses were primarily due to a decrease in our North American Music segment of \$22.8 million partially offset by increases in selling, general and administrative expenses in our International Music and Ticketing segments of \$12.9 million and \$9.5 million, respectively.

Our selling, general and administrative expenses increased \$66.3 million, or 12%, during the year ended December 31, 2008 as compared to the same period of the prior year. Excluding the decreases of approximately \$1.9 million related to the impact of changes in foreign exchange rates, selling, general and administrative expenses increased \$68.2 million, or 12%. Overall increases in selling, general and administrative expenses were primarily due to increases in selling, general and administrative expenses in our North American Music, International Music and Ticketing segments of \$37.0 million, \$20.6 million and \$18.0 million, respectively.

More detailed explanations of the changes for the years ended 2009 and 2008 are included in the applicable segment discussions contained herein.

Depreciation and amortization

Our depreciation and amortization increased \$18.1 million, or 13%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decreases of approximately \$3.8 million related to the impact of changes in foreign exchange rates, depreciation and amortization expense increased \$21.9 million, or 16%. Overall

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depreciation and amortization expense increased primarily due to increases in depreciation and amortization in our North American Music, International Music and Ticketing segments of \$9.0 million, \$3.9 million and \$7.1 million, respectively. During 2009, we recorded an impairment charge of \$10.5 million related to several venues.

Our depreciation and amortization increased \$32.6 million, or 30%, during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to increases in depreciation and amortization in our North American Music and International Music segments of \$21.8 million and \$10.6 million, respectively. During 2008, we recorded an impairment charge of \$12.1 million related to several venues and a naming right intangible.

More detailed explanations of the changes for the years ended 2009 and 2008 are included in the applicable segment discussions contained herein.

Goodwill impairment

We test goodwill for impairment annually as of October 1 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, employed for any reporting unit that fails the first step, is used to measure the amount of any potential impairment and compares the implied fair value of the reporting unit with the carrying amount of goodwill. We also test goodwill for impairment in other periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The process of evaluating goodwill for impairment involves the determination of the fair value of our reporting units. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including our interpretation of current economic indicators and market valuations, and assumptions about our strategic plans with regard to our operations. Due to the uncertainties associated with such estimates, actual results could differ from such estimates.

In September 2008, in connection with the sale of our non-core events business (which has been classified as discontinued operations), we reviewed the carrying value of our non-core events assets based on an indicator that future operating cash flows may not support their carrying value based on expected sales proceeds. It was determined that those assets were impaired since the estimated undiscounted cash flows, based on expected sales proceeds, associated with those assets were less than their carrying value. As a result, we recorded a \$13.0 million goodwill impairment charge related to the goodwill for this non-core events business as a component of operating expenses in discontinued operations. We are not continuing to operate in the non-core events business.

During the fourth quarter of 2008, while we were performing our annual impairment test as of October 1, we experienced a significant decline in our market capitalization. Since a favorable result from an October 1 test would not have prevented a second impairment test at December 31, 2008, a single impairment test was completed as of December 31, 2008. Based upon the results of this impairment test that was performed, we recorded an impairment charge of \$269.9 million related to reporting units within our North American Music operating segment which represented all of the remaining goodwill previously recorded for these reporting units.

During the fourth quarter of 2009, we recorded deferred tax liabilities of \$9.1 million with an offset to goodwill primarily in connection with our 2006 acquisition of HOB. Since the goodwill for the reporting units within our North American Music operating segment was fully impaired during 2008, we immediately recorded an impairment charge of \$9.1 million.

Loss (gain) on sale of operating assets

We recorded a net gain on sale of operating assets of \$3.0 million during the year ended December 31, 2009 as compared to a net loss of \$1.1 million for the same period of the prior year. Gains recorded in 2009 included a \$1.6 million gain on the sale of our remaining 20.0% interest in our equity investment in MLK and a \$0.6 million gain on the sale of a music theater in West Virginia.

We recorded a net loss on sale of operating assets of \$1.1 million during the year ended December 31, 2008 as compared to a net gain of \$20.7 million for the same period of the prior year. Gains recorded in 2007 included \$19.0 million on the sale of two music theaters and seven clubs in London and an amphitheater in Nashville, \$6.0 million on the sale of an office building in San Francisco, and \$3.6 million on the sale of an arena/race track in Leicestershire, England. Partially offsetting these gains in 2007 was an \$8.1 million loss on the sale of our remaining 50.1% interest in the production of Phantom-Vegas.

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Corporate expenses

Corporate expenses increased \$4.4 million, or 8%, during the year ended December 31, 2009 as compared to the same period of the prior year primarily due to additional compensation driven by improved performance.

Corporate expenses increased \$6.6 million, or 14%, during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to increased headcount and related costs and consulting expenses.

Acquisition transaction expenses

Acquisition transaction expenses increased \$36.0 million during 2009 as compared to the same period of the prior year primarily due to costs associated with our merger that closed in January 2010. In accordance with the new accounting provisions for business combinations that we adopted in January 2009, these costs were expensed as incurred beginning in 2009.

Interest expense

Interest expense decreased \$3.7 million for the year ended December 31, 2009 as compared to the same period of the prior year primarily due to lower debt balances and decreases in average interest rates.

Interest expense increased \$5.8 million for the year ended December 31, 2008 as compared to the same period of the prior year primarily due to a full year of amortization of the debt discount on our convertible notes which were issued in the third quarter of 2007 and increases in the debt balance which were partially offset by decreases in average interest rates.

Our debt balances and weighted average cost of debt, including redeemable preferred stock and excluding the debt discount on the convertible notes, were \$832.9 million and 5.29%, respectively, at December 31, 2009, and \$925.7 million and 6.16%, respectively, at December 31, 2008.

Interest income

Interest income decreased \$6.4 million and \$3.5 million during the years ended December 31, 2009 and 2008, respectively, as compared to the same periods in the prior year primarily due to lower excess cash invested in money market funds and other short-term investments.

Equity in (earnings) losses of nonconsolidated affiliates

Equity in earnings of nonconsolidated affiliates did not change significantly for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Equity in earnings of nonconsolidated affiliates was \$0.8 million for the year ended December 31, 2008 as compared to equity in losses of nonconsolidated affiliates of \$7.7 million for the same period of the prior year. In 2007, we recorded higher losses from our investment in a joint venture with Cirque Du Soleil and also recorded a write-down on an investment with no similar significant write-down in 2008.

Income taxes

Our 2009 effective tax rate of (10)% represented net tax expense of \$11.3 million compared to our 2008 effective tax rate of 7% which represented a net tax benefit of \$24.3 million for the years ended December 31, 2009 and 2008, respectively. In 2009, income tax expense includes \$18.9 million related to statutory expense for entities outside of the U.S. and \$5.0 million related to state tax expense. This was offset by releases of accruals for uncertain tax positions of \$6.9 million, return to provision benefits of \$2.9 million, a reduction of the valuation allowance for certain state deferred tax assets of \$2.3 million and other benefits of approximately \$0.5 million. The net increase in 2009 tax expense as compared to the 2008 tax benefit is principally driven by the tax benefit for a portion of U.S. operations in 2008 attributable to the gain on sale of certain discontinued operations.

Our effective tax rate was 7% for 2008 as compared to an effective tax rate of (16)% for 2007. The tax benefit reflected in the 2008 effective tax rate increased relative to 2007 due principally to tax benefits recognized from losses in our U.S. operations which were utilized to offset tax gains on the sale of our motor sports business in 2008 included in discontinued operations.

Discontinued operations

In January 2008, we completed the sale of substantially all of our North American theatrical business, which included the assets of the North American theatrical presenting business and certain theatrical venues, to Key Brand Entertainment Inc. and its lenders for a gross sales price of \$90.4 million pursuant to a stock purchase agreement. After fees, expenses, an adjustment to replace the show cash of the North American theatrical business that was previously removed from the operations and utilized by us and other adjustments, we received in 2008 approximately \$18.5 million of proceeds, net of cash sold and transaction costs, and an additional \$12.6 million in 2009. The sale of the North American theatrical business resulted in a total pre-tax gain of \$17.8 million.

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In September 2008, we sold our motor sports business to Feld Acquisition Corp., a wholly-owned subsidiary of Feld Entertainment, Inc. pursuant to a stock purchase agreement for a gross sales price of \$175.0 million in cash, subject to certain net working capital and other post-closing adjustments, in addition to a performance-based contingent payment of up to \$30.0 million over a five-year period commencing with calendar year 2009. After estimated fees, expenses and other adjustments, we received approximately \$166.5 million of net proceeds, excluding the contingent payment. The sale of the motor sports business resulted in a pre-tax gain of \$145.0 million.

In October 2008, as part of a binding agreement with Events Acquisition Corporation, we sold our non-core events business along with rights to certain DVD projects. Events Acquisition Corporation is owned by Michael Cohl who is a former director and executive officer of the company. The events business included rights or investments in certain non-music and exhibition-style events. Under the agreement, we will receive approximately \$15.4 million for the events business, DVD projects and other rights, in addition to performance-based contingent payments and undistributed profits related to future periods. We recorded a \$0.8 million pre-tax gain in discontinued operations and a \$0.7 million loss in continuing operations. In the third quarter of 2008, we recorded a \$29.2 million impairment related to the events business, including a \$13.0 million impairment of goodwill, and also a \$1.5 million impairment related to the DVD projects.

In October 2009, the Company sold its remaining theatrical venues and operations in the United Kingdom for a gross sales price of approximately \$148.7 million to The Ambassador Theatre Group Limited. After fees, expenses, an adjustment to replace the show cash of the theatrical business that was previously removed from the operations and utilized by us and a working capital adjustment, we received approximately \$111.3 million of net proceeds. The sale of the U.K. theatrical business resulted in a total tax-free gain of \$56.6 million.

Our discontinued operations reported income before loss (gain) on disposal of \$21.7 million for the year ended December 31, 2009, loss before loss (gain) on disposal of \$4.1 million for the year ended December 31, 2008 and income before loss (gain) on disposal of \$55.8 million for the year ended December 31, 2007. We recorded gain on disposal of \$54.6 million and \$99.8 million for the years ended December 31, 2009 and 2008, respectively, and a loss on disposal of \$0.8 million for the year ended December 31, 2007. The gain on disposal for 2008 is net of tax of \$64.6 million.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests increased \$8.9 million during the year ended December 31, 2009 as compared to the same period of the prior year primarily due to better operating results for DF Concerts, AMG, Angel Festivals Limited and the O₂ Dublin.

Net income attributable to noncontrolling interests decreased \$6.3 million during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to lower operating results for AMG and Angel Festivals Limited.

North American Music Results of Operations

Our North American Music segment operating results were as follows:

	Year Ended December 31,			% Change 2009 vs. 2008	% Change 2008 vs. 2007
	2009	2008	2007		
<i>(in thousands)</i>					
Revenue	\$2,568,494	\$2,678,309	\$2,295,535	(4)%	17%
Direct operating expenses	2,084,769	2,161,119	1,851,588	(4)%	17%
Selling, general and administrative expenses	385,306	408,067	371,109	(6)%	10%
Depreciation and amortization	108,613	99,573	77,756	9%	28%
Goodwill impairment	9,085	269,902	—	**	**
Loss (gain) on sale of operating assets	(895)	19	(6,725)	**	**
Operating income (loss)	<u>\$ (18,384)</u>	<u>\$ (260,371)</u>	<u>\$ 1,807</u>	**	**
Operating margin	(0.7)%	(9.7)%	0.1%		

** Percentages are not meaningful.

Year Ended 2009 Compared to Year Ended 2008

North American Music revenue decreased \$109.8 million, or 4%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decrease of \$21.4 million related to the impact of changes in foreign exchange rates, revenue decreased \$88.4 million, or 3%, primarily due to an overall decrease in the number of events and attendance for amphitheaters, theaters and clubs along with a reduction in special events at our *House of Blues* clubs. Partially offsetting these decreases was incremental revenue of \$51.5 million related to the effect of our acquisitions of De-

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Lux in October 2008 and certain assets of Fantasma Production Inc. of Florida in May 2008, incremental revenue related to the opening of our *House of Blues* clubs in Houston and Boston and increased attendance and average ticket prices at third-party venues for artists such as U2, Jonas Brothers and Fleetwood Mac.

North American Music direct operating expenses decreased \$76.4 million, or 4%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decrease of \$19.4 million related to the impact of changes in foreign exchange rates, direct operating expenses decreased \$57.0 million, or 3%, primarily due to lower overall expenses associated with the decreased number of events for amphitheaters, theaters and clubs and *House of Blues* clubs special events. Partially offsetting these decreases was incremental direct operating expenses of \$48.9 million related to the acquisitions noted above, along with incremental expenses related to the opening of our two *House of Blues* clubs and also higher costs for third-party venues due to the increased attendance.

North American Music selling, general and administrative expenses decreased \$22.8 million, or 6%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decrease of \$1.3 million related to the impact of changes in foreign exchange rates, selling, general and administrative expenses decreased \$21.5 million, or 5%, primarily due to cost-saving initiatives, partially offset by incremental selling, general and administrative expenses of \$2.7 million related to the acquisitions noted above.

North American Music depreciation and amortization expense increased \$9.0 million, or 9%, during the year ended December 31, 2009 as compared to the same period of the prior year primarily due to impairments of \$8.9 million recorded during 2009 related to two theaters and two clubs.

Excluding the impact of goodwill impairments of \$9.1 million in 2009 and \$269.9 million in 2008, the reduction in operating income by \$18.8 million to an operating loss in 2009 was primarily due to reduced show results driven by a lower number of events, partially offset by cost-saving initiatives.

Year Ended 2008 Compared to Year Ended 2007

North American Music revenue increased \$382.8 million, or 17%, during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to an increase in the number of events, ancillary revenue per attendee, attendance and average ticket prices for artists such as Dave Matthews Band, Journey and Jimmy Buffett, and strong results from arena tours for artists such as Coldplay, Van Halen, and the Trans-Siberian Orchestra. The increase is also due to approximately \$241.2 million of incremental revenue primarily related to our acquisitions of the remaining 50% interest in HOB Canada during the second quarter of 2007 and Signatures and Anthill in the fourth quarter of 2007. These increases were partially offset by a decline in the volume of global tours. Tours during 2008 included Madonna, The Police and Neil Young.

North American Music direct operating expenses increased \$309.5 million, or 17%, during the year ended December 31, 2008 as compared to the same period of the prior year due to higher operating expenses associated with an increased number of events and attendance at amphitheaters and third-party venues and strong arena tours discussed above. The increase is also due to direct operating expenses of approximately \$211.7 million primarily related to our acquisitions of HOB Canada, Signatures and Anthill. These increases were partially offset by a decrease in touring-related direct operating expenses due to the lower volume of events noted above.

North American Music selling, general and administrative expenses increased \$37.0 million, or 10%, during the year ended December 31, 2008 as compared to the same period of the prior year due to higher salary costs, consulting expenses and rent expense, primarily from the infrastructure for artist rights acquisitions and new buildings, partially offset by lower legal expenses related to ongoing cases. The increase is also due to incremental selling, general and administrative expenses of \$20.2 million related to our HOB Canada, Signatures and Anthill acquisitions.

North American Music depreciation and amortization expense increased \$21.8 million, or 28%, during the year ended December 31, 2008 as compared to the same period of the prior year due to an impairment of \$12.1 million recorded during 2008 related to a club and two amphitheaters as well as a naming right intangible and amortization of the intangible assets resulting from the acquisition of Signatures and intangible assets associated with certain artist rights agreements.

North American Music gain on sale of operating assets decreased \$6.7 million during the year ended December 31, 2008 as compared to the same period of the prior year due to the sales of an office building in San Francisco and an amphitheater in Nashville in 2007.

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Excluding the impact of the goodwill impairment of \$269.9 million, operating income for North American Music increased \$7.7 million primarily as a result of executing shows more efficiently through cost controls on talent buying and other variable expenses and increased activity at our owned and/or operated amphitheaters, overall increased ancillary revenue per attendee, higher ticket sales through our internal ticketing operations, higher average ticket prices and improved results for arena tours. These increases were partially offset by the decreased volume of global tours, higher selling, general and administrative expenses, increased depreciation and amortization due to impairments in 2008 and amortization of intangible assets for artist rights agreements and gains recorded in 2007 on asset sales with no similar activity in 2008.

International Music Results of Operations

Our International Music segment operating results were as follows:

	Year Ended December 31,			% Change	% Change
	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
<i>(in thousands)</i>					
Revenue	\$1,534,096	\$1,378,104	\$1,307,714	11%	5%
Direct operating expenses	1,249,339	1,127,235	1,077,805	11%	5%
Selling, general and administrative expenses	185,499	172,604	151,962	7%	14%
Depreciation and amortization	34,327	30,418	19,855	13%	53%
Loss (gain) on sale of operating assets	(2,065)	203	(18,807)	**	**
Acquisition transaction expenses	1,117	—	—	**	**
Operating income	<u>\$ 65,879</u>	<u>\$ 47,644</u>	<u>\$ 76,899</u>	38%	(38)%
Operating margin	4.3%	3.5%	5.9%		

** Percentages are not meaningful.

Year Ended 2009 Compared to Year Ended 2008

International Music revenue increased \$156.0 million, or 11%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decrease related to the impact of changes in foreign exchange rates of \$156.6 million, revenue increased \$312.6 million, or 23%. This increase is due to stronger festivals in the United Kingdom and Belgium, strong stadium shows for global touring artists U2 and Madonna, increased revenue from sponsorships along with incremental revenue of \$14.6 million related to the effect of our acquisitions including DF Concerts in April 2008, Brand New Live in February 2009 and Tecjet in March 2009. We also experienced higher promotion revenue in Spain, the Netherlands and Denmark driven by strong stadium events for artists such as AC/DC, Coldplay and Depeche Mode. In addition, rental income increased due to the reopening of the O₂ Dublin in December 2008. These increases were partially offset by a decline in revenue of \$33.8 million related to the effect of the divestiture of F&P Italia in September 2008.

International Music direct operating expenses increased \$122.1 million, or 11%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decrease related to the impact of changes in foreign exchange rates of \$129.1 million, direct operating expenses increased \$251.2 million, or 22%, primarily related to incremental direct operating expenses of \$10.0 million related to the effect of our acquisitions noted above, additional expenses due to the reopening of the O₂ Dublin, as well as an increase in expenses related to stronger festival performance and higher promotion revenue. These increases were partially offset by declines in direct operating expenses of \$30.5 million related to the impact of the disposition noted above.

International Music selling, general and administrative expenses increased \$12.9 million, or 7%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decrease related to the impact of changes in foreign exchange rates of \$18.0 million, the increase in selling, general and administrative expenses was \$30.9 million, or 18%, primarily due to an increase of \$4.0 million related to the acquisitions noted above and due to higher compensation costs driven in part by improved performance. These increases were partially offset by a decrease of \$1.5 million related to the disposition noted above.

International Music depreciation and amortization expense increased \$3.9 million, or 13%, during the year ended December 31, 2009 as compared to the same period of the prior year. Excluding the decrease of \$3.4 million related to the impact of changes in foreign exchange rates, depreciation and amortization expense increased \$7.3 million, or 24%, primarily due to increased amortization for intangible assets related to the DF Concerts acquisitions along with an impairment of \$0.7 million related to a theater development project that has been delayed pending resolution of a noise ordinance issue.

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The increase in operating income for International Music was primarily a result of stronger stadium shows and festivals, particularly in the United Kingdom and Belgium, and the reopening of the O₂ Dublin, partially offset by the net decrease of \$6.0 million due to the impact of the changes in foreign exchange rates.

Year Ended 2008 Compared to Year Ended 2007

International Music revenue increased \$70.4 million, or 5%, during the year ended December 31, 2008 as compared to the same period of the prior year. Excluding the increase related to the impact of changes in foreign exchange rates of \$22.4 million, revenue increased \$48.0 million, or 4%. This increase is primarily due to incremental revenue of \$106.9 million related to the effect of acquisitions including AMG in July 2007, Heineken Music Hall operations in January 2008 and DF Concerts in April 2008. We also experienced higher promotion revenue in Sweden and Norway driven by strong stadium events for artists such as KISS, Bruce Springsteen and Iron Maiden. In addition, we had an overall increase in revenue related to our festival operations in the United Kingdom and Belgium, primarily driven by increased attendance. These increases were partially offset by declines in revenue of \$55.0 million related to the effect of the divestiture of F&P Italia in September 2008 and the disposal of two music theaters and seven clubs in London in August 2007. Further offsetting these increases were declines in revenue related to the closure of The Point in Ireland (reopened as the O₂ Dublin) during renovation from August 2007 until December 2008 and a decline in the volume of global tours. Tours during 2008 included Madonna and The Police.

International Music direct operating expenses increased \$49.4 million, or 5%, during the year ended December 31, 2008 as compared to the same period of the prior year. Excluding the increase related to the impact of changes in foreign exchange rates of \$23.4 million, direct operating expenses increased \$26.0 million, or 2%, primarily related to incremental direct operating expenses of \$75.5 million related to the effect of our acquisitions, as well as an increase in expenses related to stronger festival performance and higher promotion revenue noted above. These increases were partially offset by declines in direct operating expenses of \$45.2 million related to the impact of dispositions noted above along with declines in direct operating expenses related to The Point closure and lower volume of global tours.

International Music selling, general and administrative expenses increased \$20.6 million, or 14%, during the year ended December 31, 2008 as compared to the same period of the prior year. Excluding the decrease related to the impact of changes in foreign exchange rates of \$1.5 million, the increase in selling, general and administrative expenses was \$22.1 million, or 15%, primarily due to an increase of \$17.8 million related to the acquisitions noted above as well as higher compensation costs. These increases were partially offset by a decrease of \$6.9 million related to the dispositions and closure of The Point noted above.

International Music depreciation and amortization expense increased \$10.6 million, or 53%, during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to increased amortization for intangible assets related to the AMG and DF Concerts acquisitions and certain artist rights agreements.

International Music loss on sale of operating assets was \$0.2 million for the year ended December 31, 2008 as compared to a gain on sale of operating assets of \$18.8 million for the same period of the prior year primarily due to the sale of two music theaters and seven clubs in London in 2007.

The decrease in operating income for International Music was primarily a result of increased amortization of intangibles related to acquisitions and certain artist rights agreements, lost income from the 2007 dispositions noted above, the decline in the volume of global tours, as well as the gains recorded in 2007 on the venue disposals, partially offset by increased operating income from acquisitions.

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Ticketing Results of Operations

Our Ticketing segment operating results were as follows:

	Year Ended December 31,			% Change 2009 vs. 2008	% Change 2008 vs. 2007
	2009	2008	2007		
<i>(in thousands)</i>					
Revenue	\$73,572	\$ 22,393	\$ 11,358	**	97%
Direct operating expenses	24,056	9,370	3,128	**	**
Selling, general and administrative expenses	42,863	33,332	15,379	29%	**
Depreciation and amortization	12,621	5,569	3,311	**	68%
Loss on sale of operating assets	5	—	—	**	**
Operating loss	<u>\$(5,973)</u>	<u>\$(25,878)</u>	<u>\$(10,460)</u>	(77)%	**
Operating margin	(8.1)%	**	(92.1)%		

** Percentages are not meaningful.

Year Ended 2009 Compared to Year Ended 2008

Ticketing revenue increased \$51.2 million during the year ended December 31, 2009 as compared to the same period of the prior year primarily due to increased service charge revenue from our ticketing services and related sponsorship revenue. Revenue related to ticketing service charges for our owned and/or operated venues is recognized as the event occurs.

Ticketing direct operating expenses increased \$14.7 million during the year ended December 31, 2009 as compared to the same period of the prior year due to costs associated with our expanded ticketing operations.

Ticketing selling, general and administrative expenses increased \$9.5 million, or 29%, during the year ended December 31, 2009 as compared to the same period of the prior year primarily due to increased salary costs and maintenance expense related to the operations of our ticketing services and website management. We began the build-out of our ticketing infrastructure at the beginning of 2008, therefore, the costs during 2008 did not reflect a fully-loaded cost base necessary for running our ticketing operations.

Ticketing depreciation and amortization expense increased \$7.1 million during the year ended December 31, 2009 as compared to the same period of the prior year primarily due to depreciation expense related to software and infrastructure for our ticketing and website platforms. Depreciation on our ticketing system did not begin until the system launched in December 2008.

The decreased operating loss for Ticketing was primarily a result of increased revenue, net of expenses, from ticket service charges for events that occurred in 2009 sold by our ticketing operations and also related sponsorships. Partially offsetting these increases were higher selling, general and administrative and depreciation expenses related to our ticketing platform as we had just begun building our ticketing infrastructure in early 2008.

Year Ended 2008 Compared to Year Ended 2007

Ticketing revenue increased \$11.0 million during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to increased ticketing revenue from our internal ticketing operations as all existing internal ticketing operations were centralized under this group.

Ticketing direct operating expenses increased \$6.2 million during the year ended December 31, 2008 as compared to the same period of the prior year due to costs associated with our internal ticketing operations increased revenue.

Ticketing selling, general and administrative expenses increased \$18.0 million during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to increased salary costs related to building our ticketing infrastructure, operations of our existing internal ticketing operations and website and internet management, as well as maintenance expense associated with our website and ticketing operations.

Ticketing depreciation and amortization expense increased \$2.3 million during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to depreciation expense related to software and infrastructure.

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The increase in the operating loss for Ticketing was primarily a result of higher salary costs and maintenance expense as we completed our new ticketing platform partially offset by increased revenue, net of expenses, from our internal ticketing operations and related sponsorships.

Other Results of Operations

Our other operating results were as follows:

	Year Ended December 31,			% Change 2009 vs. 2008	% Change 2008 vs. 2007
	2009	2008	2007		
<i>(in thousands)</i>					
Revenue	\$4,859	\$6,500	\$ 20,782	(25)%	(69)%
Direct operating expenses	(168)	987	10,790	**	(91)%
Selling, general and administrative expenses	5,312	5,582	14,809	(5)%	(62)%
Depreciation and amortization	276	533	952	(48)%	(44)%
Loss (gain) on sale of operating assets	(28)	85	4,966	**	(98)%
Acquisition transaction expenses	50	—	—	**	**
Operating loss	<u>\$ (583)</u>	<u>\$ (687)</u>	<u>\$(10,735)</u>	(15)%	(94)%
Operating margin	(12.0)%	(10.6)%	(51.7)%		

** Percentages not meaningful

Year Ended 2009 Compared to Year Ended 2008

We sold our remaining theatrical venues and operations in the United Kingdom in October 2009 which is now reported as discontinued operations. The remaining business activity in other operations was relatively flat as compared to the prior year.

Year Ended 2008 Compared to Year Ended 2007

Other revenue decreased \$14.3 million, or 69%, during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to the sale of our interest in the production of Phantom–Vegas in March 2007.

Other direct operating expenses decreased \$9.8 million, or 91%, during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to the sale of our interest in the production of Phantom–Vegas.

Other selling, general and administrative expenses decreased \$9.2 million, or 62%, during the year ended December 31, 2008 as compared to the same period of the prior year primarily due to higher overhead costs in 2007 related to businesses that we have sold or are no longer operating.

Loss on sale of operating assets decreased \$4.9 million during the year ended December 31, 2008 as compared to the same period of the prior year due to the 2007 loss on the sale of our interest in the production of Phantom–Vegas.

The decrease in operating loss in our other operations was primarily due to the sale of Phantom–Vegas.

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Reconciliation of Segment Operating Income (Loss)

	Year Ended December 31,		
	2009	2008	2007
		(in thousands)	
North American Music	\$(18,384)	\$(260,371)	\$ 1,807
International Music	65,879	47,644	76,899
Ticketing	(5,973)	(25,878)	(10,460)
Other	(583)	(687)	(10,735)
Corporate	(93,295)	(58,001)	(51,239)
Consolidated operating income (loss)	<u>\$(52,356)</u>	<u>\$(297,293)</u>	<u>\$ 6,272</u>

Liquidity and Capital Resources

Our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, are funded from operations or from borrowings under our senior secured credit facility described below. Our cash is currently managed on a worldwide basis. Our primary short-term liquidity needs are to fund general working capital requirements and capital expenditures while our long-term liquidity needs are primarily acquisition related. Our primary sources of funds for our short-term liquidity needs will be cash flows from operations and borrowings under our senior secured 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.

Our balance sheet reflects cash and cash equivalents of \$237.0 million and current and long-term debt of \$740.1 million at December 31, 2009, and cash and cash equivalents of \$199.7 million and current and long-term debt of \$824.1 million at December 31, 2008. These debt balances do not include our outstanding redeemable preferred stock.

Our available cash and cash equivalents are held in accounts managed by third-party financial institutions and consist of cash in our operating accounts and invested cash. Cash held in operating accounts in many cases exceeds the Federal Deposit Insurance Corporation insurance limits. The invested cash is invested in interest-bearing funds managed by third-party financial institutions. While we monitor cash and cash equivalents balances in our operating accounts on a regular basis and adjust the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, we have experienced no loss or lack of access to our cash or cash equivalents; however, we can provide no assurances that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

We may need to incur additional debt or issue equity to make other strategic acquisitions or investments. There can be no assurance that such financing will be available to us on acceptable terms or at all. We may make significant acquisitions in the near term, subject to limitations imposed by our financing documents and market conditions.

The lenders under our revolving credit facility and counterparties to our interest rate swap agreements discussed below consist of banks and other third-party financial institutions. While we currently have no indications or expectations that such lenders and counterparties will be unable to fund their commitments as required, we can provide no assurances that future funding availability will not be impacted by adverse conditions in the financial markets. Should an individual lender default on its obligations, the remaining lenders would not be required to fund the shortfall, resulting in a reduction in the total amount available to us for future borrowings, but would remain obligated to fund their own commitments. Should any counterparty to our interest rate swap agreements default on its obligations, we could experience higher interest rate volatility during the period of any such default.

We generally receive cash related to ticket revenue at our owned and/or operated venues in advance of the event, which is recorded in deferred revenue until the event occurs. With the exception of some upfront costs and artist deposits, which are recorded in prepaid expenses until the event occurs, we pay the majority of event-related expenses at or after the event. We view our available cash as cash and cash equivalents, less event-related deferred revenue, less accrued expenses due to artists and for cash collected on behalf of others for ticket sales, plus event-related prepaids. This is essentially our cash available to, among other things, repay debt balances, make acquisitions, repurchase stock and finance revenue-generating capital expenditures.

Our intra-year cash fluctuations are impacted by the seasonality of our various businesses. An example of seasonal effects includes our North American Music and International Music segments, which report the majority of their revenue in the second and third quarters. Cash inflows and outflows depend on the timing of event-related payments but the majority of

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the inflows generally occur prior to the event. See “—Seasonality” below. 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, and capital could be less accessible and/or more costly given current economic conditions. We expect cash flow from operations and borrowings under our senior secured credit facility, along with other financing alternatives, to satisfy working capital, capital expenditures and debt service requirements for at least the succeeding year.

Sources of Cash

Senior Secured Credit Facility

We have a senior secured credit facility consisting of term loans originally totaling \$550 million and a \$285 million revolving credit facility. The revolving credit facility provides for borrowings up to the amount of the facility with sub-limits of up to \$235 million to be available for the issuance of letters of credit and up to \$100 million to be available for borrowings in foreign currencies. The term loans of \$325 million and \$225 million mature in June 2013 and December 2013, respectively, and the revolving credit portion of the credit facility matures in June 2012. For the term loan maturing in June 2013, minimum principal repayments of approximately \$2.0 million per year, paid quarterly, are required through March 2013, with the balance due at maturity. For the term loan maturing in December 2013, minimum principal repayments of approximately \$1.4 million per year, paid quarterly, are required through September 2013, with the balance due at maturity. We are required to prepay the outstanding term loans, subject to certain exceptions and conditions, from certain asset sale net proceeds and casualty and condemnation proceeds that we do not reinvest within a 365-day period or from certain additional debt issuance proceeds. On asset sales, a minimum of 50% of the net proceeds is required to be prepaid at the time the sale proceeds are received.

During the year ended December 31, 2009, we made principal payments totaling \$74.6 million on the term loans which includes \$70.6 million of term loan pre-payments made up of \$57.4 million from the proceeds received from the sale of our U.K. theatrical business, \$11.0 million from the sale of our Boston venues along with payments related to other asset sale proceeds received in 2009. Our revolving credit facilities decreased by \$20.7 million from net payments during 2009. The payments on the revolving credit facility were primarily to repay short-term borrowings used to fund working capital requirements during the year. At December 31, 2009, the outstanding balances on the term loans and revolving credit facility were \$343.5 million and \$101.3 million, respectively. Taking into account letters of credit of \$42.3 million, \$141.4 million was available for future borrowings.

Borrowings under the term loan portion of the credit facility bear interest at per annum floating rates equal, at our option, to either (a) the base rate (which is the greater of the prime rate offered by JPMorgan Chase Bank, N.A. or the federal funds rate plus 0.5%) plus 2.25% or (b) Adjusted LIBOR plus 3.25%. Borrowings under the revolving portion of the credit facility bear interest at per annum floating rates equal, at our option, to either (a) the base rate (which is the prime rate offered by JPMorgan Chase Bank, N.A.) plus an applicable margin or (b) Adjusted LIBOR plus an applicable margin. Sterling and Euro-denominated borrowings under the revolving portion of the credit facility currently bear interest at per annum floating rates equal to either Adjusted LIBOR or Adjusted EURIBOR, respectively, plus an applicable margin. The revolving credit facility margins are subject to change based upon the amount of leverage for the previous calendar quarter. In the event our leverage ratio improves, the margins on revolving credit borrowings decline gradually to 1.25% at a total leverage ratio of less than, or equal to, 1.25 times.

The interest rate we pay on borrowings on our senior term loans is 3.25% above LIBOR. The interest rate we pay on our \$285 million multi-currency revolving credit facility depends on our total leverage ratio. Based on our current total leverage ratio, our interest rate on revolving credit borrowings is 2.25% above LIBOR. In addition to paying interest on outstanding principal under the credit facility, we are required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments. As of December 31, 2009, the commitment fee rate was 0.375%. We also are required to pay customary letter of credit fees, as necessary.

The senior secured credit facility contains a number of covenants that, among other things, restrict our ability to incur additional debt, pay dividends and make distributions, make certain investments and acquisitions, repurchase stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of the business, enter into sale-leaseback transactions, transfer and sell material assets and merge or consolidate. Due to its legal structure, the Merger is not considered a restricted transaction under these covenants.

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2.875% Convertible Senior Notes

In July 2007, we issued \$220 million of convertible senior notes, due 2027, in a private placement in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The notes pay interest semiannually at a rate of 2.875% per annum. Beginning with the period commencing on July 20, 2014 and ending on January 14, 2015, and for each of the interest periods commencing thereafter, we will pay contingent interest on the notes if the average trading price of the notes during the five consecutive trading days ending on the second trading day immediately preceding the first day of the applicable interest period equals or exceeds 120% of the principal amount of the notes. The contingent interest payable per note will equal 0.25% per year of the average trading price of such note during the applicable five trading-day reference period, payable in arrears. The notes will be convertible, under certain circumstances, at an initial conversion rate of 36.8395 shares per \$1,000 principal amount of notes, which represents a 27.5% conversion premium based on the last reported sale price prior to issuance of \$21.29 per share on July 10, 2007. Upon conversion, the notes may be settled in shares of Live Nation common stock or, at our election, cash or a combination of cash and shares of Live Nation common stock. The net proceeds from the offering, after deducting offering expenses payable by us, were approximately \$212.4 million.

Holders of the 2.875% convertible senior notes may require us to purchase for cash all or a portion of their notes on July 15, 2014, July 15, 2017 and July 15, 2022 at a price equal to 100% of the principal amount plus accrued and unpaid interest, if any, subject to specified additional conditions. In addition, if we experience a fundamental change, as defined in the indenture governing the notes, holders may require us to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any. Due to its legal structure, the Merger is not considered a fundamental change under these covenants.

On or after July 20, 2014, we may redeem all or a portion of the notes for cash at a price equal to 100% of the principal amount being redeemed plus accrued and unpaid interest, if any.

Redeemable Preferred Stock

As part of the separation, one of our subsidiaries sold 200,000 shares of Series A (voting) mandatorily Redeemable Preferred Stock to third-party investors and issued 200,000 shares of Series B (non-voting) mandatorily Redeemable Preferred Stock to Clear Channel which then sold this Series B Redeemable Preferred Stock to third-party investors. We did not receive any of the proceeds from the sale of the Series B Redeemable Preferred Stock sold by Clear Channel. As of December 31, 2009, we had 200,000 shares of Series A Redeemable Preferred Stock and 200,000 shares of Series B Redeemable Preferred Stock outstanding (collectively, the Preferred Stock) with an aggregate liquidation preference of \$40 million. The Preferred Stock accrues dividends at 13% per annum and is mandatorily redeemable on December 21, 2011, although we are obligated to make an offer to repurchase the Preferred Stock at 101% of the liquidation preference in the event of a change of control.

The Amended Preferred Stock Certificate contains a number of covenants that, among other things, restrict our ability to incur additional debt, issue certain equity securities, create liens, merge or consolidate, modify the nature of our business, make certain investments and acquisitions, transfer and sell material assets, enter into sale-leaseback transactions, enter into swap agreements, pay dividends and make distributions, and enter into agreements with affiliates. If we default under any of these covenants, we will have to pay additional dividends. Due to its legal structure, the Merger is not considered a restricted transaction or change of control under these covenants.

Guarantees of Third-Party Obligations

As of December 31, 2009 and 2008, we guaranteed the debt of third parties of approximately \$4.3 million and \$3.5 million for each of the respective periods, primarily related to maximum credit limits on employee and tour-related credit cards and guarantees of bank lines of credit of a nonconsolidated affiliate and a third-party promoter.

During 2006, in connection with our acquisition of Historic Theatre Group, we guaranteed obligations related to a lease agreement. In the event of default, we could be liable for obligations which have future lease payments (undiscounted) totaling approximately \$27.8 million through the end of 2035. The venues under the lease agreement were included in the sale of our North American theatrical business. We entered into an Assumption Agreement with the buyer in connection with the sale, under which the buyer is assuming our obligations under the guaranty, however we remain contingently liable to the lessor.

Disposal of Assets

During the year ended December 31, 2009, we received \$174.3 million of proceeds primarily related to the sales of our U.K. theatrical business and our venues in Boston. During the year ended December 31, 2008, we received \$198.7 million of proceeds primarily related to the sales of our North American theatrical business and our motor sports business. During the year ended December 31, 2007, we received \$132.1 million of proceeds primarily related to the sales of the Oriental Theater in Chicago and our interest in BIC, the Apollo Hammersmith and Forum mid-sized music venues in London and Donington Park, an arena/race track in Leicestershire, England. These proceeds are presented net of any cash included in the businesses sold.

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Debt Covenants

The significant covenants on our multi-currency senior secured credit facility relate to total leverage, senior leverage, interest coverage and capital expenditures contained and defined in the credit agreement. The adjusted leverage ratio covenant requires us to maintain a ratio of consolidated total indebtedness minus unrestricted cash and cash equivalents, up to a maximum of \$150 million (all as defined by the credit agreement), to consolidated earnings-before-interest-taxes-depreciation-and-amortization (as defined by the credit agreement, or Adjusted Consolidated EBITDA) of less than 4.0 times, provided that aggregated subordinated indebtedness and permitted holding company indebtedness (as defined by the credit agreement) is less than \$25 million or 6.0 times if greater than \$25 million; therefore, we are currently subject to an adjusted leverage ratio of less than 6.0 times. The adjusted senior leverage covenant, which is only applicable provided aggregate subordinated indebtedness and permitted holding company indebtedness is greater than \$25 million, requires us to maintain a ratio of adjusted consolidated senior indebtedness minus unrestricted cash and cash equivalents to Adjusted Consolidated EBITDA of less than 4.0 times. The adjusted interest coverage covenant requires us to maintain a minimum ratio of Adjusted Consolidated EBITDA to cash interest expense (as defined by the credit agreement) of 2.5 times. The capital expenditure covenant limits annual capital expenditures (as defined by the credit agreement) to \$110 million or less, subject to a carryover provision of up to an additional \$110 million. In the event that we do not meet these covenants, we are considered to be in default on the credit facilities at which time the credit facilities may become immediately due. This credit facility contains a cross default provision that would be triggered if we were to default on any other indebtedness greater than \$10 million.

In July 2008, we amended our existing amended and restated senior secured credit agreement and the Amended Preferred Stock Certificate effective June 30, 2008 to, among other things, (i) increase the amount of allowable investments by the amount of net proceeds received from issuances of equity and convertible debt, (ii) permit investment in unrestricted subsidiaries in an amount of up to 50% of the amount of net proceeds received from issuances of equity and convertible debt and (iii) revise the definition of certain items in the agreement.

The Amended Preferred Stock Certificate contains covenants similar to the senior secured credit facility and also contains a covenant that requires us to pay additional dividends ranging from 2% to 7% in the event the ratio of consolidated total indebtedness minus unrestricted cash and cash equivalents, up to a maximum of \$150 million (all as defined by the Amended Preferred Stock Certificate), to consolidated earnings-before-interest-taxes-depreciation-and-amortization (as defined by the Amended Preferred Stock Certificate) exceeds 4.0 times.

Some of our other subsidiary indebtedness includes restrictions on acquisitions and prohibits payment of ordinary dividends. They also have financial covenants including minimum consolidated EBITDA to consolidated net interest payable, minimum consolidated cash flow to consolidated debt service, and maximum consolidated debt to consolidated EBITDA, all as defined in the applicable debt agreements.

At December 31, 2009, we were in compliance with all debt and Redeemable Preferred Stock covenants. We expect to remain in compliance with all of these covenants throughout 2010.

Uses of Cash

Acquisitions

When we make acquisitions, especially of entities where we buy a controlling interest only, the acquired entity may have cash on its balance sheet at the time of acquisition. All amounts discussed in this section are presented net of any cash acquired. During 2009, we used \$17.1 million in cash for acquisitions in our International Music segment, primarily related to our acquisitions of Tecjet, a company that holds the lease for a venue in Scotland, Brand New Live, a concert promotion company in the Netherlands, and Parcolimpico, which manages facilities and venues in Turin, Italy, along with payment on our 2008 acquisition of the Heineken Music Hall operations.

During 2008, we used \$19.7 million in cash for acquisitions primarily in our International Music segment related to the acquisition of the operating company that manages and holds the lease for the Heineken Music Hall located in Amsterdam, the acquisition of an interest in DF Concerts, a concert promotion company in Scotland, the acquisition of an interest in Mirage, a concert promoter in Dubai and the acquisition of the remaining interests we did not already own in Luger and Moondog, both music-related companies in Sweden.

During 2007, we used \$124.3 million in cash for acquisitions in our various segments. Our North American Music segment acquired the remaining interest in HOB Canada, a live music company located in Canada which operates or has booking rights for one amphitheater and three clubs in Toronto and Vancouver, the remaining 49% interest in TRUNK, Ltd.

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which is a specialty merchandise company located in California, the remaining 49% interest in Musictoday which provides services to artists including online fan clubs and artist e-commerce and fulfillment and is located in Virginia, the remaining interests in the CPI entities which engage in full service global tours and provide various other artist services and was located in Canada, Anthill which is a merchandising company located in New York, Signatures which is a merchandising company located in California, and acquired an interest in Bamboozle, LLC, a festival promotion company located in the United States. Our International Music segment acquired an interest in Jackie Lombard Productions, a concert promotion company in France, an interest in AMG, a live music company located in the United Kingdom which owns and/or operates 12 music theaters, along with payment of an additional working capital adjustment related to our acquisition of Gamerco, S.A. in December 2006.

Purchases of Intangibles

In 2009, 2008 and 2007, we used \$27.9 million, \$65.5 million and \$47.6 million, respectively, in cash primarily related to entering into certain artist rights agreements with Madonna, Jay-Z, Shakira and U2 as well as for rights acquired in 2008 in connection with a 51% interest in Live Nation—Haymon Ventures, LLC.

Capital Expenditures

Venue operations is a capital intensive business, requiring continual investment in our existing venues in order to address audience and artist expectations, technological industry advances and various federal, state and/or local regulations.

We categorize capital outlays between maintenance capital expenditures and revenue generating capital expenditures. Maintenance capital expenditures are associated with the renewal and improvement of existing venues and, to a lesser extent, capital expenditures related to information systems, web development and administrative offices. Revenue generating capital expenditures generally relate to the construction of new venues or major renovations to existing buildings or buildings that are being added to our venue network. Revenue generating capital expenditures can also include smaller projects whose purpose is to add revenue and/or improve operating income. Capital expenditures typically increase during periods when venues are not in operation.

Our accrued capital expenditures consisted of the following:

	<u>2009</u>	<u>2008</u> <i>(in thousands)</i>	<u>2007</u>
Maintenance capital expenditures	\$16,903	\$ 24,989	\$ 45,194
Revenue generating capital expenditures	<u>34,254</u>	<u>161,931</u>	<u>71,655</u>
Total capital expenditures	<u>\$51,157</u>	<u>\$186,920</u>	<u>\$116,849</u>

Revenue generating capital expenditures for 2009 decreased from the prior year primarily due to the 2008 development and renovation of various venues including O₂ Dublin, *House of Blues* clubs in Houston and Boston, AMG venue expansion in Sheffield and the ticketing roll-out.

Revenue generating capital expenditures for 2008 increased significantly from the prior year primarily due to the development and renovation of various venues, including O₂ Dublin in Ireland, *House of Blues* clubs in Houston and Boston, the Hollywood Palladium, AMG venue expansions in Sheffield and Leeds, as well as for our ticketing roll-out. The decrease in maintenance capital expenditures in 2008 as compared to the prior year is due to various projects in 2007, including the roll-out of a new financial software system, office building moves for a few locations and information technology costs for hardware and software including the build-out of a new data center.

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 some of the venues used in our music 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 non-cancelable contracts related to our operations such as artist guarantee contracts. 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, 2009 and thus do not represent all expected expenditures for those periods.

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The scheduled maturities of our outstanding long-term debt, future minimum rental commitments under non-cancelable lease agreements, minimum payments under other non-cancelable contracts and capital expenditure commitments as of December 31, 2009 are as follows:

	Payments Due by Period				2015 and thereafter
	Total	2010	2011-2012	2013-2014	
	<i>(in thousands)</i>				
Long-term debt obligations, including current maturities:					
Term loans and revolving credit facility	\$ 444,818	\$ 3,443	\$108,222	\$333,153	\$ —
2.875% convertible senior notes	220,000	—	—	220,000	—
Other long-term debt	128,033	37,589	50,456	26,682	13,306
Redeemable preferred stock	40,000	—	40,000	—	—
Estimated interest payments (1)	111,932	32,646	49,916	23,252	6,118
Non-cancelable operating lease obligations (3)	1,352,048	81,914	161,696	148,987	959,451
Non-cancelable contracts (3)	1,009,315	505,975	227,178	156,643	119,519
Capital expenditures	4,900	4,725	50	50	75
Other long-term liabilities, including current portion (2)	14,984	7,817	7,167	—	—
Total	\$3,326,030	\$674,109	\$644,685	\$908,767	\$1,098,469

- (1) Includes dividends on the Series A and Series B redeemable preferred stock. Includes interest on the 2.875% convertible senior notes through July 2014. Excludes interest on the outstanding revolver balance. Based on the outstanding revolver balance of \$101.3 million at December 31, 2009, annual interest expense through maturity in June 2012 would be approximately \$2.6 million assuming a rate of 2.5% and that we maintain this level of indebtedness under the revolver.
- (2) Includes \$15.0 million of deferred and contingent purchase consideration where performance targets have been met. The remaining balance of other long-term liabilities, including current portion, consist of \$4.1 million of tax contingencies, \$3.2 million of deferred revenue, \$40.2 million of deferred rent and \$81.2 million of various other obligations. Unless otherwise noted, our other long-term liabilities do not have contractual maturities and, therefore, we cannot predict when, or if, they will become due.
- (3) Commitment amounts for non-cancelable operating leases and non-cancelable contracts which stipulate an increase in the commitment amount based on an inflationary index have been estimated using an inflation factor of 2.7% for North America and 2.4% for the United Kingdom.

During 2006, in connection with our acquisition of the Historic Theatre Group, we guaranteed obligations related to a lease agreement. In the event of default, we could be liable for obligations which have future lease payments (undiscounted) of approximately \$27.8 million through the end of 2035 which are not reflected in the table above. The scheduled future minimum rentals for this lease for the years 2010 through 2014 are \$1.6 million each year. The venues under the lease agreement were included in the sale of our North American theatrical business. We entered into an Assumption Agreement with the buyer in connection with the sale, under which the buyer is assuming our obligations under the guaranty, however we remain contingently liable to the lessor. We believe that the likelihood of a material liability being triggered under this lease is remote, and no liability has been accrued for these contingent lease obligations as of December 31, 2009.

Minimum rentals of \$100.9 million to be received in years 2010 through 2020 under non-cancelable subleases are excluded from the commitment amounts in the above table.

Cash Flows

	Year Ended December 31,		
	2009	2008	2007
	<i>(in thousands)</i>		
Cash provided by (used in):			
Operating activities	\$ 57,275	\$ (62,633)	\$ 36,433
Investing activities	\$ 70,089	\$ (66,893)	\$(129,570)
Financing activities	\$(116,964)	\$ 33,984	\$ 110,188

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Operating Activities

Year Ended 2009 Compared to Year Ended 2008

Cash provided by operations was \$57.3 million for the year ended December 31, 2009, compared to cash used in operations of \$62.6 million for the year ended December 31, 2008. The \$119.9 million increase in cash provided by operations resulted primarily from changes in the event-related operating accounts which are dependent on the timing, size and number of events for upcoming periods partially offset by a decrease in net income after adjustments for non-cash charges and non-operating activities. During 2009, we had lower long-term artist-related payments, paid less accrued event-related expenses, and collected more accounts receivable as compared to the same period of 2008 resulting in an increase in cash provided by operations. Conversely, we paid more prepaid event-related expenses and had less deferred revenue as compared to the same period of 2008, resulting in a partial decrease in cash provided by operations.

Year Ended 2008 Compared to Year Ended 2007

Cash used in operations was \$62.6 million for the year ended December 31, 2008, compared to cash provided by operations of \$36.4 million for the year ended December 31, 2007. The \$99.0 million increase in cash used in operations resulted primarily from advances related to entering into certain artist rights agreements and changes in the event-related operating accounts which are dependent on the timing, size, and number of events for upcoming periods. The accounts primarily affected by this event timing were accrued event-related expenses which decreased, as compared to an increase last year, and resulted in a decrease in cash used in operating activities, partially offset by prepaid event-related expenses which increased less than last year and resulted in a decrease in cash used in operating activities.

Investing Activities

Year Ended 2009 Compared to Year Ended 2008

Cash provided by investing activities was \$70.1 million for the year ended December 31, 2009, compared to cash used in investing activities of \$66.9 million for the year ended December 31, 2008. The \$137.0 million increase in cash provided by investing activities is primarily due to lower capital expenditures in 2009 and less cash used in the current year for acquisitions of certain artist rights, partially offset by slightly higher proceeds received in 2008 from the disposal of operating assets as compared to proceeds received in 2009.

Year Ended 2008 Compared to Year Ended 2007

Cash used in investing activities was \$66.9 million for the year ended December 31, 2008, compared to \$129.6 million for the year ended December 31, 2007. The \$62.7 million decrease in cash used in investing activities is primarily due to higher proceeds received in 2008 from the sale of our motor sports, events, and North American theatrical businesses as compared to proceeds received in 2007 from the sales of an arena/race track in Leicestershire, England, an amphitheater in Nashville, an office building in San Francisco, two music theaters and seven clubs in London and our production of Phantom-Vegas. Additionally, we used more cash in the prior year related to our acquisitions of Signatures, AMG and HOB Canada as compared to the amounts used for our 2008 acquisitions. Partially offsetting these decreases in cash used in investing activities were higher capital expenditures and acquisitions of certain artist rights in 2008.

Financing Activities

Year Ended 2009 Compared to Year Ended 2008

Cash used in financing activities was \$117.0 million for the year ended December 31, 2009, compared to cash provided by financing activities of \$34.0 million for the year ended December 31, 2008. The \$151.0 million increase in cash used in financing activities was primarily a result of a net paydown on our revolving credit facility in 2009 as compared to net borrowings in 2008. Additionally, in 2009 we paid down \$70.6 million on our term loan from asset sale proceeds compared to \$29.3 million in 2008.

Year Ended 2008 Compared to Year Ended 2007

Cash provided by financing activities was \$34.0 million for the year ended December 31, 2008, compared to \$110.2 million for the year ended December 31, 2007. The \$76.2 million decrease in cash provided by financing activities was primarily a result of reduced net borrowings in 2008 as compared to the same period in the prior year. Included in 2007 was the issuance of our 2.875% convertible senior notes, while 2008 included higher net borrowings on our revolving credit facility and lower term loan repayments than in 2007. Additionally, in 2008 we purchased stock in connection with a put option related to an artist rights agreement which used cash and, therefore, reduced cash provided by financing activities.

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Seasonality

Our North American Music and International Music segments typically experience 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. In addition, the timing of tours of top-grossing acts can impact comparability of quarterly results year over year, although annual results may not be impacted.

Cash flows from our North American Music and International Music segments typically have a slightly different seasonality as payments are often made for artist performance fees and production costs in advance of the date the related event tickets go on sale. These artist fees and production costs are expensed when the event occurs. Once tickets for an event go on sale, we generally begin to receive payments from ticket sales 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 Item 1A.—Risk Factors. Our operations are seasonal and our results of operations vary from quarter to quarter and year over year, so our financial performance in certain quarters may not be indicative of, or comparable to, our financial performance in subsequent quarters or years.

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. 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. Currently, we do not operate in any hyper-inflationary countries. Our foreign operations reported operating income of \$84.7 million for the year ended December 31, 2009. We estimate that a 10% change in the value of the United States dollar relative to foreign currencies would change our operating income for the year ended December 31, 2009 by \$8.5 million. As of December 31, 2009, our primary foreign exchange exposure included the Euro, British Pound and Canadian Dollar. This analysis does not consider the implication such currency fluctuations could have on the overall economic conditions of the United States or other foreign countries in which we operate or on the results of operations of our foreign entities.

We use forward currency contracts to reduce our exposure to foreign currency risk. The principal objective of such contracts is to minimize the risks and/or costs associated with short-term artist fee commitments. At December 31, 2009, we had forward currency contracts outstanding with notional amounts totalling \$7.9 million.

Interest Rate Risk

Our market risk is also affected by changes in interest rates. We had \$740.1 million total debt, net of debt discount, outstanding as of December 31, 2009. Of the total amount, taking into consideration existing interest rate hedges, we have \$412.9 million of fixed-rate debt and \$327.2 million of floating-rate debt.

Based on the amount of our floating-rate debt as of December 31, 2009, each 25 basis point increase or decrease in interest rates would increase or decrease our annual interest expense and cash outlay by approximately \$0.8 million. 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 December 31, 2009 with no subsequent change in rates for the remainder of the period.

At December 31, 2009, we have one interest rate swap agreement that is designated as a cash flow hedge for accounting purposes. The plain vanilla interest rate swap had a notional amount of \$150.0 million at December 31, 2009, to effectively convert a portion of our floating-rate debt to a fixed-rate basis. This agreement expires on September 30, 2010. The fair value of this agreement at December 31, 2009 was a liability of \$3.3 million. This agreement was put in place to eliminate or reduce the variability of a portion of the cash flows from the interest payments related to our senior secured credit facility. The terms of our senior secured credit facility required that an interest rate swap be put in place for at least 50% of the original \$325 million senior term loan and for at least three years.

As part of the acquisition of AMG, we have an interest rate swap agreement with a \$17.4 million aggregate notional amount that effectively converts a portion of our floating-rate debt to a fixed-rate basis. This agreement expires in January 2015. Also, in connection with the financing of the redevelopment of the O₂ Dublin, we have an interest rate swap agreement with a notional amount of \$19.5 million that expires in December 2013 effectively converting a portion of our floating-rate debt to a fixed-rate basis. These interest rate swap agreements have not been designated as hedging instruments. Therefore, any change in fair value is recorded in earnings during the period of the change.

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In July 2007, we issued \$220.0 million of 2.875% convertible senior notes due 2027. Beginning with the period commencing on July 20, 2014 and ending on January 14, 2015, and for each of the interest periods commencing thereafter, we will pay contingent interest on the notes if the average trading price of the notes during the five consecutive trading days ending on the second trading day immediately preceding the first day of the applicable interest period equals or exceeds 120% of the principal amount of the notes. The contingent interest payable per note will equal 0.25% per year of the average trading price of such note during the applicable five trading-day reference period, payable in arrears.

Recent Accounting Pronouncements

Recently Adopted Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, codified in ASC topic 820, *Fair Value Measurements and Disclosures*, or ASC 820, which provides guidance for using fair value to measure assets and liabilities and also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. The pronouncement applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, however, ASC 820 does not expand the use of fair value in any new circumstances. In February 2008, the FASB issued FSP No. 157-2, *Effective Date of FASB Statement No. 157*, which provides additional guidance, codified in ASC 820, which delayed the effective date for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). We adopted the relevant provisions of ASC 820 on January 1, 2008 for all financial assets and liabilities recognized or disclosed at fair value in our consolidated financial statements on a recurring basis (at least annually). We adopted the relevant provisions of ASC 820 on January 1, 2009 for nonfinancial assets and liabilities. Our adoption of the fair value measurement guidance in ASC 820 did not have a material impact on our nonfinancial assets and liabilities or on our financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, codified in ASC topic 805, *Business Combinations*, or ASC 805. This pronouncement establishes revised principles and requirements for the recognition and measurement of assets and liabilities in a business combination. ASC 805 requires (i) recognition of 100% of the fair value of acquired assets, including goodwill, and assumed liabilities upon obtaining control, (ii) contingent consideration to be recorded at fair value at the acquisition date, (iii) transaction costs to be expensed as incurred, (iv) pre-acquisition contingencies to be accounted for at the acquisition date at fair value and (v) costs of a plan to exit an activity or terminate or relocate employees to be accounted for as post-combination costs. We adopted the relevant provisions of ASC 805 on January 1, 2009 and will apply the requirements prospectively. For the year ended December 31, 2009, we have recorded \$36.0 million in acquisition transaction expenses.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*, codified in ASC topic 810, *Consolidation*, or ASC 810. This pronouncement clarifies the classification of noncontrolling interests in consolidated statements of financial position and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests. We adopted the relevant provisions of ASC 810 on January 1, 2009. These certain provisions of ASC 810 have been applied prospectively with the exception of reclassifying noncontrolling interests to equity in our consolidated balance sheets and recasting consolidated net income (loss) to include net income (loss) prior to 2009 attributable to both the controlling and noncontrolling interests, which were required to be adopted retrospectively.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*, codified in ASC topic 815, *Derivatives and Hedging*, or ASC 815. This pronouncement requires expanded disclosures about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under FASB SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and its related interpretations and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. We adopted the relevant provisions of ASC 815 on January 1, 2009.

In May 2008, the FASB issued FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*, codified in ASC topic 470, *Debt*, ASC topic 815, *Derivatives and Hedging*, and ASC topic 825, *Financial Instruments*. This pronouncement changed the accounting for certain convertible debt instruments, including our 2.875% convertible senior notes. Under the new rules for convertible debt instruments that may be settled entirely or partially in cash upon conversion, an entity separately accounts for the liability and equity components of the instrument in a manner that reflects the issuer's economic interest cost. The effect of the new rules for our

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notes is that the equity component is included in the additional paid-in capital section of stockholders' equity on our balance sheet and the value of the equity component is treated as an original issue discount for purposes of accounting for the debt component of the notes. Higher interest expense results from recognizing the accretion of the discounted carrying value of the notes to their face amount as interest expense over the expected term of the notes using an effective interest rate method of amortization. We adopted this pronouncement on January 1, 2009 and applied it retrospectively to all periods presented.

In June 2008, the FASB issued FSP Emerging Issues Task Force 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, codified in ASC topic 260, *Earnings per Share*, or ASC 260. This pronouncement was issued to clarify that unvested share-based payment awards with a right to receive nonforfeitable dividends are participating securities and to provide guidance on how to allocate earnings to participating securities and compute basic earnings per share using the two-class method. We adopted the relevant provisions of ASC 260 on January 1, 2009 and applied it retrospectively to all periods presented. The adoption of this pronouncement did not have a material impact on our earnings per share.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, codified in ASC topic 825, *Financial Instruments*. This pronouncement amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim reporting periods. Such disclosures were previously required only in annual financial statements. We adopted the relevant provisions of ASC topic 825 in the second quarter of 2009 and have included the required disclosures in our consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, codified in ASC topic 855, *Subsequent Events*, or ASC 855. This pronouncement establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the date the financial statements are issued or available to be issued. ASC 855 requires that disclosures include the nature of the event and either an estimate of its financial effect or a statement that an estimate cannot be made and the date through which an entity has evaluated subsequent events. We adopted the relevant provisions of ASC 855 in the second quarter of 2009 and have applied its guidance prospectively. We have included the required disclosures in our consolidated financial statements.

In June 2009, the FASB issued SFAS No. 168, *FASB Accounting Standards Codification*, codified in ASC topic 105, *Generally Accepted Accounting Principles*, which establishes the Codification as the single official source of authoritative nongovernmental GAAP. Following this statement, the FASB will issue new standards in the form of Accounting Standards Updates. All existing accounting standard documents have been superseded and all other accounting literature not included in the Codification is considered nonauthoritative. The Codification combines all authoritative standards into a comprehensive, topically organized database. We adopted the Codification in the third quarter of 2009.

Recently Issued Pronouncements

In October 2009, the FASB issued ASU 2009-13, *Multiple-Deliverable Revenue Arrangements*, or ASU 2009-13, which requires an entity to allocate consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices. This consensus eliminates the use of the residual method of allocation and requires allocation using the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverables. ASU 2009-13 is effective for fiscal years beginning on or after June 15, 2010. We will adopt ASU 2009-13 on January 1, 2011 and apply it prospectively. We are currently assessing the impact that the adoption of ASU 2009-13 will have on our consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with U.S. GAAP 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. 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.

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Allowance for Doubtful Accounts

We evaluate the collectibility of our accounts receivable based on a combination of factors. Generally, we record specific reserves to reduce the amounts recorded to what we believe will be collected when a customer's account ages beyond typical collection patterns, or we become aware of a customer's inability to meet its financial obligations.

We believe that the credit risk with respect to trade receivables is limited due to the large number and the geographic diversification of our customers.

Long-lived Assets

Long-lived assets, such as property, plant and equipment, contractual advances and definite-lived intangible assets 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 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 and other fair value measures. For intangibles related to artist rights, the Company uses assumptions about future revenue and operating income for the rights acquired. These projections are based on information about the artists' past results and expectations about future results. Our impairment loss calculations require us 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 impairment at least annually 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 process of evaluating goodwill for impairment involves the determination of the fair value of our reporting units. We use both market multiples and discounted cash flow projections in developing fair values. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, our interpretation of current economic indicators and market valuations, and assumptions about our strategic plans with regard to our operations. Due to the uncertainties associated with such estimates, actual results could differ from such estimates.

Revenue Recognition

Revenue from the promotion and production of an event is recognized after the performance occurs upon settlement of the event. Revenue related to larger global tours is recognized after the performance occurs; however, any profits related to these tours, primarily related to music tour production and tour management services, is recognized after minimum revenue thresholds, if any, have been achieved. Revenue collected in advance of the event is recorded as deferred revenue until the event occurs. Revenue collected from sponsorships and other revenue, which is not related to any single event, is classified as deferred revenue and generally amortized over the operating season or the term of the contract.

Revenue from our ticketing operations primarily consists of convenience and order processing fees charged at the time a ticket for an event is sold and is recorded on a net basis (net of the face value of the ticket). For tickets sold for events at our owned and/or operated venues, this revenue is recognized after the performance occurs upon settlement of the event. Revenue for these ticket fees collected in advance of the event is recorded as deferred revenue until the event occurs. These fees will be shared between our Ticketing segment and the North American Music segment. For tickets sold for events for third-party venues, this revenue is recognized at the time of the sale and is recorded by our Ticketing segment.

For multiple element contracts, we allocate consideration to the multiple elements based on the relative fair values of each separate element which are determined based on prices charged for such items when sold on a stand alone basis. In cases where there is no objective and reliable evidence of the fair value of certain element(s) in an arrangement, we account for the transaction as a single unit of accounting per the requirements of ASC Subtopic 605-25, *Multiple-Element Arrangements*.

We account for taxes that are externally imposed on revenue producing transactions on a net basis, as a reduction to revenue.

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Litigation Accruals

We are currently involved in certain legal proceedings and, as required, have accrued our estimate of the probable costs for the resolution of these claims. Management's estimates used 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 our assumptions or the effectiveness of our strategies related to these proceedings.

Stock-Based Compensation

We follow the fair value recognition provisions of ASC Topic 718, *Compensation—Stock Compensation*, or ASC 718. In accordance with ASC 718, we continue to use the Black-Scholes option pricing model to estimate the fair value of our stock options at the date of grant. Judgment is required in estimating the amount of stock-based awards expected to be forfeited prior to vesting. If actual forfeitures differ significantly from these estimates, non-cash compensation expense could be materially impacted.

Income Taxes

We account for income taxes using the liability method in accordance with ASC topic 740, *Income Taxes*, or ASC 740. 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 we believe it is more likely than not that some portion or the entire asset will not be realized. As all earnings from our continuing foreign operations are permanently reinvested and not distributed, our income tax provision does not include additional U.S. taxes on those foreign operations. It is not practical to determine the amount of federal and state income taxes, if any, that might become due in the event that the earnings were distributed.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Ratio of Earnings to Fixed Charges

The ratio of earnings to fixed charges is as follows:

Year Ended December 31,				
2009	2008	2007	2006	2005
*	*	*	*	*

* For the years ended December 31, 2009, 2008, 2007, 2006 and 2005, fixed charges exceeded earnings from continuing operations before income taxes and fixed charges by \$116.5 million, \$358.6 million, \$45.8 million, \$30.0 million and \$60.7 million, respectively.

The ratio of earnings to fixed charges was computed on a total company basis. Earnings represent income from continuing operations before income taxes less equity in undistributed net income (loss) of nonconsolidated affiliates plus fixed charges. Fixed charges represent interest, amortization of debt discount and expense and the estimated interest portion of rental charges. Rental charges exclude variable rent expense for events in third-party venues. Prior period calculations have been revised to conform to the current period presentation.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Required information is within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Live Nation Entertainment, Inc.

We have audited the accompanying consolidated balance sheets of Live Nation Entertainment, Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the index at 15(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as 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 consolidated financial position of Live Nation Entertainment, Inc. and subsidiaries at December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Live Nation Entertainment, Inc.'s internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 25, 2010

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CONSOLIDATED BALANCE SHEETS

	December 31,	
	2009	2008
(in thousands except share data)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 236,955	\$ 199,660
Accounts receivable, less allowance of \$8,230 in 2009 and \$10,376 in 2008	176,179	217,286
Prepaid expenses	277,599	194,355
Other current assets	27,133	28,517
Total current assets	717,866	639,818
Property, plant and equipment		
Land, buildings and improvements	875,958	990,433
Furniture and other equipment	288,631	260,524
Construction in progress	17,398	41,282
	1,181,987	1,292,239
Less accumulated depreciation	432,003	404,504
	749,984	887,735
Intangible assets		
Intangible assets—net	470,889	514,469
Goodwill	204,672	205,296
Other long-term assets		
Notes receivable, less allowance of \$615 in 2009 and \$562 in 2008	206	672
Investments in nonconsolidated affiliates	2,077	18,519
Other long-term assets	196,065	210,214
Total assets	\$ 2,341,759	\$ 2,476,723
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 50,844	\$ 53,563
Accrued expenses	357,138	378,992
Deferred revenue	284,536	225,664
Current portion of long-term debt	41,032	48,637
Other current liabilities	18,684	64,381
Total current liabilities	752,234	771,237
Long-term debt, net of discount	699,037	775,483
Other long-term liabilities	125,047	146,360
Series A and Series B redeemable preferred stock	40,000	40,000
Commitments and contingent liabilities (Note 11)		
Stockholders' equity		
Preferred stock—Series A Junior Participating, \$.01 par value; 20,000,000 shares authorized; no shares issued and outstanding	—	—
Preferred stock, \$.01 par value; 30,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$.01 par value; 450,000,000 shares authorized; 86,708,627 and 79,523,100 shares issued and outstanding in 2009 and 2008, respectively	860	785
Additional paid-in capital	1,090,572	1,063,564
Accumulated deficit	(433,785)	(373,606)
Cost of shares held in treasury (2,260,260 and 505,811 shares in 2009 and 2008, respectively)	(9,529)	(7,861)
Accumulated other comprehensive income (loss)	4,199	(5,029)
Total Live Nation Entertainment, Inc. stockholders' equity	652,317	677,853
Noncontrolling interests	73,124	65,790
Total stockholders' equity	725,441	743,643
Total liabilities and stockholders' equity	\$ 2,341,759	\$ 2,476,723

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2009	2008	2007
	(in thousands except share and per share data)		
Revenue	\$ 4,181,021	\$ 4,085,306	\$ 3,635,389
Operating expenses:			
Direct operating expenses	3,357,245	3,299,444	2,943,311
Selling, general and administrative expenses	618,980	619,585	553,259
Depreciation and amortization	158,118	140,039	107,428
Goodwill impairment	9,085	269,902	—
Loss (gain) on sale of operating assets	(2,983)	1,131	(20,735)
Corporate expenses	56,889	52,498	45,854
Acquisition transaction expenses	36,043	—	—
Operating income (loss)	(52,356)	(297,293)	6,272
Interest expense	66,365	70,104	64,297
Interest income	(2,193)	(8,575)	(12,115)
Equity in (earnings) losses of nonconsolidated affiliates	(1,851)	(842)	7,737
Other expense (income)—net	1	(245)	(66)
Loss from continuing operations before income taxes	(114,678)	(357,735)	(53,581)
Income tax expense (benefit):			
Current	19,584	(28,355)	680
Deferred	(8,251)	4,098	8,049
Loss from continuing operations	(126,011)	(333,478)	(62,310)
Income from discontinued operations, net of tax	76,277	95,653	54,990
Net loss	(49,734)	(237,825)	(7,320)
Net income attributable to noncontrolling interests	10,445	1,587	7,869
Net loss attributable to Live Nation Entertainment, Inc.	\$ (60,179)	\$ (239,412)	\$ (15,189)
Basic and diluted net income (loss) per common share attributable to common stockholders:			
Loss from continuing operations attributable to Live Nation Entertainment, Inc.	\$ (1.65)	\$ (4.39)	\$ (1.02)
Income from discontinued operations attributable to Live Nation Entertainment, Inc.	0.92	1.25	0.80
Net loss attributable to Live Nation Entertainment, Inc.	\$ (0.73)	\$ (3.14)	\$ (0.22)
Weighted average common shares outstanding:			
Basic	82,652,366	76,228,275	68,440,582
Diluted	82,652,366	76,228,275	68,440,582

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net loss	\$ (49,734)	\$ (237,825)	\$ (7,320)
Other comprehensive income (loss), net of tax:			
Unrealized and realized holding gain (loss) on cash flow hedges	3,906	(9,094)	(1,888)
Foreign currency translation adjustments	<u>5,322</u>	<u>(60,070)</u>	<u>41,697</u>
Comprehensive income (loss)	(40,506)	(306,989)	32,489
Comprehensive income attributable to noncontrolling interests	<u>10,445</u>	<u>1,587</u>	<u>7,869</u>
Comprehensive income (loss) attributable to Live Nation Entertainment, Inc.	<u>\$ (50,951)</u>	<u>\$ (308,576)</u>	<u>\$ 24,620</u>

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Live Nation Entertainment, Inc. Stockholders' Equity									
	Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total
Balances at December 31, 2006	67,174,912	\$ 672	\$ 757,748	\$ (119,005)	\$ (21,472)	\$ 24,326	\$ 72,558	\$ —	\$ 714,827
Non-cash compensation	93,000	1	16,975	—	—	—	—	—	16,976
Common shares issued for business acquisitions	6,450,722	64	139,725	—	21,884	—	—	—	161,673
Common shares issued for operational contracts	1,174,371	12	26,400	—	—	—	—	—	26,412
Purchase of common shares	—	—	—	—	(412)	—	—	—	(412)
Adjustment to initially apply FSP APB 14-1, codified in ASC Topic 470, for convertible debt (Note 7)	—	—	70,559	—	—	—	—	—	70,559
Acquisitions	—	—	—	—	—	—	(12,108)	—	(12,108)
Cash dividends	—	—	—	—	—	—	(4,424)	—	(4,424)
Divestitures	—	—	—	—	—	—	(12,927)	—	(12,927)
Other	—	—	—	—	—	—	3,148	—	3,148
Comprehensive income (loss):									
Net income (loss)	—	—	—	(15,189)	—	—	7,869	(7,320)	(7,320)
Unrealized loss on cash flow derivatives	—	—	—	—	—	(1,537)	—	(1,537)	(1,537)
Realized gain on cash flow derivatives	—	—	—	—	—	(351)	—	(351)	(351)
Currency translation adjustment	—	—	—	—	—	41,697	—	41,697	41,697
Total comprehensive income (loss)								\$ 32,489	
Balances at December 31, 2007	74,893,005	\$ 749	\$ 1,011,407	\$ (134,194)	\$ —	\$ 64,135	\$ 54,116		\$ 996,213
Non-cash compensation	1,303,899	13	22,510	—	810	—	—	—	23,333
Common shares issued for operational contracts	2,331,820	23	44,232	—	—	—	—	—	44,255
Purchase of common shares	—	—	—	—	(28,710)	—	—	—	(28,710)
Sale of common shares	—	—	(14,585)	—	20,039	—	—	—	5,454
Acquisitions	—	—	—	—	—	—	5,547	—	5,547
Cash dividends	—	—	—	—	—	—	(3,042)	—	(3,042)
Net advances	—	—	—	—	—	—	8,847	—	8,847
Divestitures	—	—	—	—	—	—	(648)	—	(648)
Other	—	—	—	—	—	—	(617)	—	(617)
Comprehensive income (loss):									
Net income (loss)	—	—	—	(239,412)	—	—	1,587	(237,825)	(237,825)
Unrealized loss on cash flow derivatives	—	—	—	—	—	(10,900)	—	(10,900)	(10,900)
Realized loss on cash flow derivatives	—	—	—	—	—	1,806	—	1,806	1,806
Currency translation adjustment	—	—	—	—	—	(60,070)	—	(60,070)	(60,070)
Total comprehensive income (loss)								\$ (306,989)	
Balances at December 31, 2008	78,528,724	\$ 785	\$ 1,063,564	\$ (373,606)	\$ (7,861)	\$ (5,029)	\$ 65,790		\$ 743,643
Non-cash compensation	7,487,848	75	32,271	—	—	—	—	—	32,346
Purchase of common shares	—	—	—	—	(5,803)	—	—	—	(5,803)
Sale of common shares	—	—	(2,596)	—	4,355	—	—	—	1,759
Acquisitions	—	—	(2,667)	—	(220)	—	3,876	—	989
Cash dividends	—	—	—	—	—	—	(7,006)	—	(7,006)
Other	—	—	—	—	—	—	19	—	19
Comprehensive income (loss):									
Net income (loss)	—	—	—	(60,179)	—	—	10,445	(49,734)	(49,734)
Unrealized loss on cash flow derivatives	—	—	—	—	—	(5,349)	—	(5,349)	(5,349)
Realized loss on cash flow derivatives	—	—	—	—	—	9,255	—	9,255	9,255
Currency translation adjustment	—	—	—	—	—	5,322	—	5,322	5,322
Total comprehensive income (loss)								\$ (40,506)	
Balances at December 31, 2009	86,016,572	\$ 860	\$ 1,090,572	\$ (433,785)	\$ (9,529)	\$ 4,199	\$ 73,124		\$ 725,441

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2009	2008	2007
	(in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (49,734)	\$(237,825)	\$ (7,320)
Reconciling items:			
Depreciation	98,108	86,059	85,848
Amortization of intangibles	64,586	62,163	34,980
Goodwill impairment	9,085	282,939	—
Impairment of operational assets	—	16,035	—
Deferred income tax expense (benefit)	(8,698)	8,132	7,649
Amortization of debt issuance costs	4,224	3,616	1,935
Amortization of debt discount	8,811	7,995	3,413
Non-cash compensation expense	16,675	34,556	29,191
Gain on sale of operating assets	(64,237)	(165,448)	(51,226)
Gain on sale of other investments	—	—	(64)
Equity in earnings of nonconsolidated affiliates	(3,117)	(720)	(4,806)
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease in accounts receivable	34,485	2,130	3,827
Increase in prepaid expenses	(57,918)	(25,603)	(51,554)
Increase in other assets	(2,778)	(107,376)	(50,951)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(4,586)	(58,270)	17,481
Increase in deferred revenue	12,369	28,984	18,030
Net cash provided by (used in) operating activities	57,275	(62,633)	36,433
CASH FLOWS FROM INVESTING ACTIVITIES			
Collections of notes receivable	695	334	1,910
Advances to notes receivable	(555)	—	(879)
Distributions from nonconsolidated affiliates	5,134	7,269	16,195
Investments made in nonconsolidated affiliates	(821)	(250)	(5,261)
Proceeds from disposal of other investments	—	—	3,616
Purchases of property, plant and equipment	(64,267)	(186,217)	(105,360)
Proceeds from disposal of operating assets, net of cash divested	174,321	198,665	132,106
Cash paid for acquisitions, net of cash acquired	(17,099)	(19,657)	(124,285)
Purchases of intangible assets	(27,863)	(65,460)	(47,568)
Decrease (increase) in other—net	544	(1,577)	(44)
Net cash provided by (used in) investing activities	70,089	(66,893)	(129,570)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of debt issuance costs	602,741	420,327	399,781
Payments on long-term debt	(705,795)	(369,610)	(285,635)
Contributions from noncontrolling interest partners	13	8,847	—
Distributions to noncontrolling interest partners	(7,006)	(3,042)	(4,424)
Proceeds from exercise of stock options	—	636	466
Issuance of treasury stock	1,553	5,454	—
Equity issuance costs	(2,667)	—	—
Payments for purchases of common stock	(5,803)	(28,628)	—
Net cash provided by (used in) financing activities	(116,964)	33,984	110,188
Effect of exchange rate changes on cash and cash equivalents	26,895	(43,789)	8,060
Net increase (decrease) in cash and cash equivalents	37,295	(139,331)	25,111
Cash and cash equivalents at beginning of period	199,660	338,991	313,880
Cash and cash equivalents at end of period	\$ 236,955	\$ 199,660	\$ 338,991
SUPPLEMENTAL DISCLOSURE			
Cash paid during the year for:			
Interest	\$ 51,730	\$ 59,270	\$ 57,596
Income taxes	\$ 34,753	\$ 23,250	\$ 20,683

See Notes to Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Live Nation was incorporated in Delaware on August 2, 2005 in preparation for the contribution and transfer by Clear Channel of substantially all of its entertainment assets and liabilities to the Company. The Company completed the Separation on December 21, 2005 and became a publicly traded company on the New York Stock Exchange trading under the symbol “LYV”. Prior to the Separation, Live Nation was a wholly-owned subsidiary of Clear Channel. As of January 25, 2010, in connection with the Merger with Ticketmaster, the Company changed its name from Live Nation, Inc. to Live Nation Entertainment, Inc.

Seasonality

Due to the seasonal nature of shows at outdoor amphitheaters and festivals, which primarily occur May through September, the Company experiences higher revenue during the second and third quarters. This seasonality also results in higher balances in cash and cash equivalents, accounts receivable, prepaid expenses, accrued expenses and deferred revenue at different times in the year.

Basis of Presentation and Principles of Consolidation

As a result of the Separation, the Company recognized the par value and additional paid-in capital in connection with the issuance of its common stock in exchange for the net assets contributed at that time, and the Company began accumulating deficits and currency translation adjustments upon completion of the Separation. Beginning on December 21, 2005, the Company’s consolidated financial statements include all accounts of the Company, its majority owned subsidiaries and variable interest entities for which the Company is the primary beneficiary.

Significant intercompany accounts among the consolidated businesses have been eliminated in consolidation. Noncontrolling interest expense is recorded for consolidated affiliates in which the Company owns more than 50%, but not all, of the voting common stock and also variable interest entities for which the Company is the primary beneficiary. Investments in nonconsolidated affiliates in which the Company owns 20% to 50% of the voting common stock or otherwise exercises significant influence over operating and financial policies of the nonconsolidated affiliate are accounted for using the equity method of accounting. Investments in nonconsolidated affiliates in which the Company owns less than 20% of the voting common stock are accounted for using the cost method of accounting.

The consolidated balance sheet of the Company for 2008 includes balances, as of December 31, 2008, related to any businesses that were sold during 2009 and are now reflected as discontinued operations on the consolidated statements of operations. All cash flow activity reflected on the consolidated statements of cash flows for the Company is presented net of any non-cash transactions so the amounts reflected here may be different than amounts shown in other places in the Company’s financial statements that are not just related to cash flow amounts. For example, the purchases of property, plant and equipment reflected on the consolidated statements of cash flows reflects the amount of cash paid during the year for these purchases and does not include the impact of the changes in accrued liabilities related to capital expenditures during the year. In addition, the consolidated statements of cash flows for all years presented include all cash flow activity for the Company, including line item details of any applicable activity in businesses that were sold during 2009, 2008 and 2007 and are now reflected as discontinued operations on the consolidated statements of operations.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. The Company’s cash and cash equivalents consist primarily of domestic and foreign bank accounts as well as money market accounts. To reduce its credit risk, the Company monitors the credit standing of the financial institutions that hold the Company’s cash and cash equivalents.

The Company’s available cash and cash equivalents are held in accounts managed by third-party financial institutions and consist of cash in our operating accounts and invested cash. Cash held in operating accounts in many cases exceeds the Federal Deposit Insurance Corporation insurance limits. The invested cash is invested in interest-bearing funds managed by third-party financial institutions. While the Company monitors cash and cash equivalents balances in its operating accounts on a regular basis and adjusts the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, the Company has experienced no loss or lack of access to its cash or cash equivalents; however, the Company can provide no assurances that access to its cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

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Allowance for Doubtful Accounts

The Company evaluates the collectibility of its accounts receivable based on a combination of factors. Generally, it records specific reserves to reduce the amounts recorded to what it believes will be collected when a customer's account ages beyond typical collection patterns, or the Company becomes aware of a customer's inability to meet its financial obligations.

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.

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 music events. For advances that are expected to be recouped over a period of more than 12 months, the long-term portion of the advance is classified as other long-term assets. These prepaid costs are charged to operations upon completion of the related events.

Business Combinations

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 net 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 and asset lives 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. Beginning in January 2009 with the adoption of the relevant provisions of ASC 805, the Company expenses transaction costs as incurred.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or fair value at date of acquisition. Depreciation, which is recorded for both owned assets and assets under capital leases, 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 are depreciated over the shorter of the economic life or associated lease term assuming exercised renewal periods, if appropriate. Expenditures for maintenance and repairs are charged to operations as incurred, whereas expenditures for renewal and improvements are capitalized.

The Company tests for possible impairment of property, plant, and equipment whenever events or circumstances change, such as a significant reduction in operating cash flow or a dramatic change in the manner that the asset is intended to be used which may 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 based on the difference between the fair value and the carrying value. Any such impairment charge is recorded in depreciation and amortization expense in the statement of operations. 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, indefinite-lived or goodwill. Definite-lived intangibles primarily include revenue-generating contracts, non-compete agreements, venue management and leasehold agreements, artist relationships, trademarks and naming rights, all of which are amortized either pro-rata over the respective lives of the agreements, typically three to twenty years, or on a basis more representative of the time pattern over which the benefit is derived. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived assets. These assets are stated at cost or fair value. Indefinite-lived intangibles primarily include intangible value related to trade names. The excess cost over fair value of net assets acquired is classified as goodwill. The goodwill and indefinite-lived intangibles are not subject to amortization, but are tested for impairment at least annually.

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The Company tests for possible impairment of definite-lived intangible assets whenever events or circumstances change, such as a significant reduction in operating cash flow or a dramatic change in the manner that the asset is intended to be used which may 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 based on the difference between the fair value and the carrying value. Any such impairment charge is recorded in depreciation and amortization expense in the statement of operations. 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 two-step approach. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds the book value, goodwill is not considered impaired. If the book value exceeds the fair value, the second step of the process is performed to measure the amount of impairment. Certain assumptions are used in determining the fair value in both step one and step two, including assumptions about market multiples, control premiums, projected cash flows, discount rates, terminal values and attrition rates. The Company also tests goodwill for impairment in other periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company tests indefinite-lived intangible assets annually for impairment by comparing the fair value of the asset to its carrying value. An impairment charge is recorded based on the difference between the fair value of the asset and the carrying value.

Nonconsolidated Affiliates

In general, investments in which the Company owns 20% to 50% of the common stock or otherwise exercises significant influence over the affiliate 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 the Company's operations, it will invest in certain assets or rights to use assets. The Company reviews the value of these assets and records impairment charges in direct operating expenses in the statement of operations for any decline in value that is determined to be other-than-temporary.

Income Taxes

The Company's provision for income taxes has been computed on the basis that the Company files consolidated income tax returns with its subsidiaries. The Company accounts for income taxes using the liability method in accordance with ASC topic 740, *Income Taxes* ("ASC 740"). 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 of or the entire asset will not be realized. As all earnings from the Company's continuing foreign operations are permanently reinvested and not distributed, the Company's income tax provision does not include additional U.S. taxes on those foreign operations. It is not practical to determine the amount of federal and state income taxes, if any, that might become due in the event that the earnings were distributed.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

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The Company has established a policy of including interest related to tax loss contingencies in income tax expense (benefit).

Revenue Recognition

Revenue from the promotion and production of an event is recognized after the performance occurs upon settlement of the event. Revenue related to larger global tours is recognized after the performance occurs; however, any profits related to these tours, primarily related to music tour production and tour management services, is recognized after minimum revenue guarantee thresholds, if any, have been achieved. Revenue collected in advance of the event is recorded as deferred revenue until the event occurs. Revenue collected from sponsorships and other revenue, which is not related to any single event, is classified as deferred revenue and generally amortized over the operating season or the term of the contract. Membership revenue is recognized on a straight-line basis over the term of the membership.

Revenue from the Company's ticketing operations primarily consists of convenience and order processing fees charged at the time a ticket for an event is sold and is recorded on a net basis (net of the face value of the ticket). For tickets sold for events at the Company's owned and/or operated venues, this revenue is recognized after the performance occurs upon settlement of the event. Revenue for these ticket fees collected in advance of the event is recorded as deferred revenue until the event occurs. These fees will be shared between the Company's Ticketing segment and the North American Music segment. For tickets sold for events for third-party venues, this revenue is recognized at the time of the sale and is recorded by the Company's Ticketing segment.

For multiple element contracts, the Company allocates consideration to the multiple elements based on the relative fair values of each separate element which are determined based on prices charged for such items when sold on a stand alone basis. In cases where there is no objective and reliable evidence of the fair value of certain element(s) in an arrangement, the Company accounts for the transaction as a single unit of accounting.

The Company accounts for taxes that are externally imposed on revenue producing transactions on a net basis, as a reduction to revenue.

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 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 stockholders' equity in accumulated other comprehensive income (loss). Foreign currency transaction gains and losses are included in operations. The Company does not currently have operations in highly inflationary countries.

Advertising Expense

The Company records advertising expense as it is incurred on an annual basis. Advertising expenses of \$178.7 million, \$184.8 million and \$188.8 million were recorded during the years ended December 31, 2009, 2008 and 2007, respectively.

Direct Operating Expenses

Direct operating expenses include artist fees, show related marketing and advertising expenses and salaries and wages related to seasonal employees at the Company's venues along with other costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries and wages related to full-time employees and fixed rent along with other costs.

Depreciation and Amortization

The Company's depreciation and amortization expense is presented as a separate line item in the consolidated statements of operations. There is no depreciation or amortization expense included in direct operating expenses or selling, general and administrative expenses.

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Non-Cash Compensation

The Company follows the fair value recognition provisions of ASC Topic 718, *Compensation—Stock Compensation*, (“ASC 718”). Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is amortized to selling, general and administrative expenses and corporate expenses on a straight-line basis over the awards’ vesting period.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Reclassifications

Certain reclassifications have been made to the 2008 and 2007 consolidated financial statements to conform to the 2009 presentation to report discontinued operations. See Note 5 for more detail. In addition, the Company has reclassified \$0.7 million and \$11.5 million, respectively, in the 2008 and 2007 consolidated statements of cash flows as a decrease to cash paid for purchases of property, plant and equipment and an increase to cash used for accounts payable, accrued expenses and other liabilities. This reclassification reflects an adjustment for accrued capital expenditures. The Company has reclassified \$9.1 million and \$1.9 million, respectively, in the 2008 and 2007 consolidated statements of cash flows as an increase to cash used for accounts payable, accrued expenses and other liabilities with an offset to the effect of exchange rate changes on cash and cash equivalents. This reclassification is for an adjustment relating to the change in fair value of the Company’s cash flow hedges. Lastly, the Company has reclassified \$4.1 million in the 2008 consolidated balance sheet as an increase to noncontrolling interests and a decrease to accumulated other comprehensive income (loss). This reclassification relates to the retrospective application of new accounting provisions for noncontrolling interests.

Recent Accounting Pronouncements

Recently Adopted Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, codified in ASC topic 820, *Fair Value Measurements and Disclosures* (“ASC 820”), which provides guidance for using fair value to measure assets and liabilities and also responds to investors’ requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. The pronouncement applies whenever other standards require (or permit) assets or liabilities to be measured at fair value; however, ASC 820 does not expand the use of fair value in any new circumstances. In February 2008, the FASB issued FSP No. 157-2, *Effective Date of FASB Statement No. 157*, codified in ASC 820, which delayed the effective date for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company adopted the relevant provisions of ASC 820 on January 1, 2008 for all financial assets and liabilities recognized or disclosed at fair value in its consolidated financial statements on a recurring basis (at least annually) and has included the related disclosures in Note 10. The Company adopted the relevant provisions of ASC 820 on January 1, 2009 for nonfinancial assets and liabilities. The Company’s adoption of the fair value measurement guidance in ASC 820 did not have a material impact on its nonfinancial assets and liabilities or on its financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, codified in ASC topic 805, *Business Combinations* (“ASC 805”). This pronouncement establishes revised principles and requirements for the recognition and measurement of assets and liabilities in a business combination. ASC 805 requires (i) recognition of 100% of the fair value of acquired assets, including goodwill, and assumed liabilities upon obtaining control, (ii) contingent consideration to be recorded at fair value at the acquisition date, (iii) transaction costs to be expensed as incurred, (iv) pre-acquisition contingencies to be accounted for at the acquisition date at fair value and (v) costs of a plan to exit an activity or terminate or relocate employees to be accounted for as post-combination costs. The Company adopted the relevant provisions of ASC 805 on January 1, 2009 and will apply the requirements prospectively. For the year ended December 31, 2009, the Company has recorded \$36.0 million in acquisition transaction expenses.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*, codified in ASC topic 810, *Consolidation* (“ASC 810”). This pronouncement clarifies the classification of noncontrolling interests in consolidated statements of financial position and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests. The Company adopted the relevant provisions of ASC 810 on January 1, 2009 and has included the related disclosures in its consolidated financial statements. These provisions of ASC 810 have been applied prospectively with the exception of reclassifying noncontrolling interests to equity in the Company’s consolidated balance sheets and recasting consolidated net income (loss) to include net income (loss) prior to 2009 attributable to both the controlling and noncontrolling interests, which were required to be adopted retrospectively.

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In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*, codified in ASC topic 815, *Derivatives and Hedging* (“ASC 815”). This pronouncement requires expanded disclosures about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under FASB SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and its related interpretations and (iii) how derivative instruments and related hedged items affect an entity’s financial position, financial performance and cash flows. The Company adopted the relevant provisions of ASC 815 on January 1, 2009 and has included the expanded disclosures in Note 9 to its consolidated financial statements.

In May 2008, the FASB issued FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*, codified in ASC topic 470, *Debt*, ASC topic 815, *Derivatives and Hedging*, and ASC topic 825, *Financial Instruments*. This pronouncement changed the accounting for certain convertible debt instruments, including the Company’s 2.875% convertible senior notes. Under the new rules for convertible debt instruments that may be settled entirely or partially in cash upon conversion, an entity separately accounts for the liability and equity components of the instrument in a manner that reflects the issuer’s economic interest cost. The effect of the new rules for the Company’s notes is that the equity component is included in the additional paid-in capital section of stockholders’ equity on the Company’s balance sheet and the value of the equity component is treated as an original issue discount for purposes of accounting for the debt component of the notes. Higher interest expense results from recognizing the accretion of the discounted carrying value of the notes to their face amount as interest expense over the expected term of the notes using an effective interest rate method of amortization. The Company adopted this pronouncement on January 1, 2009, with retrospective application to all periods presented.

In June 2008, the FASB issued FSP Emerging Issues Task Force 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, codified in ASC topic 260, *Earnings per Share* (“ASC 260”). This pronouncement was issued to clarify that unvested share-based payment awards with a right to receive nonforfeitable dividends are participating securities and to provide guidance on how to allocate earnings to participating securities and compute basic earnings per share using the two-class method. The Company adopted the relevant provisions of ASC 260 on January 1, 2009 with retrospective application to all periods presented and has included the related disclosures in Note 14. The adoption of this pronouncement did not have a material impact on the Company’s earnings per share.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, codified in ASC topic 825, *Financial Instruments*. This pronouncement amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim reporting periods. Such disclosures were previously required only in annual financial statements. The Company adopted the relevant provisions of ASC topic 825 in the second quarter of 2009 and has included the required disclosures in Note 10.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, codified in ASC topic 855, *Subsequent Events* (“ASC 855”). This pronouncement establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the date the financial statements are issued or available to be issued. ASC 855 requires that disclosures include the nature of the event and either an estimate of its financial effect or a statement that an estimate cannot be made and the date through which an entity has evaluated subsequent events. The Company adopted the relevant provisions of ASC 855 in the second quarter of 2009 and has applied its guidance prospectively. The Company has included the required disclosures in its consolidated financial statements and in Subsequent Events below.

In June 2009, the FASB issued SFAS No. 168, *FASB Accounting Standards Codification*, codified in ASC topic 105, *Generally Accepted Accounting Principles*, which establishes the Codification as the single official source of authoritative nongovernmental GAAP. Following this statement, the FASB will issue new standards in the form of Accounting Standards Updates. All existing accounting standard documents have been superseded and all other accounting literature not included in the Codification is considered nonauthoritative. The Codification combines all authoritative standards into a comprehensive, topically organized database. The Company adopted the Codification in the third quarter of 2009.

Recently Issued Pronouncements

In October 2009, the FASB issued ASU 2009-13, *Multiple-Deliverable Revenue Arrangements* (“ASU 2009-13”), which requires an entity to allocate consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices. This consensus eliminates the use of the residual method of allocation and requires allocation using the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverables. ASU 2009-13 is effective for fiscal years beginning on or after June 15, 2010. The Company will adopt ASU 2009-13 on January 1, 2011 and apply it prospectively.

[Table of Contents](#)**NOTE 2—LONG-LIVED ASSETS*****Property, Plant and Equipment***

The Company tests for possible impairment of property, plant and equipment whenever events or circumstances change, such as a significant 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.

During 2009, 2008 and 2007, the Company reviewed the carrying value of certain property, plant and equipment that management determined would, more likely than not, be disposed of before the end of their previously estimated useful lives or had an indicator that future operating cash flows may not support their carrying value. It was determined that those assets were impaired since the estimated undiscounted cash flows associated with those assets were less than their carrying value. These cash flows were calculated using estimated sale values for the assets being sold, in addition to operating cash flows, all of which were used to approximate fair value. The estimated sales value and operating cash flows used for these non-recurring fair value measurements are considered Level 2 and Level 3 inputs, respectively. The fair value hierarchy levels are discussed in more detail in Note 10. For the year ended December 31, 2009, an impairment charge of \$8.9 million was recorded in the Company's North American Music segment related to two theaters and two clubs, and \$0.7 million was recorded in the Company's International Music segment related to a theater development project that has been delayed pending resolution of a noise ordinance issue. For the year ended December 31, 2008, an impairment charge of \$7.3 million was recorded in the Company's North American Music segment related to a club and two amphitheaters that were determined to be impaired. For the year ended December 31, 2007, an impairment charge of \$3.8 million was recorded in the Company's North American Music segment related to an amphitheater that was determined to be impaired and an amphitheater that is no longer being used. The impairment charges for all three years were recorded as a component of depreciation and amortization.

During 2008, the Company recorded asset retirement obligations of \$2.6 million primarily related to obligations for meeting regulatory requirements for certain venues in the United Kingdom obtained in the acquisition of AMG.

The following table presents the activity related to the Company's asset retirement obligations as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
	(in thousands)	
Balance as of January 1	\$ 5,068	\$ 5,032
Additions	107	2,570
Accretion of liability	28	217
Liabilities settled	(3,770)	(1,367)
Foreign currency	507	(1,384)
Balance as of December 31	<u>\$ 1,940</u>	<u>\$ 5,068</u>

Definite-lived Intangibles

The Company has definite-lived intangible assets which are amortized over the shorter of either the respective lives of the agreements or the period of time the assets are expected to contribute to the Company's future cash flows. The amortization is recognized on either a straight-line basis or units of production basis. The following table presents the gross carrying amount and accumulated amortization of definite-lived intangible assets as of December 31, 2009 and 2008:

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	December 31, 2009			December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
	(in thousands)					
Revenue-generating contracts	\$ 285,145	\$ (52,576)	232,569	\$ 279,565	\$ (21,253)	\$258,312
Non-compete agreements	132,912	(45,568)	87,344	130,157	(30,351)	99,806
Venue management and leaseholds	112,044	(23,354)	88,690	102,544	(16,020)	86,524
Trademarks and naming rights	21,925	(8,525)	13,400	22,731	(6,616)	16,115
Artist relationships	19,276	(3,930)	15,346	19,276	(1,075)	18,201
Other	7,536	(2,244)	5,292	6,546	(770)	5,776
Total	\$ 578,838	\$ (136,197)	\$442,641	\$ 560,819	\$ (76,085)	\$484,734

During 2009, the Company recorded additional definite-lived intangible assets totaling \$12.0 million primarily due to non-compete agreements and venue management and leaseholds related to the February 2009 acquisition of a 51% interest in Brand New Live, a concert promotion company in the Netherlands, the March 2009 acquisition of a 77.5% interest in Tecjet, a company that holds the lease for a venue in Scotland, and the November 2009 acquisition of a 70% interest in Parcolimpico, which manages venues and facilities in Turin, Italy. Tecjet was acquired by AMG which is owned through the Company's joint venture with Gaiety Investments. The Company owns 50.1% of the joint venture with Gaiety Investments. Parcolimpico was acquired through the Company's Get Live 2 joint venture in which the Company holds a 10% controlling interest. These additional definite-lived intangible assets were impacted by approximately \$8.6 million of increases from foreign exchange rate changes in 2009 and have a weighted average life of approximately 23 years in total and approximately 11 years for revenue-generating contracts, five years for non-compete agreements, 30 years for venue management and leaseholds, four years for trademarks and naming rights and eight years for other definite-lived intangible assets.

During 2008, the Company recorded additional definite-lived intangible assets totaling \$123.0 million primarily due to acquisition accounting adjustments for non-compete agreements, venue management and leaseholds, trademarks and naming rights, artist relationships and revenue-generating contracts resulting from the 2007 acquisitions of AMG and Signatures, the acquisition in the first quarter of 2008 of the operating company that manages and holds the lease for the Heineken Music Hall located in Amsterdam, the second quarter acquisitions of the remaining interests the Company did not already own in Luger and Moondog, both music-related companies in Sweden, and a 78.3% interest in DF Concerts, a promoter in Scotland, through a joint venture with Gaiety Investments. In addition, the Company recorded other definite-lived intangible assets of \$136.0 million related to certain artist rights agreements and rights acquired in connection with a 51% interest in Live Nation—Haymon Ventures, LLC. Additionally, the Company recorded acquisition accounting adjustments for the 2007 acquisition of the remaining interest in CPI resulting in a reduction of \$53.3 million in artist relationship intangible assets due to a reclassification to goodwill. These additional definite-lived intangible assets have a weighted average life of approximately eleven years in total and approximately eleven years for revenue-generating contracts, nine years for non-compete agreements, eight years for venue management and leaseholds, eleven years for trademarks and naming rights, fourteen years for artist relationships and four years for other definite-lived intangible assets. The Company also recorded an adjustment of \$4.8 million to reduce definite-lived intangible assets in connection with the sale of the Events business. Lastly, the impact of foreign exchange rates on definite-lived intangible assets resulted in a decrease of \$26.2 million.

For the year ended December 31, 2009, the Company wrote-off \$1.6 million of definite-lived intangible assets in its North American Music segment related to two clubs. For the year ended December 31, 2008, the Company wrote-off \$7.6 million of definite-lived intangible assets in its North American Music segment related to a naming right intangible that was determined to be impaired.

The Company tests for possible impairment of definite-lived intangible assets whenever events or circumstances change, such as a significant reduction in operating cash flow or a dramatic change in the manner in which the asset is intended to be used which may indicate that the carrying amount of the asset may not be recoverable. During 2009 and 2008, the Company reviewed the carrying value of certain definite-lived intangible assets that management determined would not be renewed or that had an indicator that future operating cash flows may not support their carrying value. It was determined that those assets were impaired since the estimated undiscounted cash flows associated with those assets were less than their carrying value. These cash flows were calculated using operating cash flows which were used to approximate fair value. The operating cash flows used for these non-recurring fair value measurements are considered Level 3 inputs. For the years ended December 31, 2009 and 2008, the Company recorded impairments related to definite-lived intangible assets, on a net basis, of \$0.9 million and \$5.1 million, respectively, which are included in depreciation and amortization expense in the Company's North American Music segment. Due to a change in estimate for certain revenue-generating contracts, the Company recorded \$5.9 million of additional amortization expense during 2009. Total amortization expense from definite-lived intangible assets for the years ended December 31, 2009, 2008 and 2007 was \$64.6 million, \$62.0 million and \$34.9 million, respectively.

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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, 2009:

	(in thousands)
2010	\$ 55,891
2011	62,674
2012	45,271
2013	60,169
2014	56,716

As acquisitions and dispositions occur in the future and the valuation of intangible assets for recent acquisitions is completed, amortization expense may vary.

Indefinite-lived Intangibles

The Company has indefinite-lived intangible assets which consist primarily of the intangible value related to trade names and are reviewed for impairment at least annually. These indefinite-lived intangible assets had a carrying value of \$28.2 million and \$29.7 million as of December 31, 2009 and 2008, respectively.

Goodwill

In accordance with ASC topic 350, *Intangibles-Goodwill and Other* ("ASC 350"), the Company tests goodwill for impairment annually as of October 1, 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 any potential impairment, compares the implied fair value of the reporting unit with the carrying amount of goodwill. The Company also tests goodwill for impairment in other periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

As a result of the negotiations related to the sale of its non-core events business at September 30, 2008, discussed further below the table, the Company recorded a \$13.0 million impairment of goodwill in its Other reporting unit during the third quarter of 2008. This impairment is now reflected in discontinued operations.

During the fourth quarter of 2008, while the Company was performing its annual impairment test as of October 1, the Company experienced a significant decline in its market capitalization. Since a favorable result from an October 1 test would not have prevented a second impairment test at December 31, 2008, a single impairment test was completed as of December 31, 2008. Based upon the results of this impairment test, the Company recorded an impairment charge of \$269.9 million related to its North American Music reporting unit, which represented all of the remaining goodwill previously recorded for this reporting unit.

The process of evaluating goodwill for impairment involves the determination of the fair value of the Company's reporting units. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including the Company's interpretation of current economic indicators and market valuations, and assumptions about the Company's strategic plans with regard to its operations. Due to the uncertainties associated with such estimates, actual results could differ from such estimates. In performing the first step of its fourth quarter 2008 impairment analysis, the Company developed a consolidated fair value using a market multiple methodology, which was then allocated to the individual reporting units based upon the discounted cash flows developed for each reporting unit. In performing the second step of its impairment analysis for the reporting units that failed the step one test, the Company developed fair values using the discounted cash flows methodology.

The market multiple methodology establishes a fair value by comparing the Company to other publicly-traded companies that are similar to it from an operational and economic standpoint. The market multiple methodology compares the Company to the similar companies on the basis of risk characteristics in order to determine its risk profile relative to the comparable companies as a group. This analysis generally focuses on quantitative considerations, which include financial performance and other quantifiable data, and qualitative considerations, which include any factors which are expected to impact future financial performance. The most significant assumptions affecting the market multiple methodology are the market multiples and control premium. The market multiples used by the Company in its fourth quarter 2008 impairment analysis were: (a) business enterprise value to earnings before interest, taxes and depreciation and amortization and (b) business enterprise value to revenue. A control premium represents the value an investor would pay above noncontrolling interest transaction prices in order to obtain a controlling interest in the respective company.

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The discounted cash flow methodology establishes fair value by estimating the present value of the projected future cash flows to be generated from the reporting unit. The discount rate applied to the projected future cash flows to arrive at the present value is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. The discounted cash flow methodology uses the Company's projections of financial performance. The most significant assumptions used in the discounted cash flow methodology are the discount rate, the terminal value or attrition rate and expected future revenues and operating margins, which vary among reporting units.

For each reportable operating segment, the reporting units are determined to be either the operating segment or the components thereof in accordance with ASC 350. 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, 2009 and 2008:

	North American Music	International Music	Ticketing (in thousands)	Other	Total
Balance as of December 31, 2007:					
Goodwill	\$ 284,277	\$ 176,813	\$ —	\$ 10,452	\$ 471,542
Accumulated impairment losses	—	—	—	—	—
	<u>284,277</u>	<u>176,813</u>	<u>—</u>	<u>10,452</u>	<u>471,542</u>
Acquisitions—current year	1,527	43,557	—	—	45,084
Acquisitions—prior year	10,297	1,277	—	13,037	24,611
Dispositions	—	—	—	(6,717)	(6,717)
Impairment	(269,902)	—	—	(13,037)	(282,939)
Foreign currency	(11,290)	(8,907)	—	—	(20,197)
Adjustments	<u>(14,909)</u>	<u>(10,379)</u>	<u>—</u>	<u>(800)</u>	<u>(26,088)</u>
Balance as of December 31, 2008:					
Goodwill	269,902	202,361	—	15,972	488,235
Accumulated impairment losses	<u>(269,902)</u>	<u>—</u>	<u>—</u>	<u>(13,037)</u>	<u>(282,939)</u>
	<u>—</u>	<u>202,361</u>	<u>—</u>	<u>2,935</u>	<u>205,296</u>
Acquisitions—current year	—	665	—	—	665
Acquisitions—prior year	9,085	(3,081)	—	—	6,004
Impairment	(9,085)	—	—	—	(9,085)
Dispositions	—	—	—	(3,350)	(3,350)
Foreign currency	<u>—</u>	<u>4,727</u>	<u>—</u>	<u>415</u>	<u>5,142</u>
Balance as of December 31, 2009:					
Goodwill	278,987	204,672	—	13,037	496,696
Accumulated impairment losses	<u>(278,987)</u>	<u>—</u>	<u>—</u>	<u>(13,037)</u>	<u>(292,024)</u>
	<u>\$ —</u>	<u>\$ 204,672</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 204,672</u>

Included in the current year acquisition amount above for 2009 are additions to goodwill of \$0.7 million related to the Company's acquisition of Tecjet.

Included in the prior year acquisition amount above for 2009 is \$9.1 million of deferred tax liabilities that the Company determined it had not recorded primarily in relation to the Company's 2006 acquisition of HOB and \$3.7 million of acquisition accounting adjustments and contingent payments for various acquisitions. Partially offsetting these balances is a \$5.9 million decrease related to a deferred tax liability recorded in connection with the Company's acquisition of AMG and \$0.9 million of deferred tax assets recorded in connection with the Company's acquisition of DF Concerts.

Included in the impairment amount above for 2009 is a goodwill impairment charge of \$9.1 million primarily related to the deferred tax liabilities recorded in connection with our 2006 acquisition of HOB discussed above. Since the goodwill for the reporting units within our North American Music operating segment was fully impaired during 2008, the Company immediately recorded an impairment charge.

Included in the disposition amount above for 2009 is \$3.4 million related to the sale of the Company's remaining theatrical venues and operations in the United Kingdom.

Included in the current year acquisition amount above for 2008 are additions to goodwill of \$25.3 million, \$12.8 million and \$3.3 million related to the Company's acquisitions of a 78.3% interest in DF Concerts, the operating company that manages and holds the lease for the Heineken Music Hall and the remaining interests the Company did not already own in Luger and Moondog, respectively, as well as \$3.7 million for other smaller acquisitions.

Included in the prior year acquisition amount above for 2008 is a reduction of goodwill primarily related to adjustments in the acquisition accounting for the Company's 2007 acquisitions of Signatures and AMG. The Signatures adjustment includes a reduction of goodwill of \$33.6 million related to the recording of the fair value of the definite-lived intangibles. The AMG adjustment includes a net reduction in goodwill of \$6.3 million related to the recording of the fair value of definite-lived and indefinite-lived intangibles, fixed assets and noncontrolling interests. Additionally, included in the prior year acquisition amount above is an increase of \$58.2 million to goodwill related to adjustments in the acquisition accounting for the Company's 2007 acquisition of CPI and \$3.8 million of deferred taxes with an offset to goodwill related to the Company's 2005 acquisition of Mean Fiddler as well as \$2.5 million for other smaller acquisitions.

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Included in the disposition amount above for 2008 is \$3.1 million related to the sale of the North American theatrical business in January 2008 and \$3.6 million related to the sale of the Company's motor sports business in September 2008.

Included in the impairment amount above for 2008 is a goodwill impairment charge of \$269.9 million related to its North American Music reporting unit resulting from the December 31, 2008 impairment test conducted due to the sharp decline in the Company's market capitalization during the fourth quarter, as discussed above the table. In September 2008, in connection with the sale of its non-core events business (which has now been classified as discontinued operations), the Company reviewed the carrying value of its non-core events assets based on an indicator that future operating cash flows may not support their carrying value based on expected sales proceeds. It was determined that those assets were impaired since the estimated undiscounted cash flows, based on expected sales proceeds, associated with those assets were less than their carrying value. As a result, the Company recorded a goodwill impairment charge of \$13.0 million related to the goodwill for this non-core events business as a component of operating expenses in discontinued operations. The Company is not continuing to operate in the non-music events business.

Included in the adjustment amount above for 2008 is a \$10.9 million reduction related to second component goodwill, as defined by ASC Topic 740, *Income Taxes*, which results in a reduction of goodwill for financial reporting purposes when amortized for tax purposes. Also, during the year ended December 31, 2008, the Company determined that \$13.0 million of deferred tax assets acquired with the HOB acquisition in 2006, for which the Company had previously recorded valuation allowances, met the more likely than not criteria for recognition. Accordingly, the Company recorded a reduction in the deferred tax valuation allowance for such deferred tax assets with an offsetting adjustment to goodwill. Finally, the Company recorded a \$2.2 million reduction to goodwill primarily related to the final resolution of accruals for exit activities from previous acquisitions.

The Company expects that no goodwill related to the 2009 acquisitions will be deductible for tax purposes.

The Company is in the process of finalizing its acquisition accounting for recent acquisitions which could result in a change to the relevant purchase price allocations.

Other Operating Assets

The Company makes investments in various operating assets, including investments in assets and rights related to assets for DVD production and distribution. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. During 2009 and 2008, it was determined that certain assets were impaired since the estimated undiscounted cash flows associated with those assets were less than their carrying value. These cash flows were calculated using operating cash flows which were used to approximate fair value. The operating cash flows used for these non-recurring fair value measurements are considered Level 3 inputs. For the year ended December 31, 2009, the Company recorded an impairment of \$1.9 million included in direct operating expenses in its North American Music segment related to these other operating assets. For the year ended December 31, 2008, in connection with the sale of the non-core events business along with rights to certain DVD projects, the Company recorded impairments related to these other operating assets, based on expected sales proceeds, of \$1.3 million included in direct operating expenses in the Company's North American Music segment and of \$14.8 million included in operating expenses as part of discontinued operations. There were no impairments recorded for the year ended December 31, 2007.

Long-Lived Asset Disposals

During 2009, the Company sold the Boston Opera House, a non-core operational asset, along with rights under the Orpheum Theatre management agreement and a leasehold interest in Paradise Rock Club. All venues were located in Boston. The sales price for the Orpheum Theatre management agreement included contingent consideration to be paid to the Company over the next five years. The Company impaired these assets during 2009 as discussed above in Property, Plant and Equipment. Also, the Company sold its 20% equity interest in MLK, a German music company involved in the promotion of live entertainment events.

During 2008, the Company did not sell any significant assets that were part of its continuing operations.

During 2007, the Company sold non-core operational assets including Donington Park Leisure Ltd., the operating company that manages and holds the lease for Donington Park, an arena/race track in Leicestershire, England and its remaining 50.1% interest in the production of Phantom—Vegas. In addition, the Company sold the Starwood Amphitheater located in Nashville, Tennessee because it was an underperforming core asset. The Company also sold the Hammersmith Apollo and Forum music theaters in London as a regulatory requirement of the AMG acquisition. In connection with the sale of the Hammersmith Apollo and Forum music theaters, the Company gave the purchaser an option to acquire seven clubs in London at a later date. This option was exercised resulting in the disposal of the Jazz Café, G-A-Y, G-A-Y Late, Borderline, Old

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Fiddler, Garage and Upstairs at the Garage. Finally, the Company sold an office building located in San Francisco, California because of rising real estate values in the area. The Phantom—Vegas sale was made to former members of the Company's management.

The table below summarizes the asset and liability values at the time of disposal and the resulting gain or loss recorded.

<u>Divested Asset</u>	<u>Segment</u>	<u>Loss (Gain) on Sale</u>	<u>Current Assets</u>	<u>Noncurrent Assets</u> (in thousands)	<u>Current Liabilities</u>	<u>Noncurrent Liabilities</u>
2009 Divestitures						
Boston venues	North American Music	\$ (60)	\$ 127	\$ 22,422	\$ 1,232	\$ —
MLK	International Music	\$ (1,564)	\$ —	\$ 7,419	\$ —	\$ —
2007 Divestitures						
Donington Park	Other	\$ (3,551)	\$ 2,390	\$ 15,935	\$ (689)	\$ 687
Phantom—Vegas	Other	\$ 8,148	\$30,193	\$ —	\$ 5,118	\$ 12,927
Starwood Amphitheater	North American Music	\$ (527)	\$ —	\$ 3,517	\$ —	\$ —
San Francisco office building	North American Music	\$ (5,995)	\$ —	\$ 2,321	\$ 50	\$ —
Hammersmith Apollo and Forum	International Music	\$ (12,897)	\$ —	\$ 15,193	\$ 845	\$ —
Seven clubs	International Music	\$ (5,760)	\$ 2,160	\$ 7,635	\$ 4,048	\$ —

NOTE 3—BUSINESS ACQUISITIONS

The Company made acquisition-related net cash payments of \$17.1 million, \$19.7 million and \$124.3 million during the years ended December 31, 2009, 2008 and 2007, respectively. In 2009 and 2008, these payments related to four and nine acquisitions, respectively, including music promoters, venue operators and an artist merchandise service provider, as well as various contingent payments on prior year acquisitions. During 2009, 13,554 shares held by the Company pursuant to a pledge agreement were returned to the Company following finalization of a working capital adjustment for a 2007 acquisition.

The following is a summary of the assets and liabilities acquired, the consideration given, net of cash received, and acquisition accounting adjustments recorded for all acquisitions during 2009 and 2008:

	<u>2009</u>	<u>2008</u>
	(in thousands)	
Accounts receivable	\$ 10,029	\$ 13,629
Property, plant and equipment	4,643	6,533
Intangible assets	11,622	71,158
Goodwill	6,669	69,695
Other assets	<u>1,795</u>	<u>13,165</u>
	34,758	174,180
Long-term debt, assumed, including current portion	(2,726)	(2,015)
Other liabilities	(22,545)	(98,951)
Deferred purchase consideration	7,392	(20,799)
Long-term debt, issued, including current portion	—	(32,758)
Common stock returned (issued)	<u>220</u>	<u>—</u>
Cash paid for acquisitions, net	<u>\$ 17,099</u>	<u>\$ 19,657</u>

Included in the table above is an installment payment in 2009 of \$7.4 million towards the purchase price for the Company's acquisition of the operating company that manages and holds the lease for the Heineken Music Hall. The deferred purchase price was accrued in 2008 at the time of the acquisition.

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The Company is in the process of finalizing its acquisition accounting for recent acquisitions which could result in a change to the relevant purchase price allocations.

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. For contingent payments related to acquisitions consummated before the adoption of the relevant provisions of ASC 805 on January 1, 2009, cash payments have been recorded to goodwill. During the years ended December 31, 2009, 2008 and 2007, the cash payments discussed above include contingent payments of \$2.1 million, \$3.7 million and \$2.0 million, respectively, that were recorded to goodwill. For acquisitions completed prior to the January 1, 2009 adoption of new accounting provisions for business acquisitions, 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, will not significantly impact the Company's financial position or results of operations.

NOTE 4—RESTRUCTURING

As part of the Company's acquisition of Mean Fiddler, subsequently renamed Festival Republic, in July 2005, the Company recorded an accrual in its International Music segment primarily related to lease terminations. As of December 31, 2009, the accrual balance for the Mean Fiddler restructuring was \$0.8 million.

In addition, the Company has a remaining restructuring accrual of \$0.7 million as of December 31, 2009, related to its merger with Clear Channel in August 2000.

In total, the Company has recorded a liability in acquisition accounting related to severance for terminated employees and lease terminations as follows:

	<u>2009</u>	<u>2008</u>
	(in thousands)	
Severance and lease termination costs:		
Accrual at January 1	\$1,740	\$ 3,543
Restructuring accruals recorded	—	—
Payments charged against restructuring accruals	(259)	(537)
Adjustments and foreign currency	13	(1,266)
Remaining accrual at December 31	<u>\$1,494</u>	<u>\$ 1,740</u>

The remaining severance and lease accrual is comprised of \$0.6 million of severance and \$0.9 million of lease termination costs. 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 14 years. For the year ended December 31, 2008, there was \$0.5 million charged to the restructuring reserve related to severance with no charges recorded for the year ended December 31, 2009.

NOTE 5—DISCONTINUED OPERATIONS

In January 2008, the Company completed the sale of substantially all of its North American theatrical business, which included the assets of the North American theatrical presenting business and certain theatrical venues, to Key Brand Entertainment Inc. and its lenders for a gross sales price of \$90.4 million pursuant to a stock purchase agreement. After fees, expenses, an adjustment to replace the show cash of the North American theatrical business that was previously removed from the operations and utilized by the Company and other adjustments, the Company received approximately \$18.5 million of proceeds in 2008, net of cash sold and transaction costs, and received an additional \$12.6 million in 2009. The sale of the North American theatrical business resulted in a total pre-tax gain of \$17.8 million.

In September 2008, the Company sold its motor sports business to Feld Acquisition Corp., a wholly-owned subsidiary of Feld Entertainment, Inc., pursuant to a stock purchase agreement for a gross sales price of \$175.0 million in cash, subject to certain net working capital and other post-closing adjustments, in addition to a performance-based contingent payment of up to \$30.0 million over a five-year period commencing with calendar year 2009. After fees, expenses and other adjustments, the Company received approximately \$166.5 million of net proceeds, excluding the contingent payment. The sale of the motor sports business resulted in a pre-tax gain of \$145.0 million.

In October 2008, the Company sold its non-core events business, along with rights to certain DVD projects, to Events Acquisition Corporation. Events Acquisition Corporation is owned by Michael Cohl who is a former director and executive officer of the Company. The events business included rights or investments in certain non-music and exhibition-style events.

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The Company will receive approximately \$15.4 million for the events business, DVD projects and other rights, in addition to performance-based contingent payments and undistributed profits related to future periods. The Company recorded a \$0.8 million pre-tax gain in discontinued operations and a \$0.7 million loss in continuing operations in the fourth quarter of 2008. In the third quarter of 2008, the Company recorded a \$29.2 million impairment related to the events business, including a \$13.0 million impairment of goodwill, and also a \$1.5 million impairment related to the DVD projects. In connection with the sale, a number of employees, primarily from the Company's Miami offices, left the Company to join Mr. Cohl's new organization.

In October 2009, the Company sold its remaining theatrical venues and operations in the United Kingdom for a gross sales price of approximately \$148.7 million to The Ambassador Theatre Group Limited. After fees, expenses, an adjustment to replace the show cash of the theatrical business that was previously removed from the operations and utilized by the Company and a working capital adjustment, the Company received approximately \$111.3 million of net proceeds. The sale of the U.K. theatrical business resulted in a total tax-free gain of \$56.6 million.

The Company has reported the North American theatrical business, the motor sports business, the events business and the U.K. theatrical business as discontinued operations in accordance with ASC topic 205, *Presentation of Financial Statements*. Accordingly, the results of operations for all periods presented have been reclassified. Included in discontinued operations are the Company's disposals of investments in nonconsolidated affiliates which were part of the businesses sold. During 2009, the Company sold its 33% interest in Dominion which was part of the U.K. theatrical business. During 2008, the Company sold its 45% interest in NBC-Live Nation Ventures, LLC which was part of the motor sports business. During 2007, the Company sold the Oriental Theater and its 50% interest in BIC which were part of the North American theatrical business. Also included in discontinued operations in 2008 is the impairment of \$29.2 million for the events business as discussed above.

Summary operating results of discontinued operations are as follows:

	<u>2009</u>	<u>2008</u> (in thousands)	<u>2007</u>
Revenue	\$ 50,985	\$241,776	\$549,592
Operating expenses	38,229	237,063	504,213
Gain on sale of operating assets	(6,659)	(2,216)	(31,315)
Other income—net	(364)	(775)	(13,983)
Income from discontinued operations before income taxes	19,779	7,704	90,677
Income tax expense (benefit)	(1,903)	11,828	34,863
Income (loss) from discontinued operations before loss (gain) on disposal	21,682	(4,124)	55,814
Loss (gain) on disposal, net of tax of \$64.6 million for the year ended December 31, 2008	(54,595)	(99,777)	824
Income from discontinued operations, net of tax	76,277	95,653	54,990
Income from discontinued operations attributable to noncontrolling interests	—	161	1,709
Income from discontinued operations attributable to Live Nation Entertainment, Inc.	<u>\$ 76,277</u>	<u>\$ 95,492</u>	<u>\$ 53,281</u>

The table below summarizes the asset and liability values at the time of disposal and the resulting gain or loss recorded.

<u>Divested Asset</u>	<u>Segment</u>	<u>Loss (gain) on sale</u>	<u>Current Assets</u>	<u>Noncurrent Assets</u>	<u>Current Liabilities</u>	<u>Noncurrent Liabilities</u>	<u>Accumulated OCI</u>
(in thousands)							
2009 Divestitures							
U.K. theatrical business	Other	\$ (56,599)	\$16,850	\$103,173	\$61,705	\$ 111	\$ 3,585
Dominion Theatre	Other	\$ (6,952)	\$ —	\$ 4,672	\$ —	\$ —	\$ (150)
2008 Divestitures							
NBC JV	Other	\$ (2,507)	\$ 683	\$ 100	\$ —	\$ —	\$ —
North American theatrical business	Other	\$ (17,767)	\$65,820	\$ 72,351	\$79,938	\$ (38)	\$ (1,846)
Motor Sports business	Other	\$(144,973)	\$15,458	\$ 12,285	\$(1,634)	\$ 393	\$ (20)
Events business	Other	\$ (809)	\$ 3,644	\$ 10,043	\$ —	\$ —	\$ —
2007 Divestitures							
Oriental Theater and BIC	Other	\$ (30,939)	\$ 4	\$ 27,666	\$ (341)	\$ 14	\$ —

NOTE 6—INVESTMENTS

The Company has investments in various nonconsolidated affiliates. These investments are not consolidated, but are accounted for either under the equity or cost methods of accounting whereby the Company records its investments in these entities in the balance sheet as investments in nonconsolidated affiliates. The Company's interests in their operations are

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recorded in the statement of operations as equity in (earnings) losses of nonconsolidated affiliates. Investments in nonconsolidated affiliates in which the Company owns 20% to 50% of the voting common stock or otherwise exercises significant influence over operating and financial policies of the nonconsolidated affiliate are accounted for using the equity method of accounting. Investments in nonconsolidated affiliates in which the Company owns less than 20% of the voting common stock are accounted for using the cost method of accounting. During 2009, the Company sold its 33% interest in Dominion, a U.K. theatrical company involved in venue operations. The equity in earnings for Dominion are now reported in discontinued operations following the disposal of the Company's remaining theatrical venues and operations in the United Kingdom. The following includes the Company's significant investment in nonconsolidated affiliates accounted for under the equity method of accounting.

Delirium Concert, L.P.

The Company owned a 50% interest in a joint venture with Cirque Du Soleil which was formed in 2005 to develop, produce and promote a new type of live entertainment musical and visual event. The touring event associated with this joint venture ended in the second quarter of 2008 and the joint venture was dissolved in 2009.

Summarized unaudited balance sheet and unaudited income statement information for the Company's investment that was considered significant for the year ended December 31, 2007 is as follows (no investments were considered significant for the years ended December 31, 2008 and 2009):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Delirium Concert(1)		(in thousands)	
Current assets	\$—	\$ 9,358	\$ 17,110
Noncurrent assets	\$—	\$ —	\$ —
Current liabilities	\$—	\$10,991	\$ 14,545
Noncurrent liabilities	\$—	\$ 3,500	\$ 3,500
Revenue	\$—	\$15,769	\$ 44,762
Operating loss	\$—	\$(4,215)	\$(13,157)
Net income (loss)	\$—	\$(4,198)	\$(13,157)

(1) Included in Delirium Concert's operating loss is amortization of production costs related to the event.

There were no accumulated undistributed earnings included in accumulated deficit for these investments for the years ended December 31, 2009, 2008 and 2007.

The Company's investment 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, 2008, the Company recorded an impairment related to its investments in nonconsolidated affiliates of \$1.4 million in equity in (earnings) losses of nonconsolidated affiliates as a component of other expense (income)—net in discontinued operations. For the year ended December 31, 2007, the Company recorded an impairment related to investments in nonconsolidated affiliates of \$2.7 million in equity in (earnings) losses of nonconsolidated affiliates. There were no impairments recorded for the year ended December 31, 2009.

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 \$7.4 million, \$3.1 million and \$4.1 million were incurred in 2009, 2008 and 2007, respectively, and revenue of \$4.6 million, \$2.3 million and \$2.1 million were earned in 2009, 2008 and 2007, respectively, from these equity investees for services rendered or provided in relation to these business ventures.

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NOTE 7—LONG-TERM DEBT

Long-term debt, which includes capital leases, at December 31, 2009 and 2008, consisted of the following:

	December 31,	
	2009	2008
	(in thousands)	
Senior Secured Credit Facility:		
Term loan	\$343,483	\$418,066
Revolving credit facility	101,335	122,000
2.875% convertible senior notes due 2027, net of unamortized discount of \$52.8 million in 2009 and \$61.6 million in 2008	167,217	158,407
Other long-term debt	128,034	125,647
	740,069	824,120
Less: current portion	41,032	48,637
Total long-term debt, net of discount	\$699,037	\$775,483

Future maturities of long-term debt at December 31, 2009 are as follows:

	(in thousands)
2010	\$ 41,032
2011	25,719
2012	132,959
2013	339,949
2014	239,886
Thereafter	13,306
Total	792,851
Debt discount	(52,782)
Total, net of discount	\$ 740,069

All long-term debt without a stated maturity date is considered current and is reflected as maturing in the earliest period shown in the table above. See Note 10 for discussion of fair value measurement of the Company's long-term debt.

Senior Secured Credit Facility

The Company has a senior secured credit facility consisting of term loans totaling \$550 million and a \$285 million revolving credit facility, with the right, subject to certain conditions, to increase such facilities by up to \$250 million in the aggregate. The revolving credit facility provides for borrowings up to the amount of the facility with sub-limits of up to \$235 million to be available for the issuance of letters of credit and up to \$100 million to be available for borrowings in foreign currencies. Under the senior secured credit facility, revolving loans bear interest at an annual rate of LIBOR plus 2.25%, subject to stepdowns based on the Company's leverage ratio at the time of borrowing, and term loans bear interest at an annual rate of LIBOR plus 3.25%.

The interest rate paid on the Company's \$285 million, multi-currency revolving credit facility depends on its total leverage ratio. In addition to paying interest on outstanding principal under the credit facility, the Company is required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments. As of December 31, 2009, the commitment fee rate was 0.375%. The Company is also required to pay customary letter of credit fees, as necessary. In the event the Company's leverage ratio improves, the interest rate on revolving credit borrowings declines gradually to 1.25% above LIBOR at a total leverage ratio of less than, or equal to, 1.25 times.

The senior secured credit facility contains a number of covenants that, among other things, restrict the Company's ability to incur additional debt, pay dividends and make distributions, make certain investments and acquisitions, repurchase stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of the business, enter into sale-leaseback transactions, transfer and sell material assets and merge or consolidate. Due to its legal structure, the Merger is not considered a restricted transaction under these covenants.

At December 31, 2009, the outstanding balance on the term loans and revolving credit facility was \$343.5 million and \$101.3 million, respectively. Taking into account letters of credit of \$42.3 million, \$141.4 million was available for future borrowings. Under the senior secured credit facility, the Company is required to make minimum quarterly principal repayments for the term loans. The Company has a term loan maturing in June 2013, for which minimum principal repayments aggregating to approximately \$2.0 million per year, paid quarterly, are required through March 2013, with the balance due at maturity. The

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Company also has a term loan maturing in December 2013, for which minimum principal repayments aggregating to approximately \$1.4 million per year, paid quarterly, are required through September 2013, with the balance due at maturity. The revolving credit portion of the credit facility matures in June 2012. At December 31, 2009, the weighted average interest rate, including the impact of the interest rate swap agreements, on term loans under this credit facility was 5.94%.

2.875% Convertible Senior Notes

In July 2007, the Company issued \$220 million of convertible senior notes due 2027 in a private placement in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The notes pay interest semiannually at a rate of 2.875% per annum. Beginning with the period commencing on July 20, 2014 and ending on January 14, 2015, and for each of the interest periods commencing thereafter, the Company will pay contingent interest on the notes if the average trading price of the notes during the five consecutive trading days ending on the second trading day immediately preceding the first day of the applicable interest period equals or exceeds 120% of the principal amount of the notes. The contingent interest payable per note will equal 0.25% per year of the average trading price of such note during the applicable five trading-day reference period, payable in arrears. The notes will be convertible, under certain circumstances, at an initial conversion rate of 36.8395 shares per \$1,000 principal amount of notes, which represents a 27.5% conversion premium based on the last reported sale price of \$21.29 per share on July 10, 2007. Upon conversion, the notes may be settled in shares of Live Nation common stock or, at the Company's election, cash or a combination of cash and shares of Live Nation common stock. Assuming the Company fully settled the notes in shares, the maximum number of shares that could be issued to satisfy the conversion is 8.1 million. The net proceeds from the offering, after deducting estimated offering expenses payable by the Company, were approximately \$212.4 million.

Holders of the 2.875% convertible senior notes may require the Company to purchase for cash all or a portion of their notes on July 15, 2014, July 15, 2017 and July 15, 2022 at a price equal to 100% of the principal amount plus accrued and unpaid interest, if any, subject to specified additional conditions. In addition, if the Company experiences a fundamental change, as defined in the indenture governing the notes, holders may require the Company to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any. Due to its legal structure, the Merger is not considered a fundamental change under these covenants.

On or after July 20, 2014, the Company may redeem all or a portion of the notes for cash at a price equal to 100% of the principal amount being redeemed plus accrued and unpaid interest, if any.

As of December 31, 2009 and 2008, the carrying amount of the equity component of the notes was \$73.0 million. As of December 31, 2009, the principal amount of the liability component (face value of the notes), the unamortized discount and the net carrying amount of the notes was \$220.0 million, \$52.8 million and \$167.2 million, respectively. As of December 31, 2008, the principal amount of the liability component (face value of the notes), the unamortized discount and the net carrying amount of the notes was \$220.0 million, \$61.6 million and \$158.4 million, respectively. As of December 31, 2009, the remaining period over which the discount will be amortized is approximately five years. At December 31, 2009, the value of the notes if converted and fully settled in shares does not exceed the principal amount of the notes. For the years ended December 31, 2009, 2008 and 2007, the effective interest rate on the liability component of the notes was 9.7%. The following table summarizes the amount of pre-tax interest cost recognized on the notes:

	Year Ended December 31,		
	2009	2008	2007
	(in thousands)		
Interest cost recognized relating to:			
Contractual interest coupon	\$ 6,325	\$ 6,325	\$2,899
Amortization of debt discount	8,811	7,995	3,413
Amortization of debt issuance costs	703	703	322
Total interest cost recognized on the notes	<u>\$15,839</u>	<u>\$15,023</u>	<u>\$6,634</u>

See Note 9 for discussion on the accounting for derivative instruments embedded within the 2.875% convertible senior notes.

Other Long-term Debt

Other long-term debt is comprised of capital leases of \$12.3 million and notes payable and other debt of \$115.7 million, including debt to a noncontrolling interest partner of \$31.9 million, debt related to the redevelopment of the O₂ Dublin of \$24.4 million and \$51.3 million of long-term debt for AMG which consists of seven notes and a revolver. Total notes payable consists primarily of twenty-one notes with interest rates ranging from 3.1% to 11.0% and maturities of up to ten years.

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Debt Covenants

The significant covenants on the Company's multi-currency senior secured credit facility relate to total leverage, senior leverage, interest coverage and capital expenditures contained and defined in the credit agreement. The adjusted leverage ratio covenant requires the Company to maintain a ratio of consolidated total indebtedness minus unrestricted cash and cash equivalents, up to a maximum of \$150 million (all as defined by the credit agreement), to consolidated earnings-before-interest-taxes-depreciation-and-amortization (as defined by the credit agreement, "Adjusted Consolidated EBITDA") of less than 4.0 times, provided that aggregated subordinated indebtedness and permitted holding company indebtedness (as defined by the credit agreement) is less than \$25 million or 6.0 times if greater than \$25 million; therefore, the Company is currently subject to an adjusted leverage ratio of less than 6.0 times. The adjusted senior leverage covenant, which is only applicable provided aggregate subordinated indebtedness and permitted holding company indebtedness is greater than \$25 million, requires the Company to maintain a ratio of adjusted consolidated senior indebtedness minus unrestricted cash and cash equivalents to Adjusted Consolidated EBITDA of less than 4.0 times. The adjusted interest coverage covenant requires the Company to maintain a minimum ratio of Adjusted Consolidated EBITDA to cash interest expense (as defined by the credit agreement) of 2.5 times. The capital expenditure covenant limits annual capital expenditures (as defined by the credit agreement) to \$110 million or less, subject to a carryover provision of up to an additional \$110 million. In the event that the Company does not meet these covenants, the Company is considered to be in default on the credit facilities at which time the credit facilities may become immediately due. This credit facility contains a cross default provision that would be triggered if the Company were to default on any other indebtedness greater than \$10 million.

In July 2008, the Company amended its existing amended and restated senior secured credit agreement and the Amended Preferred Stock Certificate effective June 30, 2008 to, among other things, (i) increase the amount of allowable investments by the amount of net proceeds received from issuances of equity and convertible debt, (ii) permit investment in unrestricted subsidiaries in an amount of up to 50% of the amount of net proceeds received from issuances of equity and convertible debt and (iii) revise the definition of certain items in the agreement.

Some of the Company's other subsidiary indebtedness includes restrictions on acquisitions and prohibits payment of ordinary dividends. They also have financial covenants including minimum consolidated EBITDA to consolidated net interest payable, minimum consolidated cash flow to consolidated debt service, and maximum consolidated debt to consolidated EBITDA, all as defined in the applicable debt agreements.

At December 31, 2009, the Company was in compliance with all debt covenants. The Company expects to remain in compliance with all of these covenants throughout 2010.

NOTE 8—REDEEMABLE PREFERRED STOCK

As of December 31, 2009, one of the Company's subsidiaries had 200,000 shares of Series A redeemable preferred stock, par value \$.01 per share, and 200,000 shares of Series B redeemable preferred stock, par value \$.01 per share, outstanding (collectively, the "Preferred Stock") with an aggregate liquidation preference of \$40.0 million. The Preferred Stock accrues dividends at 13% per annum and is mandatorily redeemable on December 21, 2011. The Company 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 (as defined). 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 the issuer with respect to dividends and with respect to liquidation or dissolution of the issuer.

The Amended Preferred Stock Certificate contains a number of covenants that, among other things, restrict the Company's ability to incur additional debt, issue certain equity securities, create liens, merge or consolidate, modify the nature of the Company's business, make certain investments and acquisitions, transfer and sell material assets, enter into sale-leaseback transactions, enter into swap agreements, pay dividends and make distributions, and enter into agreements with affiliates. If the Company defaults under any of these covenants, the Company will have to pay additional dividends. Due to its legal structure, the Merger is not considered a restricted transaction or change of control under these covenants.

The Amended Preferred Stock Certificate contains covenants similar to the senior secured credit facility and also contains a covenant that requires the Company to pay additional dividends ranging from 2% to 7% in the event the ratio of consolidated total indebtedness minus unrestricted cash and cash equivalents, up to a maximum of \$150 million (all as defined by the Amended Preferred Stock Certificate), to consolidated earnings-before-interest-taxes-depreciation-and-amortization (as defined by the Amended Preferred Stock Certificate) exceeds 4.0 times.

The Series A redeemable preferred stock has voting rights including the right to appoint one of the four members of the issuer's board of directors. The Series B redeemable preferred stock has 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 the issuer in the event the issuer breaches certain terms of the designations of the preferred stock.

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At December 31, 2009, the Company was in compliance with all Preferred Stock covenants. The Company expects to remain in compliance with all of the Company's Preferred Stock covenants throughout 2010.

NOTE 9—DERIVATIVE INSTRUMENTS

The Company is required to recognize all of its derivative instruments as either assets or liabilities in the consolidated balance sheet at fair value. Refer to Note 10 for fair value measurement of derivative instruments. In the first quarter of 2009, the Company adopted the new accounting guidance codified in ASC 815 which required expanded disclosures for derivative instruments. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship, and further, on the type of hedging relationship. For derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation. The Company formally documents all relationships between designated hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. The Company formally assesses, both at inception and at least quarterly thereafter, whether the derivatives that are designated in hedging transactions are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. If a derivative ceases to be a highly effective hedge, the Company discontinues hedge accounting. The Company accounts for its derivative instruments that are not designated as hedges at fair value with changes in fair value recorded in earnings to the same line item associated with the forecasted transaction. The Company does not enter into derivative instruments for speculation or trading purposes.

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of OCI and reclassified into earnings in the same line item associated with the forecasted transaction in the same period or periods during which the hedged transaction affects earnings (for example, in interest expense when the hedged transactions are interest cash flows associated with floating-rate debt). The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, is recognized in other expense (income)—net in current earnings in the consolidated statements of operations during the period of change.

At December 31, 2009, the Company has one interest rate swap agreement designated as a cash flow hedge for accounting purposes. The purpose of the interest rate swap agreement is to effectively convert a portion of its floating-rate debt to a fixed-rate basis. The principal objective of this contract is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's variable-rate debt, thus reducing the impact of interest rate changes on future interest cash flows. This contract involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amount. The Company reclassifies the unrealized gain (loss) from accumulated OCI into earnings when interest expense is recognized on its variable-rate debt. Approximately 44% of the Company's outstanding term loans under the senior secured credit facility had their interest payments designated as the hedged forecasted transactions against the interest rate swap agreements at December 31, 2009. Information regarding this interest rate swap as of December 31, 2009 was as follows:

<u>Notional Amount</u>	<u>Receive</u>	<u>Pay</u>	<u>Maturity Date</u>	<u>Loss (Gain) Expected to be Reclassified into Earnings within the Next Twelve Months</u>
		(in thousands)		
\$ 150,000	Floating	Fixed 3.35%	September 30, 2010	\$ 3,255
\$ 150,000				\$ 3,255

At December 31, 2009, the Company has one forward currency contract which is designated as a cash flow hedge for accounting purposes. The principal objective of the forward currency contract is to eliminate or reduce the impact from the currency rate fluctuation on the cash outflows related to a short-term forecasted artist fee commitment to be paid by the Company. The notional amount of this contract is \$2.0 million and it will mature on June 1, 2010. The strike price is 1.4859 U.S. dollar versus Euro. The estimated net amount of gain in the amount of \$71,000 is expected to be reclassified into earnings within the next 12 months.

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In August 2009, the Company de-designated an interest rate swap which had previously been designated as a cash flow hedging instrument. This interest rate swap converts a notional amount of \$162.5 million floating-rate debt to a fixed-rate basis of 3.29%, and will mature on March 31, 2011. The unrealized loss on this swap, determined to be \$6.0 million at the date of de-designation, remained in the accumulated OCI account. The unrealized loss will be realized, or amortized, into earnings as the related periodic forecasted interest rate cash flows occur. The related loss amortized into earnings was \$2.2 million for the year ended December 31, 2009. Upon de-designation, this interest rate swap no longer receives hedge accounting treatment and prospective changes in fair value are recognized in earnings during the period of change.

In connection with the de-designation of this interest rate swap in August 2009, the Company entered into an offset interest rate swap agreement, whereby the Company pays a floating-rate and receives a fixed-rate basis of 1.0225% until the maturity on March 31, 2011 on a notional amount of \$162.5 million. This new interest rate swap has not been designated as a hedging instrument. The net effect of de-designating the pre-existing interest rate swap and entering into this new interest rate swap is to return \$162.5 million of the Company's outstanding term loans to a floating-rate plus a fixed interest rate of 2.27%, before applicable margin, until maturity on March 31, 2011.

Additionally, the Company has two interest rate swap agreements that have not been designated as hedging instruments. The Company has an interest rate swap agreement to convert a portion of AMG's long-term debt from floating-rate debt to a fixed-rate basis with a notional amount of \$17.4 million. Also, in connection with the financing of the redevelopment of the O₂ Dublin, the Company has an interest rate swap agreement to convert a portion of long-term debt from floating-rate debt to a fixed-rate basis with a notional amount of \$19.5 million. Any change in fair value is recorded in earnings during the period of the change.

The Company's 2.875% convertible senior notes issued in July 2007 include certain provisions which are bifurcated from the notes and accounted for as derivative instruments. At the date of issuance and as of December 31, 2009, the fair value of these provisions is considered de minimis.

The Company uses forward currency contracts to reduce its exposure to foreign currency risk. The principal objective of such contracts is to minimize the risks and/or costs associated with short-term artist fee commitments. At December 31, 2009, the Company has forward currency contracts outstanding with a notional amount of \$5.9 million. These forward currency contracts have not been designated as hedging instruments. The change in fair value of these instruments from date of purchase through December 31, 2009 resulted in a nominal gain which was recorded in the Company's results of operations.

The fair value of derivative instruments in the consolidated balance sheet as of December 31, 2009 was as follows:

	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
(in thousands)				
Derivatives designated as hedging instruments:				
Interest rate swap	Other long-term assets	\$—	Other current liabilities	\$(3,255)
Forward currency contract	Other current assets	71	Other current liabilities	—
Total derivatives designated as hedging instruments		<u>71</u>		<u>(3,255)</u>
Derivatives not designated as hedging instruments:				
Interest rate swaps	Other long-term assets	378	Other long-term liabilities	(6,603)
Forward currency contracts	Other current assets	137	Other current liabilities	—
Contingent interest provision on 2.875% convertible senior notes(1)		—		—
Total derivatives not designated as hedging instruments		<u>515</u>		<u>(6,603)</u>
Total derivatives		<u>\$586</u>		<u>\$(9,858)</u>

(1) At the date of issuance and as of December 31, 2009, this fair value was considered de minimis.

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The effect of derivative instruments on the consolidated statements of operations for the year ended December 31, 2009 was as follows:

<u>Derivatives Designated as Cash Flow Hedging Instruments</u>	<u>Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)</u>	<u>Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)</u>	<u>Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)</u>	<u>Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)</u>	<u>Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)</u>
(in thousands)					
Interest rate swap	\$ (5,420)	Interest expense	\$ (7,020)	Other expense (income)—net	\$ —
Forward currency contract	\$ 71	Direct operating expenses	\$ —	Other expense (income)—net	\$ —
<u>Derivatives Not Designated as Hedging Instruments</u>	<u>Amount of Gain (Loss) Recognized in Income on Derivatives</u>	<u>Location of Gain (Loss) Recognized in Income on Derivatives</u>			
(in thousands)					
Interest rate swaps (1)	\$ (1,271)	Interest expense			
Forward currency contracts	\$ 868	Direct operating expenses			
Forward currency contracts related to business unit disposal (2)	\$ (318)	Income from discontinued operations			
Contractual guarantee (3)	\$ (2,398)	Depreciation and amortization expense			
Contingent interest provision on 2.875% convertible senior notes (4)	\$ —	Other expense (income)—net			

- (1) Includes an interest rate swap that was de-designated in the third quarter of 2009. The de-designated instrument contributed a \$2.2 million loss from OCI that is included in the amount reported in this table. At December 31, 2009, a \$3.8 million loss remains in OCI to be amortized into earnings in future periods.
- (2) Amount relates to the October 2009 U.K. theatrical venues sale which is discussed in Note 5.
- (3) The contractual guarantee was settled in the first quarter of 2009.
- (4) As of and for the year ended December 31, 2009, this provision was considered de minimis and no gain (loss) was recognized.

NOTE 10—FAIR VALUE MEASUREMENTS

The Company currently has various financial instruments carried at fair value such as marketable securities and derivatives, but does not currently have nonfinancial assets and nonfinancial liabilities that are required to be measured at fair value on a recurring basis. The Company's financial assets and liabilities are measured using inputs from two of the three levels of the fair value hierarchy as defined by ASC 820. For this categorization, only inputs that are significant to the fair value are considered. The three levels are defined as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (i.e., market corroborated inputs).

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Level 3 – Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company's financial assets and liabilities that are required to be measured at fair value on a recurring basis, as of December 31, 2009 and 2008, which are classified as other current assets, other long-term assets, other current liabilities and other long-term liabilities:

	Fair Value Measurements at December 31, 2009				Fair Value Measurements at December 31, 2008			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in thousands)				(in thousands)			
Assets:								
Forward currency contracts	\$ —	\$ 208	\$ —	\$ 208	\$ —	\$ —	\$ —	\$ —
Investments in Rabbi Trusts	3,431	—	—	3,431	2,133	—	—	2,133
Total	<u>\$3,431</u>	<u>\$ 208</u>	<u>\$ —</u>	<u>\$ 3,639</u>	<u>\$2,133</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,133</u>
Liabilities:								
Forward currency contracts	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 733	\$ —	\$ 733
Interest rate swaps	—	9,480	—	9,480	—	12,045	—	12,045
Embedded derivatives	—	—	—	—	—	18,261	—	18,261
Other liabilities	3,431	—	—	3,431	2,133	—	—	2,133
Total	<u>\$3,431</u>	<u>\$9,480</u>	<u>\$ —</u>	<u>\$12,911</u>	<u>\$2,133</u>	<u>\$31,039</u>	<u>\$ —</u>	<u>\$33,172</u>

Forward currency contracts are based on observable market transactions of spot and forward rates. Investments held in Rabbi Trusts include exchange-traded equity securities and mutual funds. Fair values for these investments are based on quoted prices in active markets. Interest rate swaps include plain vanilla swaps. Fair values for these financial instruments are based upon inputs corroborated by observable market data with similar tenors. Embedded derivatives include a bifurcated derivative from a contractual arrangement which was settled in the first quarter of 2009. The fair value of this instrument was based upon inputs that were observable in the market. Other liabilities represent deferred compensation obligations to employees under certain plans. The liabilities related to these plans are adjusted based on changes in the fair value of the underlying employee-directed investments and therefore are classified consistent with the investments.

Due to their short maturity, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximated their fair values at December 31, 2009 and 2008. The Company's debt is not publicly-traded and because the majority of the interest on this debt accrues at a variable rate, the carrying amounts of long-term debt typically approximate their fair value, however, due to recent market volatility, a fair value cannot be determined. The 2.875% convertible senior notes can be traded, but not on a public market, and therefore their fair value cannot be approximated at December 31, 2009 and 2008.

The Company has fixed-rate debt with a noncontrolling interest partner of \$31.9 million and \$39.0 million at December 31, 2009 and 2008, respectively. The Company is unable to determine the fair value of this debt.

NOTE 11—COMMITMENTS AND CONTINGENT LIABILITIES

The Company leases office space, certain equipment and some of the venues used in its music and other operations. 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. In addition, the Company has commitments relating to additions to property, plant, and equipment under certain construction commitments for facilities and venues.

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As of December 31, 2009, 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:

	<u>Non-cancelable Operating Leases</u>	<u>Non-cancelable Contracts</u> (in thousands)	<u>Capital Expenditures</u>
2010	\$ 81,914	\$ 505,975	\$ 4,725
2011	81,831	131,287	25
2012	79,865	95,891	25
2013	76,060	105,742	25
2014	72,927	50,901	25
Thereafter	959,451	119,519	75
Total	\$ 1,352,048	\$ 1,009,315	\$ 4,900

Commitment amounts for non-cancelable operating leases and non-cancelable contracts which stipulate an increase in the commitment amount based on an inflationary index have been estimated using an inflation factor of 2.7% for North America and 2.4% for the United Kingdom.

Minimum rentals of \$100.9 million to be received in years 2010 through 2020 under non-cancelable subleases are excluded from the commitment amounts in the above table.

Total rent expense charged to operations for 2009, 2008 and 2007 was \$101.7 million, \$100.1 million and \$89.7 million, respectively. In addition to the minimum rental commitments included in the table above, the Company has leases, including a capital lease entered into during 2007 that contain contingent payment requirements for which payments vary depending on revenue, tickets sold or other variables. Contingent rent expense charged to operations for 2009, 2008 and 2007 was \$20.2 million, \$18.8 million and \$17.0 million, respectively. The above does not include rent expense for events in third-party venues.

In February 2009, the Company entered into the Merger Agreement with Ticketmaster. The Merger Agreement may be terminated by either Live Nation or Ticketmaster under certain circumstances and Live Nation or Ticketmaster may, under certain specified circumstances, be required to pay the other party a termination fee of \$15.0 million in addition to the reimbursement of reasonable and documented out-of-pocket expenses incurred by the other party in connection with the transaction. The Merger closed on January 25, 2010 and no termination fee was required to be paid.

In October 2009, the Company entered into an agreement with Michael Rapino that entitles Mr. Rapino, upon completion of the Merger, to (a) \$3.0 million cash bonus and (b) a grant of 350,000 shares of restricted Live Nation common stock vesting (i) in equal installments on each of the first four anniversaries of the closing of the Merger or (ii) with respect to each installment, if later than the applicable vesting anniversary, the first date on which the average closing trading price of Live Nation common stock over any consecutive 12-month period exceeds \$20 per share. The Merger closed on January 25, 2010. See further discussion in Note 20. No liability was accrued for this contingency as of December 31, 2009.

In connection with asset and business disposals, the Company generally provides indemnifications to the buyers including claims resulting from employment matters, commercial claims and governmental actions that may be taken against the assets or businesses sold. Settlement of these claims is subject to various statutory limitations that are dependent upon the nature of the claim. As of December 31, 2009, the Company has recorded \$6.4 million related to indemnifications provided for asset and business disposals during 2009.

During 2006, in connection with the Company's acquisition of Historic Theatre Group, the Company guaranteed obligations related to a lease agreement. In the event of default, the Company could be liable for obligations which have future lease payments (undiscounted) of approximately \$27.8 million through the end of 2035. The scheduled future minimum rentals for this lease for the years 2010 through 2014 are \$1.6 million each year. The venues under the lease agreement were included in the sale of the Company's North American theatrical business. The Company entered into an Assumption Agreement with the buyer in connection with the sale, under which the buyer is assuming the Company's obligations under the guaranty, however the Company remains contingently liable to the lessor. The Company believes that the likelihood of a material liability being triggered under this lease is remote, and no liability has been accrued for these contingent lease obligations as of December 31, 2009.

As of December 31, 2009 and 2008, the Company guaranteed the debt of third parties of approximately \$4.3 million and \$3.5 million, respectively, primarily related to maximum credit limits on employee and tour-related credit cards and bank lines of credit of a nonconsolidated affiliate and a third-party promoter.

Certain agreements relating to acquisitions that occurred prior to the adoption in January 2009 of the new accounting guidance in ASC 805 provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies. The Company will 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

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payments, if performance targets are met, would not significantly impact the financial position or results of operations of the Company.

The Company was a defendant in a lawsuit filed by Malinda 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, alleged that anti-competitive practices for concert promotion services by the Company nationwide caused artificially high ticket prices. On August 11, 2003, the Court ruled in the Company's favor, denying the plaintiff's class certification motion. The plaintiff appealed this decision to the U.S. Court of Appeals for the Second Circuit. On January 10, 2006, the U.S. Court of Appeals for the Second Circuit affirmed the ruling in the Company's favor by the District Court. On January 17, 2006, the plaintiff filed a Notice of Voluntary Dismissal of her action in the Southern District of New York.

The Company is a defendant in twenty-two putative class actions filed by different named plaintiffs in various U.S. District Courts throughout the country. The claims made in these actions are substantially similar to the claims made in the *Heerwagen* action discussed above, except that the geographic markets alleged are regional, statewide or more 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. The plaintiffs seek unspecified compensatory, punitive and treble damages, declaratory and injunctive relief and costs of suit, including attorneys' fees. The Company has filed its answers in some of these actions, and has denied liability. On December 5, 2005, the Company filed a motion before the Judicial Panel on Multidistrict Litigation to transfer these actions and any similar ones commenced in the future to a single federal district court for coordinated pre-trial proceedings. On April 17, 2006, the Panel granted the Company's motion and ordered the consolidation and transfer of the actions to the U.S. District Court for the Central District of California. On June 4, 2007, the Court conducted a hearing on the plaintiffs' motion for class certification. On June 25, 2007, the Court entered an order to stay all proceedings in the case pending the Court's ruling on the plaintiffs' motion for class certification. On October 22, 2007, the Court ruled in the plaintiffs' favor, granting the plaintiffs' motion for class certification and certifying a class in the Chicago, New England, New York/New Jersey, Colorado and Southern California regional markets. On November 5, 2007, the Company filed a Petition for Permission to Appeal from Order Granting Class Certification with the U.S. District Court of Appeals for the Ninth Circuit. At a status conference conducted on November 5, 2007, the U.S. District Court extended its stay of all proceedings pending further developments in the U.S. Court of Appeals for the Ninth Circuit. On February 15, 2008, the U.S. Court of Appeals for the Ninth Circuit issued an order denying the Company's Petition for Permission to Appeal. On February 20, 2008, the Company filed a Motion with the U.S. District Court for Reconsideration of its October 22, 2007 order granting the plaintiffs' motion for class certification. On March 6, 2008, the U.S. District Court entered an order approving a stipulated continuance and stay of all proceedings pending further developments in the U.S. Court of Appeals for the Ninth Circuit. A ruling by the U.S. District Court on the Company's Motion for Reconsideration of the October 22, 2007 class certification order is pending. The Company intends to vigorously defend all claims in all of the actions.

The Company is also currently involved in certain other legal proceedings and accrues its best estimate of the probable settlement or other losses for the resolution of these claims as selling, general and administrative expenses and corporate expenses. 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 12—RELATED-PARTY TRANSACTIONS

Relationship with Clear Channel

Tax Matters Agreement

The tax matters agreement governs the respective rights, responsibilities and obligations of Clear Channel and the Company with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding income taxes, non-income taxes and preparing and filing tax returns, as well as with respect to any additional taxes incurred by the Company attributable to actions, events or transactions relating to the Company's stock, assets or business following the Separation, including taxes imposed if the Separation fails to qualify for tax-free treatment under Section 355 of the Internal Revenue Code of 1986, as amended, or if Clear Channel is not able to recognize certain losses.

Transactions with Clear Channel Directors

The Company has two non-employee directors as of December 31, 2009 on its board of directors that are also directors and executive officers of Clear Channel. These two directors receive directors' fees, stock options and restricted stock awards as do other non-employee members of the Company's board of directors.

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Transactions with Clear Channel

From time to time, the Company purchases advertising from Clear Channel and its subsidiaries in the ordinary course of business. For the years ended December 31, 2009, 2008 and 2007, the Company recorded \$8.3 million, \$13.2 million and \$10.3 million, respectively, as components of direct operating expenses and selling, general and administrative expenses for these advertisements.

Pursuant to a transition services agreement, subsequent to the Separation, Clear Channel provided to the Company certain corporate and information technology services; no services are now being provided. No expense was recorded for the years ended December 31, 2009 or 2008. For the year ended December 31, 2007, the Company recorded an aggregate of \$2.0 million for these services as a component of selling, general and administrative expenses and corporate expenses.

In connection with the Separation, the Company entered into various lease and licensing agreements with Clear Channel primarily for office space occupied by the Company's employees. For the years ended December 31, 2009, 2008 and 2007, the Company recorded \$0.8 million, \$0.8 million and \$0.7 million, respectively, as a component of selling, general and administrative expenses related to these agreements.

Other Relationships

Transactions with Directors

Through a stock purchase agreement in September 2007, the Company completed the purchase of all of the equity interests in the CPI Companies that the Company did not already own. Michael Cohl, a director of Live Nation at the time, owned both a direct and an indirect ownership interest in the CPI Companies at the time of the completion of this purchase. The CPI Companies and the Company concurrently entered into a services agreement with KSC which provided for the executive services of Mr. Cohl, pursuant to which Mr. Cohl served as Chief Executive Officer of the CPI Companies and Chairman and Chief Executive Officer of the Company's former Live Nation Artists division for a term of five years. In June 2008, the parties entered into an amendment to the services agreement, under which Mr. Cohl will perform consulting services for the Company through June 2012. In connection with this amendment, the Company paid KSC a lump-sum payment of \$4.5 million as full payment for Mr. Cohl's services under the consulting engagement. As part of that amendment, Mr. Cohl resigned as a director of the Company and from all offices he held with the Company. For the year ended December 31, 2009, no payment was made to KSC. For the year ended December 31, 2008 and 2007, KSC was paid \$0.8 million and \$1.2 million, respectively, under the original services agreement. In addition, in March 2008, KSC was awarded a bonus of 41,220 shares of the Company's common stock that were issued in April 2008.

Other Related Parties

During the years ended December 31, 2009 and 2008, the Company paid \$8.3 million and \$10.6 million, respectively, in connection with three acquisitions of companies owned by various members of management of the Company's subsidiaries. Two of these acquisitions were of companies that held leases of venues and the third acquisition related to a company that promotes a festival.

During the year ended December 31, 2009, the Company received \$21.3 million in connection with the sale of interests in three venues to an entity partially owned by employees of one of the Company's subsidiaries.

The Company conducts certain transactions in the ordinary course of business with companies that are owned, in part or in total, by various members of management of the Company's subsidiaries or companies over which the Company has significant influence. These transactions primarily relate to venue rentals, including a rental advance in 2008, concession services, equipment rental, ticketing and other services and reimbursement of certain costs. The following table sets forth expenses incurred and revenue earned from these companies for services rendered or provided in relation to these business ventures.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
		(in thousands)	
Other related parties revenue	\$ 2,778	\$ 2,311	\$ 824
Other related parties expenses	\$17,335	\$20,157	\$11,189

None of these transactions were with directors or executive officers of the Company.

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Significant components of the provision for income tax expense (benefit) are as follows:

	<u>2009</u>	<u>2008</u> (in thousands)	<u>2007</u>
Current—federal	\$ 184	\$(47,625)	\$(22,924)
Current—foreign	13,397	20,226	26,355
Current—state	<u>6,003</u>	<u>(956)</u>	<u>(2,751)</u>
Total current	19,584	(28,355)	680
Deferred—federal	82	2,741	10,459
Deferred—foreign	(5,947)	1,357	(3,755)
Deferred—state	<u>(2,386)</u>	<u>—</u>	<u>1,345</u>
Total deferred	<u>(8,251)</u>	<u>4,098</u>	<u>8,049</u>
Income tax expense (benefit)	<u>\$11,333</u>	<u>\$(24,257)</u>	<u>\$ 8,729</u>

Current income tax expense increased \$47.9 million for the year ended December 31, 2009 as compared to the same period of the prior year due principally to the recognition of tax benefits for losses in the United States during 2008 for which the Company could not recognize tax benefits in the current year. For 2008 and 2007, the Company recorded current benefits in continuing operations for federal income tax purposes resulting from the use of current period losses against gains and income from discontinued operations. Current income tax expense decreased \$29.0 million for the year ended December 31, 2008 as compared to the same period of the prior year primarily due to the recognition of tax benefits for losses in the United States during 2008 for which the Company could not recognize tax benefits in the prior year.

Deferred income tax expense decreased \$12.3 million for the year ended December 31, 2009 as compared to the same period of the prior year due principally to utilization of foreign deferred tax assets and the reversal of deferred tax liabilities established in connection with non-U.S. business combinations. Deferred income tax expense decreased \$4.0 million for the year ended December 31, 2008 as compared to the same period of the prior year due principally to utilization of foreign deferred tax assets and the reversal of deferred tax liabilities established in connection with non-U.S. business combinations.

The domestic loss from continuing operations before income taxes was \$195.7 million, \$414.9 million and \$132.5 million for 2009, 2008 and 2007, respectively. Non-U.S. income from continuing operations before income taxes was \$81.0 million, \$57.2 million and \$78.9 million for 2009, 2008 and 2007, respectively.

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Significant components of the Company's deferred tax liabilities and assets as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
	(in thousands)	
Deferred tax liabilities:		
Intangible assets	\$116,954	\$130,033
Prepaid expenses	1,364	1,690
Long-term debt	<u>35,515</u>	<u>35,219</u>
Total deferred tax liabilities	153,833	166,942
Deferred tax assets:		
Intangible and fixed assets	113,834	130,164
Accrued expenses	15,746	16,815
Investments in nonconsolidated affiliates	5,309	5,309
Net operating loss carryforwards	101,309	131,564
AMT and FTC carryforwards	56,082	10,456
Bad debt reserves	1,316	2,281
Deferred income	686	212
Other	<u>20,833</u>	<u>15,455</u>
Total gross deferred tax assets	315,115	312,256
Valuation allowance	<u>191,761</u>	<u>180,792</u>
Total deferred tax assets	<u>123,354</u>	<u>131,464</u>
Net deferred tax liabilities	<u>\$ (30,479)</u>	<u>\$ (35,478)</u>

The valuation allowance was recorded due to the uncertainty of the ability to generate sufficient taxable income necessary to realize certain deferred tax assets in future years. If, at a later date, it is determined that due to a change in circumstances, the Company will utilize all or a portion of those deferred tax assets, the Company will reverse the corresponding valuation allowance with the offset to income tax benefit or to goodwill.

During 2009, the Company recorded net deferred tax liabilities of \$12.4 million due principally to differences in financial reporting and tax bases in assets acquired in business combinations.

During 2008, the Company recorded deferred tax liabilities of \$29.0 million due principally to differences in financial reporting and tax bases in assets acquired in business combinations and artist rights agreements. The Company also recorded deferred tax assets of \$51.6 million in connection with the Company's goodwill impairment charge. These deferred tax assets account for the principal change of the net \$23.5 million increase in the Company's net deferred tax liabilities. The Company recorded a \$13.3 million decrease to valuation allowances established in connection with the HOB business combination. Also, during 2008, the Company recorded a \$4.1 million reversal of deferred tax liabilities in connection with the impairment of goodwill.

Deferred tax assets related to intangibles and fixed assets principally relate to differences in book and tax basis of tax deductible goodwill created from the Company's various stock acquisitions. In accordance with ASC Topic 350, *Intangibles—Goodwill and Other*, 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. As of December 31, 2009, the Company has U.S. federal and state deferred tax assets related to net operating loss carryforwards of \$70.8 million and \$23.4 million, respectively. Based on current statutory carryforward periods, these losses will expire on various dates between the years 2011 and 2029. The amount of U.S. net operating loss carryforwards that will expire if not utilized in 2011 is \$4.3 million. The Company's federal net operating loss is subject to statutory limitations on the amount that can be used in any given year.

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The reconciliation of income tax from continuing operations computed at the United States federal statutory tax rates to income tax expense (benefit) is:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
		(in thousands)	
Income tax benefit at statutory rates	\$(40,137)	\$(125,207)	\$(18,753)
State income taxes, net of federal tax benefits	6,003	(956)	(2,751)
Differences of foreign taxes from U.S. statutory rates	(5,418)	(4,011)	(4,259)
Non-U.S. income inclusions	39,851	6,711	380
Nondeductible goodwill impairment	3,180	50,190	—
Nondeductible items	3,533	564	11,055
Tax contingencies	(7,358)	1,986	832
Change in valuation allowance	17,848	53,180	28,223
Other, net	(6,169)	(6,714)	(5,998)
	<u>\$ 11,333</u>	<u>\$ (24,257)</u>	<u>\$ 8,729</u>

During 2009, the Company recorded tax expense of approximately \$11.3 million on losses from continuing operations before tax of \$114.7 million. Income tax expense is principally attributable to the Company's earnings in non-U.S. tax jurisdictions.

During 2008, the Company recorded tax benefits of approximately \$24.3 million on losses from continuing operations before tax of \$357.7 million. Income tax benefit is principally attributable to the Company's recognition of tax losses from operations in the United States. Nondeductible items consist principally of nondeductible goodwill impairments. State tax benefit is attributable to losses in domestic operations. The Company continually reassesses its ability to realize deferred tax assets. In connection with that assessment, during 2008, the Company recorded a valuation allowance of \$53.2 million against certain deferred tax assets.

During 2007, the Company recorded tax expense of approximately \$8.7 million on losses from continuing operations before tax of \$53.6 million. Income tax expense is principally attributable to the Company's earnings in non-U.S. tax jurisdictions.

The Company regularly assesses the likelihood of additional assessments in each taxing jurisdiction resulting from current and subsequent years' examinations. Liabilities for income taxes have been established for future income tax assessments when it is probable there will be future assessments and the amount thereof can be reasonably estimated. Once established, liabilities for uncertain tax positions are adjusted only when there is more information available or when an event occurs necessitating a change to the liabilities. The Company believes that the resolution of income tax matters for open years will not have a material effect on its consolidated and combined financial statements although the resolution of income tax matters could impact the Company's effective tax rate for a particular future period.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. At December 31, 2009 and 2008, the Company had \$4.1 million and \$22.0 million, respectively, of unrecognized tax benefits. All of these unrecognized tax benefits would favorably impact the effective tax rate if recognized at some point in the future.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. For the years ended December 31, 2009, 2008 and 2007, the Company has recognized \$0.1 million, \$1.2 million and \$1.3 million, respectively, of interest and penalties related to uncertain tax positions. As of December 31, 2009 and 2008, the Company accrued interest related to uncertain tax positions of \$0.5 million and \$2.9 million, respectively.

During 2009, the Internal Revenue Service began an examination of some of the Company's subsidiaries. During the fourth quarter of 2009, the Company resolved uncertainties with respect to a portion of the Company's non-U.S. income tax positions and recorded tax benefits to account for the reversal of previously established tax reserves. The tax years 2002 through 2009 remain open to examination by the major tax jurisdictions to which the Company is subject.

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The following table summarizes the activity related to the Company's unrecognized tax benefits for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
		(in thousands)	
Balance at January 1	\$21,952	\$24,201	\$22,935
Additions:			
Tax for current year positions	875	4,480	3,796
Tax for prior year positions	200	—	68
Interest and penalties for prior years	91	1,162	1,278
Reductions:			
Settlements for prior year positions	(8,524)	(96)	(3,737)
Settlements for prior year positions in discontinued operations	(5,477)	—	—
Foreign currency	1,402	(7,795)	(139)
Reclassification to other liabilities	(6,375)	—	—
Balance at December 31	<u>\$ 4,144</u>	<u>\$21,952</u>	<u>\$24,201</u>

NOTE 14—STOCKHOLDERS' EQUITY

Dividends

The Company presently intends to retain future earnings, if any, to finance the expansion of its business. Therefore, it does not expect to pay any cash dividends in the foreseeable future. Moreover, the terms of the Company's senior secured credit facility and the designations of its preferred stock limit the amount of funds which the Company will have available to declare and distribute as dividends on its common stock. Payment of future cash dividends, if any, will be at the discretion of the Company's board of directors in accordance with applicable law after taking into account various factors, including the financial condition, operating results, current and anticipated cash needs, plans for expansion and contractual restrictions with respect to the payment of dividends.

Common Stock Reserved for Future Issuance

Common stock of approximately 9.0 million shares as of December 31, 2009 is reserved for future issuances under the stock incentive plan (including 7.3 million options and 1.6 million restricted stock awards currently granted).

Earnings per Share

The Company computes net income per common share under the two-class method in accordance with ASC topic 260, *Earnings per Share*. Under the provisions of ASC topic 260, basic net income per common share is computed by dividing the net income applicable to common shares by the weighted average number of common shares outstanding during the period. Diluted net income per common share adjusts basic net income per common share for the effects of stock options, restricted stock and other potentially dilutive financial instruments only in the periods in which such effect is dilutive. In July 2007, the Company issued \$220 million of 2.875% convertible notes which are considered in the calculation of diluted net income per common share, if dilutive. Dilutive securities at December 31, 2009, 2008 and 2007 include 692,051 shares, 994,372 shares and 927,697 shares of unvested restricted stock, respectively. The unvested restricted stockholders are entitled to participate in dividends declared on common stock as if the shares were fully vested. As a result, for purposes of calculating basic earnings per common share, income attributable to unvested restricted stockholders is excluded from net income. As the Company has a net loss for the years ended December 31, 2009, 2008 and 2007, no loss has been allocated to the unvested restricted stockholders.

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The following table sets forth the computation of basic and diluted net loss from continuing operations per common share:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<u>(in thousands, except for per share data)</u>		
Net loss attributable to Live Nation Entertainment, Inc.	\$ (60,179)	\$(239,412)	\$(15,189)
Less income from discontinued operations, net of tax	(76,277)	(95,653)	(54,990)
Less income from continuing operations allocated to participating securities	—	—	—
Net loss from continuing operations allocated to common stockholders—basic	(136,456)	(335,065)	(70,179)
Effect of dilutive securities:			
2.875% convertible senior notes	—	—	—
Less income from continuing operations allocated to participating securities	—	—	—
Net loss from continuing operations allocated to common stockholders—diluted	<u>\$(136,456)</u>	<u>\$(335,065)</u>	<u>\$(70,179)</u>
Weighted average common shares—basic	82,652	76,228	68,441
Effect of dilutive securities:			
Stock options, restricted stock and warrants	—	—	—
2.875% convertible senior notes	—	—	—
Weighted average common shares—diluted	<u>82,652</u>	<u>76,228</u>	<u>68,441</u>
Basic and diluted net loss from continuing operations per common share	<u>\$ (1.65)</u>	<u>\$ (4.39)</u>	<u>\$ (1.02)</u>

The calculation of diluted net loss per common share includes the effects of the assumed exercise of any outstanding stock options and warrants, the assumed vesting of shares of restricted stock and the assumed conversion of the 2.875% convertible senior notes where dilutive. The following table shows all potentially dilutive securities excluded from the calculation of diluted net loss per common share because such securities are anti-dilutive:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<u>(in thousands)</u>		
Options to purchase shares of common stock	7,099	4,804	3,881
Restricted stock awards-unvested	692	994	928
Warrants	500	500	—
Conversion shares related to 2.875% convertible senior notes	<u>8,105</u>	<u>8,105</u>	<u>8,105</u>
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	<u>16,396</u>	<u>14,403</u>	<u>12,914</u>

In January 2010, the Company issued 84.6 million shares of common stock in connection with the Merger.

NOTE 15—STOCK-BASED COMPENSATION

In December 2005, the Company adopted its 2005 Stock Incentive Plan. The plan authorizes the Company to grant stock option awards, director shares, stock appreciation rights, restricted stock and deferred stock awards, other equity-based awards and performance awards. The Company has granted restricted stock awards and options to purchase its common stock to employees, directors and consultants of the Company and its affiliates under the stock incentive plan at no less than the fair market value of the underlying stock on the date of grant. The options are granted for a term not exceeding ten years and the nonvested options are generally forfeited in the event the employee or director terminates his or her employment or relationship with the Company or one of its affiliates. Any options that have vested at the time of termination are forfeited to the extent they are not exercised within the applicable post-employment exercise period provided in their option agreements. These options vest over one to five years. The stock incentive plan contains anti-dilutive provisions that require the adjustment of the number of shares of the Company's common stock represented by, and the exercise price of, each option for any stock splits or stock dividends.

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The Company recorded \$12.5 million, \$11.1 million and \$16.4 million of non-cash compensation expense during the years ended December 31, 2009, 2008 and 2007, respectively, related to stock-based compensation arrangements for stock options and restricted stock awards. Of these amounts, \$4.7 million, \$4.2 million and \$6.3 million was recorded in selling, general and administrative expenses and \$7.8 million, \$6.9 million and \$10.1 million was recorded in corporate expenses, respectively. Additionally, \$0.1 million was recorded in discontinued operations for the year ended December 31, 2007 with no expense recorded for the years ended December 31, 2009 and 2008. As of December 31, 2009, there was \$16.5 million of total unrecognized compensation cost related to stock-based compensation arrangements for stock options and restricted stock awards. This cost is expected to be recognized over the next five years.

Stock Options

The Company follows the fair value recognition provisions of ASC 718. The fair value of the options is amortized to expense on a straight-line basis over the options' vesting period. Stock-based compensation expense recognized during the year includes compensation expense for all share-based payments granted on or prior to, but not yet vested at the end of the period, based on the grant date fair value estimated in accordance with the provisions of ASC 718.

The fair value for options in Live Nation stock was estimated on the date of grant using a Black-Scholes option-pricing model. Expected volatilities are based on implied volatilities of traded options and the historical volatility of stocks of similar companies since the Company's common stock does not have sufficient trading history to reasonably predict its own volatility. The Company uses the simplified method for estimating the expected life within the valuation model which is the period of time that options granted are expected to be outstanding. The Company uses the simplified method to estimate the expected term as it does not have sufficient historical exercise data due to the limited period of time its equity shares have been publicly traded. The risk free rate for periods within the expected life of the option is based on the U.S. Treasury Note rate. An estimated rate of 10% is used for expected forfeitures of stock options based on historical forfeiture rates of the Company's stock option plans. The following assumptions were used to calculate the fair value of the Company's options on the date of grant:

	2009	2008	2007
Risk-free interest rate	2.00%	2.15% - 2.95%	3.63% - 4.88%
Dividend yield	0.0%	0.0%	0.0%
Volatility factors	39.0%	36.3% - 42.0%	28.0%
Weighted average expected life (in years)	6.25 - 6.5	1 - 6.25	5.5 - 7

The following table presents a summary of the Company's stock options outstanding at, and stock option activity during, the years ended December 31, 2009, 2008 and 2007 ("Price" reflects the weighted average exercise price per share):

	2009		2008		2007	
	Options	Price	Options	Price	Options	Price
	(in thousands, except per share data)					
Outstanding January 1	4,804	\$16.78	3,881	\$18.41	2,152	\$11.07
Granted	2,385	2.75	1,324	12.27	2,355	24.09
Exercised	—	—	(60)	10.60	(44)	10.60
Forfeited or expired	(90)	11.59	(341)	18.88	(582)	14.88
Outstanding December 31	<u>7,099</u>	<u>\$12.13</u>	<u>4,804</u>	<u>\$16.78</u>	<u>3,881</u>	<u>\$18.41</u>
Exercisable December 31	2,078	\$17.21	907	\$17.81	62	\$11.35
Weighted average fair value per option granted		\$ 4.85		\$ 5.72		\$ 6.12

There were no stock options exercised during the year ended December 31, 2009. The total intrinsic value of stock options exercised during the years ended December 31, 2008 and 2007 were \$0.3 million and \$0.6 million, respectively. Through December 31, 2009, no tax benefits from the exercise of stock options have been recognized. Any future excess tax benefits derived from the exercise of stock options will be recorded prospectively and reported as cash flows from financing activities in accordance with ASC 718.

There were 0.4 million shares available for future grants under the stock incentive plan at December 31, 2009. Upon share option exercise or vesting of restricted stock, the Company issues new shares to fulfill these grants. Vesting dates on the stock options range from February 2010 to March 2014, and expiration dates range from December 2012 to March 2019 at exercise prices and average contractual lives as follows:

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Range of Exercise Prices	Outstanding as of 12/31/09 (in thousands)	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Exercisable as of 12/31/09	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
\$1.00 - \$9.99	2,385	9.2	\$ 2.75	—	\$ —	—
\$10.00 - \$14.99	2,529	7.0	\$ 11.07	1,059	\$ 10.97	6.8
\$15.00 - \$19.99	360	8.0	\$ 17.94	140	\$ 18.45	7.8
\$20.00 - \$24.99	1,825	7.2	\$ 24.52	879	\$ 24.54	7.2

The total intrinsic value of options exercisable as of December 31, 2009 was zero as the exercise price exceeds the market price.

Restricted Stock Awards

The Company has granted restricted stock awards to its employees and directors under the stock incentive plan. These common shares carry a legend which restricts their transferability for a term of one to five years and are forfeited in the event the recipient's employment or relationship with the Company is terminated prior to the lapse of the restriction. In addition, certain restricted stock awards require the Company or the recipient to achieve minimum performance targets in order for these awards to vest. Recipients of the restricted stock awards are entitled to all cash dividends as of the date the award was granted. The fair value of the restricted stock is amortized to expense on a straight-line basis over the restricted stock's vesting period. The Company does not assume any forfeitures of restricted stock as awards are limited to a small number of senior management.

The following table presents a summary of the Company's restricted stock awards outstanding at December 31, 2009, 2008 and 2007 ("Price" reflects the weighted average share price at the date of grant):

	2009		2008		2007	
	Awards	Price	Awards	Price	Awards	Price
	(in thousands, except per share data)					
Outstanding January 1	994	\$15.76	928	\$18.99	361	\$12.39
Granted	163	2.54	509	12.28	710	22.53
Forfeited	(14)	18.29	(142)	19.56	(39)	19.70
Vested	(451)	16.56	(301)	18.05	(104)	20.32
Outstanding December 31	692	\$12.08	994	\$15.76	928	\$18.99

The total fair market value of the shares issued upon the vesting of restricted stock awards during the years ended December 31, 2009, 2008 and 2007 was \$7.5 million, \$5.4 million and \$2.1 million, respectively. As of December 31, 2009, there were 150,000 restricted stock awards outstanding which require the Company or the recipient to achieve minimum performance targets in order for the awards to vest.

Bonus Incentives

For 2009, 2008 and 2007, the Company entered into arrangements with certain key employees that allow the Company to issue shares of its common stock in lieu of cash bonus payments. The following table presents a summary of the Company's non-cash compensation expense related to bonus incentives recorded for the years ending December 31, 2009, 2008 and 2007:

	2009	2008	2007
	(in thousands)		
Selling, general and administrative expenses	\$4,820	\$20,749	\$11,118
Corporate expenses	(625)	2,068	835
Total non-cash compensation expense for bonus incentives from continuing operations	\$4,195	\$22,817	\$11,953
Total non-cash compensation expense for bonus incentives from discontinued operations	\$ (17)	\$ (732)	\$ 865

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Certain bonuses and other compensation for employees that was earned in 2009 will be paid using the Company's common stock. Such compensation had not been paid as of December 31, 2009. Based on the closing stock price of the Company's common stock on December 31, 2009, this liability would result in the issuance of approximately 0.5 million shares in 2010.

Warrants

In April 2008, the Company issued a warrant to purchase 500,000 shares of the Company's common stock at an exercise price of \$13.73 per share in connection with the formation of a joint venture. The warrant vests over three years in equal installments beginning on the first anniversary of the issuance date. As the counterparty is not required to provide any future service in order to retain and exercise the warrant, it was expensed at the time of issuance in selling, general and administrative expenses. The Company valued the warrant at \$2.1 million using the Black-Scholes valuation model.

NOTE 16—EMPLOYEE SAVINGS PLANS

The Company's employees are eligible to participate in various 401(k) savings and other plans established for the purpose of providing retirement benefits for substantially all employees. Through the first quarter of 2009, both the employees and the Company made contributions to the plan. The Company matched 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. In the second quarter of 2009, the Company suspended matching contributions. Contributions to these plans of \$0.7 million, \$2.3 million and \$1.8 million were charged to expense for the years ended December 31, 2009, 2008 and 2007, respectively.

The Company provides a non-qualified deferred compensation plan for highly compensated employees and directors. The plan allows employees to defer up to 50% of their annual salary and up to 80% of their bonus before taxes and allows directors to defer up to 100% of their compensation. Matching contributions are made at the sole discretion of the Company's compensation committee and the Company retains ownership of all assets until distributed and records a liability to the employees. The liability under the deferred compensation plan at December 31, 2009 and 2008 was approximately \$3.4 million and \$2.1 million, respectively, which is recorded in other long-term liabilities.

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	For the Year ended December 31,	
	2009	2008
	(in thousands)	
The following details the components of “Other current assets”:		
Inventory	\$ 17,731	\$ 18,107
Cash held in escrow	6,854	7,294
Other	2,548	3,116
Total other current assets	<u>\$ 27,133</u>	<u>\$ 28,517</u>
The following details the components of “Other long-term assets”:		
Prepaid management and booking fees	\$ —	\$ 1,106
Prepaid rent	20,326	20,140
Long-term advances	146,055	154,689
Debt issuance costs	11,682	15,812
Other	18,002	18,467
Total other long-term assets	<u>\$ 196,065</u>	<u>\$ 210,214</u>
The following details the components of “Accrued expenses”:		
Accrued event expenses	\$ 74,524	\$ 68,473
Collections on behalf of others	37,478	56,944
Accrued insurance	32,457	22,120
Accrued royalties	19,979	17,639
Accrued payroll and benefits	24,147	24,019
Accrued expenses—other	168,553	189,797
Total accrued expenses	<u>\$ 357,138</u>	<u>\$ 378,992</u>
The following details the components of “Other current liabilities”:		
Contractual advances	\$ 750	\$ 29,201
Current deferred tax liabilities	—	1,696
Other	17,934	33,484
Total other current liabilities	<u>\$ 18,684</u>	<u>\$ 64,381</u>
The following details the components of “Other long-term liabilities”:		
Deferred taxes	\$ 30,480	\$ 33,782
Unrecognized tax benefits	4,144	21,952
Deferred revenue	3,169	4,536
Deferred rent	40,212	44,831
Other	47,042	41,259
Total other long-term liabilities	<u>\$ 125,047</u>	<u>\$ 146,360</u>

NOTE 18—SEGMENT DATA

The Company’s reportable segments are North American Music, International Music and Ticketing. Prior to 2009, the Company reported an Artist Nation segment, which is now allocated between the North American Music and International Music segments.

The North American Music segment principally involves the promotion of live music events in the Company’s owned and/or operated venues and in rented third-party venues and the operation and management of music venues primarily in the United States and Canada, as well as providing various services to artists including merchandise, artist fan sites and VIP tickets. The International Music segment principally involves the promotion of live music events in the Company’s owned and/or operated venues and in rented third-party venues, the production of music festivals and the operation and management

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of music venues outside of North America. The Ticketing segment principally involves the management of the Company's ticketing operations and online and wireless distribution activities, including the continued enhancement of the Company's primary website, *www.livenation.com*, in addition to management of the Company's information technology operations. The Company's North American theatrical business was sold in January 2008, its motor sports business was sold in September 2008, its events business was sold in October 2008 and its U.K. theatrical business was sold in October 2009. All were previously included in other operations and are now reported as discontinued operations.

The Company has reclassified all periods presented to conform to the current period presentation. Revenue and expenses earned and charged between segments are eliminated in consolidation. Corporate expenses, interest income, interest expense, equity in (earnings) losses of nonconsolidated affiliates, other expense (income)—net, income tax expense (benefit) and net income (loss) attributable to noncontrolling interests are managed on a total company basis.

There are no customers that individually account for more than ten percent of the Company's consolidated revenue in any year.

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	North American Music	International Music	Ticketing	Other	Corporate	Consolidated
	(in thousands)					
2009						
Revenue	\$2,568,494	\$1,534,096	\$ 73,572	\$ 4,859	\$ —	\$4,181,021
Direct operating expenses	2,084,769	1,249,339	24,056	(168)	(751)	3,357,245
Selling, general and administrative expenses	385,306	185,499	42,863	5,312	—	618,980
Depreciation and amortization	108,613	34,327	12,621	276	2,281	158,118
Goodwill impairment	9,085	—	—	—	—	9,085
Loss (gain) on sale of operating assets	(895)	(2,065)	5	(28)	—	(2,983)
Corporate expenses	—	—	—	—	56,889	56,889
Acquisition transaction expenses	—	1,117	—	50	34,876	36,043
Operating income (loss)	<u>\$ (18,384)</u>	<u>\$ 65,879</u>	<u>\$ (5,973)</u>	<u>\$ (583)</u>	<u>\$(93,295)</u>	<u>\$ (52,356)</u>
Identifiable assets	\$1,446,129	\$ 792,078	\$ 34,975	\$ 20,384	\$ 48,193	\$2,341,759
Capital expenditures	\$ 20,495	\$ 17,816	\$ 10,047	\$ 998	\$ 1,801	\$ 51,157
2008						
Revenue	\$2,678,309	\$1,378,104	\$ 22,393	\$ 6,500	\$ —	\$4,085,306
Direct operating expenses	2,161,119	1,127,235	9,370	987	733	3,299,444
Selling, general and administrative expenses	408,067	172,604	33,332	5,582	—	619,585
Depreciation and amortization	99,573	30,418	5,569	533	3,946	140,039
Goodwill impairment	269,902	—	—	—	—	269,902
Loss on sale of operating assets	19	203	—	85	824	1,131
Corporate expenses	—	—	—	—	52,498	52,498
Operating income (loss)	<u>\$ (260,371)</u>	<u>\$ 47,644</u>	<u>\$(25,878)</u>	<u>\$ (687)</u>	<u>\$(58,001)</u>	<u>\$ (297,293)</u>
Identifiable assets	\$1,460,782	\$ 736,136	\$ 39,636	\$182,261	\$ 57,908	\$2,476,723
Capital expenditures	\$ 62,566	\$ 93,372	\$ 23,757	\$ 4,048	\$ 3,177	\$ 186,920
2007						
Revenue	\$2,295,535	\$1,307,714	\$ 11,358	\$ 20,782	\$ —	\$3,635,389
Direct operating expenses	1,851,588	1,077,805	3,128	10,790	—	2,943,311
Selling, general and administrative expenses	371,109	151,962	15,379	14,809	—	553,259
Depreciation and amortization	77,756	19,855	3,311	952	5,554	107,428
Loss (gain) on sale of operating assets	(6,725)	(18,807)	—	4,966	(169)	(20,735)
Corporate expenses	—	—	—	—	45,854	45,854
Operating income (loss)	<u>\$ 1,807</u>	<u>\$ 76,899</u>	<u>\$(10,460)</u>	<u>\$ (10,735)</u>	<u>\$(51,239)</u>	<u>\$ 6,272</u>
Identifiable assets	\$1,582,763	\$ 677,857	\$ 19,334	\$384,732	\$ 85,134	\$2,749,820
Capital expenditures	\$ 46,708	\$ 39,927	\$ 14,180	\$ 8,798	\$ 7,236	\$ 116,849

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The following table provides information on the Company's foreign operations, excluding allocations of the Company's Global Touring and Artist Services businesses, included in the consolidated amounts above:

	<u>United Kingdom Operations</u>	<u>Other Foreign Operations</u>	<u>Total Foreign Operations</u>	<u>Total Domestic Operations</u>	<u>Consolidated Total</u>
2009					
Revenue	\$569,376	\$885,214	\$1,454,590	\$2,726,431	\$4,181,021
Identifiable assets	\$691,203	\$530,707	\$1,221,910	\$1,119,849	\$2,341,759
2008					
Revenue	\$475,474	\$947,889	\$1,423,363	\$2,661,943	\$4,085,306
Identifiable assets	\$453,823	\$547,446	\$1,001,269	\$1,475,454	\$2,476,723
2007					
Revenue	\$455,099	\$780,060	\$1,235,159	\$2,400,230	\$3,635,389
Identifiable assets	\$456,703	\$461,279	\$ 917,982	\$1,831,838	\$2,749,820

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NOTE 19—QUARTERLY RESULTS OF OPERATIONS (Unaudited)

	March 31,		June 30,		September 30,		December 31,	
	2009	2008	2009	2008	2009	2008	2009	2008
	(in thousands)							
Revenue	\$ 484,912	\$ 505,622	\$ 1,047,216	\$ 1,109,968	\$ 1,794,588	\$ 1,573,030	\$ 854,305	\$ 896,686
Operating expenses:								
Direct operating expenses	373,060	392,028	838,731	884,977	1,467,647	1,291,871	677,807	730,568
Selling, general and administrative expenses	141,118	144,085	155,180	156,905	158,646	165,346	164,036	153,249
Depreciation and amortization	42,083	32,166	35,503	31,081	35,953	29,604	44,579	47,188
Goodwill impairment	—	—	—	—	—	—	9,085	269,902
Loss (gain) on sale of operating assets	(264)	472	(718)	—	(27)	(1,230)	(1,974)	1,889
Corporate expenses	13,316	11,641	11,778	10,474	16,190	13,062	15,605	17,321
Acquisition transaction expenses	3,858	—	14,877	—	7,780	—	9,528	—
Operating income (loss)	(88,259)	(74,770)	(8,135)	26,531	108,399	74,377	(64,361)	(323,431)
Interest expense	17,255	17,677	15,864	16,107	17,438	17,119	15,808	19,201
Interest income	(990)	(1,463)	(576)	(2,614)	(342)	(2,772)	(285)	(1,726)
Equity in (earnings) losses of nonconsolidated affiliates	(183)	322	(633)	1,920	(163)	(1,405)	(872)	(1,679)
Other expense (income) — net	1,694	(898)	(1,087)	(123)	3,858	361	(4,464)	415
Income (loss) from continuing operations before income taxes	(106,035)	(90,408)	(21,703)	11,241	87,608	61,074	(74,548)	(339,642)
Income tax expense (benefit)	86	(15,762)	8,603	13,036	15,215	(31,828)	(12,571)	10,297
Income (loss) from continuing operations	(106,121)	(74,646)	(30,306)	(1,795)	72,393	92,902	(61,977)	(349,939)
Income (loss) from discontinued operations, net of tax	2,964	35,179	3,498	(1,098)	6,779	49,435	63,036	12,137
Net income (loss)	(103,157)	(39,467)	(26,808)	(2,893)	79,172	142,337	1,059	(337,802)
Net income (loss) attributable to noncontrolling interests	(450)	(2,226)	390	(2,241)	9,925	4,344	580	1,710
Net income (loss) attributable to Live Nation Entertainment, Inc.	<u>\$ (102,707)</u>	<u>\$ (37,241)</u>	<u>\$ (27,198)</u>	<u>\$ (652)</u>	<u>\$ 69,247</u>	<u>\$ 137,993</u>	<u>\$ 479</u>	<u>\$ (339,512)</u>
Basic net income (loss) per common share attributable to common stockholders:								
Income (loss) from continuing operations attributable to Live Nation Entertainment, Inc.	\$ (1.33)	\$ (0.97)	\$ (0.37)	\$ —	\$ 0.74	\$ 1.14	\$ (0.74)	\$ (4.51)
Income (loss) from discontinued operations attributable to Live Nation Entertainment, Inc.	0.04	0.47	0.04	(0.01)	0.08	0.64	0.75	0.15
Net income (loss) attributable to Live Nation Entertainment, Inc.	<u>\$ (1.29)</u>	<u>\$ (0.50)</u>	<u>\$ (0.33)</u>	<u>\$ (0.01)</u>	<u>\$ 0.82</u>	<u>\$ 1.78</u>	<u>\$ 0.01</u>	<u>\$ (4.36)</u>
Diluted net income (loss) per common share attributable to common stockholders:								
Income (loss) from continuing operations attributable to Live Nation Entertainment, Inc.	\$ (1.33)	\$ (0.97)	\$ (0.37)	\$ —	\$ 0.71	\$ 1.08	\$ (0.74)	\$ (4.51)
Income (loss) from discontinued operations attributable to Live Nation Entertainment, Inc.	0.04	0.47	0.04	(0.01)	0.07	0.58	0.75	0.15
Net income (loss) attributable to Live Nation Entertainment, Inc.	<u>\$ (1.29)</u>	<u>\$ (0.50)</u>	<u>\$ (0.33)</u>	<u>\$ (0.01)</u>	<u>\$ 0.78</u>	<u>\$ 1.66</u>	<u>\$ 0.01</u>	<u>\$ (4.36)</u>

NOTE 20—SUBSEQUENT EVENTS

On January 25, 2010, Live Nation and Ticketmaster completed their merger following the receipt of regulatory clearances and approvals from all government authorities required by the merger agreement and the approval of Live Nation and Ticketmaster stockholders. Under the terms of the transaction Ticketmaster stockholders received approximately 1.474 shares of Live Nation common stock for each share of Ticketmaster common stock they owned and Live Nation issued approximately 84.6 million shares of Live Nation common stock to Ticketmaster stockholders in the aggregate. Effective on the date of the Merger, the merged entity bears the name Live Nation Entertainment, Inc. The Company believes the Merger with Ticketmaster will allow the combined company to capitalize on strategic advantages and other opportunities created by combining a global concert business, global ticketing operations and an artist management company, including lowering costs and developing new distribution platforms and new revenue streams (through sponsorships and increased sales and distribution

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opportunities), based on its belief that the Merger would produce a vertically integrated combined company that would be positioned to address the challenges of serving artists and fans better through improved ticketing options, dynamic promotion arrangements and greater transparency with respect to ticket pricing. As of December 31, 2009, the Company has recorded \$34.9 million of acquisition transaction expenses in connection with the Merger. In addition, the Company has recorded \$2.7 million of equity issuance costs as a component of additional paid-in capital. As a result of the Merger, the Company's U.S. federal and state deferred tax assets related to net operating loss carryforwards of \$70.8 million and \$23.4 million, respectively, as of December 31, 2009 may be subject to further limitations. Due to the timing of the closing of the Merger in late January 2010, the Company is unable to include all of the disclosures required by ASC 805, however, the required disclosures will be included in the Company's quarterly report on Form 10-Q for the first quarter of its 2010 fiscal year. In addition, certain of the required disclosures will be included in the pro forma financial information which will be filed as an amendment to the Company's Current Report on Form 8-K filed with the SEC on January 29, 2010.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to our company, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and our board of directors.

Based on their evaluation as of December 31, 2009, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal controls will prevent all possible error and fraud. Our disclosure controls and procedures are, however, designed to provide reasonable assurance of achieving their objectives, and our Chief Executive Officer and Chief Financial Officer have concluded that our financial controls and procedures are effective at that reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our management conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Based on its evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2009.

Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting. The attestation report is included herein.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the fourth quarter of 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Live Nation Entertainment, Inc

We have audited Live Nation Entertainment, Inc.'s internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Live Nation Entertainment, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Live Nation Entertainment, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Live Nation Entertainment, Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009 of Live Nation Entertainment, Inc. and our report dated February 25, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 25, 2010

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ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Other than the information set forth under Item 1. Business—Executive Officers, the information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)1. Financial Statements.

The following consolidated financial statements are included in Item 8:

Consolidated Balance Sheets as of December 31, 2009 and 2008	69
Consolidated Statements of Operations for the Years Ended December 31, 2009, 2008 and 2007	70
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2009, 2008 and 2007	71
Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2009, 2008 and 2007	72
Consolidated Statements of Cash Flows for the Years Ended December 31, 2009, 2008 and 2007	73
Notes to Consolidated Financial Statements	74

(a)2. Financial Statement Schedule.

The following financial statement schedule for the years ended December 31, 2009, 2008 and 2007 is filed as part of this report and should be read in conjunction with the consolidated financial statements.

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable, and therefore have been omitted.

LIVE NATION ENTERTAINMENT, INC.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
Allowance for Doubtful Accounts

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Charges of Costs, Expenses and Other</u>	<u>Write-off of Accounts Receivable</u> (in thousands)	<u>Other (1)</u>	<u>Balance at End of Period</u>
Year ended December 31, 2007	\$ 13,465	\$ 11,079	\$ (5,855)	\$ 239	\$ 18,928
Year ended December 31, 2008	\$ 18,928	\$ 3,898	\$ (10,812)	\$(1,638)(2)	\$ 10,376
Year ended December 31, 2009	\$ 10,376	\$ 6,877	\$ (8,676)	\$ (347)(2)	\$ 8,230

(1) Foreign currency adjustments.

(2) Reclassification of allowance for doubtful accounts to long-term assets and elimination of allowance for doubtful accounts resulting from dispositions.

LIVE NATION ENTERTAINMENT, INC.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
Deferred Tax Asset Valuation Allowance

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Charges of Costs, Expenses and Other (1)</u>	<u>Deletions</u>	<u>Other (1)</u>	<u>Balance at End of Period</u>
Year ended December 31, 2007	\$ 169,262	\$ 28,223	\$ —	\$ 27,162	\$ 224,647
Year ended December 31, 2008	\$ 224,647	\$ 53,180	\$ —	\$(97,035)	\$ 180,792
Year ended December 31, 2009	\$ 180,792	\$ 17,848	\$ —	\$ (6,879)	\$ 191,761

- (1) In 2007, the Company recorded valuation allowances against: (i) previously unrecorded deferred tax assets arising from the Internal Revenue Service settlement of \$38.2 million and a capital loss carryforward of \$18.9 million, (ii) deferred tax assets established in connection with the HOB and the Signatures business combinations of \$1.8 million and (iii) other assets of \$(1.1) million. During 2008, principal drivers of other reductions in the valuation allowance were the estimated utilization of U.S. net operating losses of \$29.8 million and the establishment of \$51.1 million of deferred tax liabilities in connection with 2008 business combinations and artist rights contracts. During 2009, the valuation allowance was adjusted for acquisitions and divestitures.

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(a)3. Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Here with</u>
		<u>Form</u>	<u>Exhibit No.</u>	<u>Filing Date</u>	<u>Filed By</u>	
2.1	Agreement and Plan of Merger, dated February 10, 2009, between Ticketmaster Entertainment, Inc. and Live Nation, Inc.	8-K	2.1	2/13/2009	Live Nation Entertainment, Inc.	
3.1	Amended and Restated Certificate of Incorporation of Live Nation Entertainment, Inc., as amended.					X
3.2	Second Amended and Restated Bylaws of Live Nation, Inc.	8-K	3.2	1/29/2010	Live Nation Entertainment, Inc.	
4.1	Rights Agreement, dated December 21, 2005, between CCE Spincor, Inc. and The Bank of New York, as Rights Agent.	8-K	4.1	12/23/2005	Live Nation Entertainment, Inc.	
4.2	First Amendment to Rights Agreement, dated February 25, 2009, between Live Nation, Inc. and The Bank of New York Mellon, as Rights Agent.	8-K	4.1	3/3/2009	Live Nation Entertainment, Inc.	
4.3	Form of Certificate of Designations of Series A Junior Participating Preferred Stock.	8-K	4.2	12/23/2005	Live Nation Entertainment, Inc.	
4.4	Form of Right Certificate.	8-K	4.3	12/23/2005	Live Nation Entertainment, Inc.	
10.1	Amended and Restated Credit Agreement, dated July 17, 2008, among Live Nation, Inc., Live Nation Worldwide, Inc. and the foreign borrowers party thereto, as Borrowers, 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 Banc of America Securities LLC, as Co-Lead Arrangers and Joint Bookrunners.	8-K	10.1	7/23/2008	Live Nation Entertainment, Inc.	
10.2	Amended and Restated Guarantee and Collateral Agreement, dated June 29, 2007, among Live Nation, Inc., Live Nation Worldwide, Inc., the other subsidiaries of Live Nation, Inc. identified therein and JP Morgan Chase Bank, N.A., as Administrative Agent.	8-K	10.2	7/3/2007	Live Nation Entertainment, Inc.	
10.3	Second Amended and Restated Certificate of Incorporation of Live Nation Holdco #2, Inc.	8-K	10.2	7/23/2008	Live Nation Entertainment, Inc.	
10.4	Credit Agreement, dated July 25, 2008, among Ticketmaster, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent.	S-1	10.20	8/1/2008	Ticketmaster Entertainment LLC	
10.5	Amendment No. 1, dated May 12, 2009, to Credit Agreement, dated July 25, 2008, among Ticketmaster, the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative and Collateral Agent.	10-Q	10.1	11/9/2009	Ticketmaster Entertainment LLC	
10.6	Indenture, dated July 16, 2007, between Live Nation, Inc. and Wells Fargo Bank, N.A., as Trustee.	8-K	4.1	7/16/2007	Live Nation Entertainment, Inc.	
10.7	Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	S-1	10.21	8/1/2008	Ticketmaster Entertainment LLC	
10.8	First Supplemental Indenture, dated August 20, 2008, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	8-K	4.1	8/25/2008	Ticketmaster Entertainment LLC	

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Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Here with
		Form	Exhibit No.	Filing Date	Filed By	
10.9	Second Supplemental Indenture, dated April 30, 2009, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	10-Q	10.2	8/13/2009	Ticketmaster Entertainment LLC	
10.10	Third Supplemental Indenture, dated July 23, 2009, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	10-Q	10.3	8/13/2009	Ticketmaster Entertainment LLC	
10.11	Fourth Supplemental Indenture, dated January 25, 2010, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors named therein and The Bank of New York Mellon, as Trustee.	8-K	4.1	1/29/2010	Live Nation Entertainment, Inc.	
10.12	Lockup and Registration Rights Agreement, dated May 26, 2006, among Live Nation, Inc., SAMCO Investments Ltd., Concert Productions International Inc., CPI Entertainment Rights, Inc. and the other parties set forth therein.	8-K	4.1	6/2/2006	Live Nation Entertainment, Inc.	
10.13	Lockup and Registration Rights Agreement, executed September 12, 2007, among Live Nation, Inc., SAMCO Investments Ltd. and Michael Cohl.	8-K	4.1	9/13/2007	Live Nation Entertainment, Inc.	
10.14	First Amendment to Lockup and Registration Rights Agreement, executed September 12, 2007, among Live Nation, Inc., Samco Investments Ltd. and Michael Cohl.	10-Q	4.1	5/8/2008	Live Nation Entertainment, Inc.	
10.15	Voting Agreement, dated February 10, 2009, between Liberty USA Holdings, LLC and Live Nation, Inc.	8-K	10.1	2/13/2009	Live Nation Entertainment, Inc.	
10.16	Stockholder Agreement, dated February 10, 2009, among Live Nation, Inc., Liberty Media Corporation, Liberty USA Holdings, LLC and Ticketmaster Entertainment, Inc.	8-K	10.2	2/13/2009	Live Nation Entertainment, Inc.	
10.17	Note, dated January 24, 2010, among Ticketmaster Entertainment, Inc. Azoff Family Trust of 1997 and Irving Azoff.					X
10.18	Registration Rights Agreement, dated January 25, 2010, among Live Nation, Inc., Liberty Media Corporation and Liberty Media Holdings USA, LLC.	8-K	10.1	1/29/2010	Live Nation Entertainment, Inc.	
10.19	Tax Matters Agreement, dated December 21, 2005, among CCE Spinco, Inc., CCE Holdco #2, Inc. and Clear Channel Communications, Inc.	8-K	10.2	12/23/2005	Live Nation Entertainment, Inc.	
10.20	Employee Matters Agreement, dated December 21, 2005, between CCE Spinco, Inc. and Clear Channel Communications, Inc.	8-K	10.3	12/23/2005	Live Nation Entertainment, Inc.	
10.21	Trademark and Copyright License Agreement, dated December 21, 2005, between CCE Spinco, Inc. and Clear Channel Identity, L.P.	8-K	10.4	12/23/2005	Live Nation Entertainment, Inc.	
10.22	Tax Sharing Agreement, dated August 20, 2008, among IAC/InterActiveCorp, HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc.	8-K	10.2	8/25/2008	Ticketmaster Entertainment LLC	
10.23	Form of Indemnification Agreement.					X
10.24	Stock Purchase Agreement, dated September 9, 2008, among Feld Entertainment, Inc., Feld Acquisition Corp., Live Nation Worldwide, Inc. and Live Nation Motor Sports, Inc.	10-Q	10.1	11/7/2008	Live Nation Entertainment, Inc.	
10.25	Share Purchase Agreement, dated October 23, 2009, among Apollo Leisure Group Limited, Nederlander International Limited, Dominion Theatre Investments Limited and Live Nation Inc.					X

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Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Here with
		Form	Exhibit No.	Filing Date	Filed By	
10.26	Share Purchase Agreement, dated November 2, 2009, among Apollo Leisure Group Limited, The Ambassador Theatre Group Limited and Live Nation, Inc.					X
10.27 §	Live Nation, Inc. Amended and Restated 2005 Stock Incentive Plan.	14A	Appendix B	4/4/2007	Live Nation Entertainment, Inc.	
10.28 §	First Amendment to Live Nation, Inc. Amended and Restated 2005 Stock Incentive Plan.	424(B)(3)	Annex J	11/6/2009	Live Nation Entertainment, Inc.	
10.29 §	Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	S-8	10.1	1/26/2010	Live Nation Entertainment, Inc.	
10.30 §	Clear Channel Entertainment Nonqualified Deferred Compensation Plan.	8-K	10.5	12/23/2005	Live Nation Entertainment, Inc.	
10.31 §	Amendment No 1. to the Live Nation, Inc. Nonqualified Deferred Compensation Plan.	S-8	4.2	12/7/2006	Live Nation Entertainment, Inc.	
10.32 §	Live Nation, Inc. 2006 Annual Incentive Plan, as Amended and Restated.	14A	Appendix A	4/4/2007	Live Nation Entertainment, Inc.	
10.33 §	Amended and Restated Live Nation, Inc. Stock Bonus Plan.	8-K	10.1	1/25/2010	Live Nation Entertainment, Inc.	
10.34 §	Amended and Restated Employment Agreement, effective January 1, 2007, between Live Nation Worldwide, Inc. and Michael Rapino.	8-K	10.1	10/9/2007	Live Nation Entertainment, Inc.	
10.35 §	First Amendment to Amended and Restated Employment Agreement, effective January 1, 2007, between Live Nation Worldwide, Inc. and Michael Rapino.	10-K	10.18	3/5/2009	Live Nation Entertainment, Inc.	
10.36 §	Second Amendment to Amended and Restated Employment Agreement, effective January 1, 2007, between Live Nation Worldwide, Inc. and Michael Rapino.	8-K	10.1	4/24/2009	Live Nation Entertainment, Inc.	
10.37 §	Employment Agreement, dated October 21, 2009, among Live Nation, Inc., Live Nation Worldwide, Inc. and Michael Rapino.	8-K	10.1	10/22/2009	Live Nation Entertainment, Inc.	
10.38 §	Employment Agreement, dated October 22, 2008, among Irving Azoff, Ticketmaster Entertainment Inc., and for certain purposes, the Azoff Family Trust of 1997.	8-K	10.2	11/4/2008	Ticketmaster Entertainment LLC	
10.39 §	Employment Agreement, dated October 21, 2009, among Irving Azoff, Ticketmaster Entertainment, Inc. and the Azoff Family Trust of 1997.	8-K	10.1	10/22/2009	Ticketmaster Entertainment LLC	
10.40 §	Amended and Restated Employment Agreement, dated October 21, 2009, between Front Line Management Group, Inc. and Irving Azoff.	8-K	10.2	10/22/2009	Ticketmaster Entertainment LLC	
10.41 §	Restricted Stock Award Agreement, dated June 8, 2007, between Front Line Management Group, Inc. and Irving Azoff.	8-K	10.4	11/4/2008	Ticketmaster Entertainment LLC	
10.42 §	Employment Agreement, dated March 18, 2008, between Live Nation Worldwide, Inc. and Jason Garner.	8-K	10.1	3/24/2008	Live Nation Entertainment, Inc.	
10.43 §	First Amendment to Employment Agreement, dated March 18, 2008, between Live Nation Worldwide, Inc. and Jason Garner.	10-K	10.32	3/5/2009	Live Nation Entertainment, Inc.	
10.44 §	Second Amendment to Employment Agreement, dated March 18, 2008, between Live Nation Worldwide, Inc. and Jason Garner.	8-K	10.2	4/24/2009	Live Nation Entertainment, Inc.	
10.45 §	Employment Agreement, effective September 1, 2007, between Live Nation Music (UK) Limited and Alan B. Ridgeway.	8-K/A	10.1	8/24/2007	Live Nation Entertainment, Inc.	
10.46 §	Employment Agreement, dated March 13, 2006, between SFX Entertainment, Inc. and Michael G. Rowles.	8-K	10.1	2/1/2006	Live Nation Entertainment, Inc.	

10.47 §	First Amendment to Employment Agreement, dated March 13, 2006, between SFX Entertainment, Inc. and Michael G. Rowles.	10-Q	10.3	5/10/2007	Live Nation Entertainment, Inc.
10.48 §	Second Amendment to Employment Agreement, dated March 13, 2006, between Live Nation Worldwide, Inc. and Michael G. Rowles.	10-K	10.28	3/5/2009	Live Nation Entertainment, Inc.
10.49 §	Amended and Restated Employment Agreement, effective September 1, 2009, between Live Nation Worldwide, Inc. and Michael G. Rowles.	8-K	10.2	10/22/2009	Live Nation Entertainment, Inc.

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<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Here with</u>
		<u>Form</u>	<u>Exhibit No.</u>	<u>Filing Date</u>	<u>Filed By</u>	
10.50 §	Employment Agreement, effective September 1, 2007, between Live Nation Worldwide, Inc. and Elizabeth K. (Kathy) Willard.	8-K/A	10.2	8/24/2007	Live Nation Entertainment, Inc.	
10.51 §	First Amendment to Employment Agreement, effective September 1, 2007, between Live Nation Worldwide, Inc. and Elizabeth K. (Kathy) Willard.	10-K	10.25	3/5/2009	Live Nation Entertainment, Inc.	
10.52 §	Amended and Restated Employment Agreement, effective September 1, 2009, between Live Nation Worldwide, Inc. and Kathy Willard.	8-K	10.3	10/22/2009	Live Nation Entertainment, Inc.	
10.53 §	Employment Agreement, dated December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.	10-Q	10.4	8/7/2008	Live Nation Entertainment, Inc.	
10.54 §	First Amendment to Employment Agreement, dated December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.	10-K	10.30	3/5/2009	Live Nation Entertainment, Inc.	
10.55 §	Second Amendment to Employment Agreement, dated December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.					X
12.1	Computation of Ratio of Earnings to Fixed Charges.					X
14.1	Code of Business Conduct and Ethics.					X
21.1	Subsidiaries of the Company.					X
23.1	Consent of Ernst & Young LLP.					X
24.1	Power of Attorney (see page 123).					X
31.1	Certification of Chief Executive Officer.					X
31.2	Certification of Chief Financial Officer.					X
32.1	Section 1350 Certification of Chief Executive Officer.					X
32.2	Section 1350 Certification of Chief Financial Officer.					X
99.1	Information Incorporated by Reference into this Annual Report.					X
§	Management contract or compensatory plan or arrangement.					

The Company has not filed long-term debt instruments of its subsidiaries where the total amount under such instruments is less than ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. However, the Company will furnish a copy of such instruments to the Commission upon request.

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<u>/S/ ROBERT TED ENLOE, III</u> Robert Ted Enloe, III	Director	February 25, 2010
<u>/S/ JEFFREY T. HINSON</u> Jeffrey T. Hinson	Director	February 25, 2010
<u>/S/ JAMES S. KAHAN</u> James S. Kahan	Director	February 25, 2010
<u>/S/ VICTOR KAUFMAN</u> Victor Kaufman	Director	February 25, 2010
<u>/S/ JOHN C. MALONE</u> John C. Malone	Director	February 25, 2010
<u>/S/ RANDALL T. MAYS</u> Randall T. Mays	Director	February 25, 2010
<u>/S/ JONATHAN F. MILLER</u> Jonathan F. Miller	Director	February 25, 2010
<u>/S/ MARK S. SHAPIRO</u> Mark S. Shapiro	Director	February 25, 2010

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EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Here with
		Form	Exhibit No.	Filing Date	Filed By	
2.1	Agreement and Plan of Merger, dated February 10, 2009, between Ticketmaster Entertainment, Inc. and Live Nation, Inc.	8-K	2.1	2/13/2009	Live Nation Entertainment, Inc.	
3.1	Amended and Restated Certificate of Incorporation of Live Nation Entertainment, Inc., as amended.					X
3.2	Second Amended and Restated Bylaws of Live Nation, Inc.	8-K	3.2	1/29/2010	Live Nation Entertainment, Inc.	
4.1	Rights Agreement, dated December 21, 2005, between CCE Spincor, Inc. and The Bank of New York, as Rights Agent.	8-K	4.1	12/23/2005	Live Nation Entertainment, Inc.	
4.2	First Amendment to Rights Agreement, dated February 25, 2009, between Live Nation, Inc. and The Bank of New York Mellon, as Rights Agent.	8-K	4.1	3/3/2009	Live Nation Entertainment, Inc.	
4.3	Form of Certificate of Designations of Series A Junior Participating Preferred Stock.	8-K	4.2	12/23/2005	Live Nation Entertainment, Inc.	
4.4	Form of Right Certificate.	8-K	4.3	12/23/2005	Live Nation Entertainment, Inc.	
10.1	Amended and Restated Credit Agreement, dated July 17, 2008, among Live Nation, Inc., Live Nation Worldwide, Inc. and the foreign borrowers party thereto, as Borrowers, 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 Banc of America Securities LLC, as Co-Lead Arrangers and Joint Bookrunners.	8-K	10.1	7/23/2008	Live Nation Entertainment, Inc.	
10.2	Amended and Restated Guarantee and Collateral Agreement, dated June 29, 2007, among Live Nation, Inc., Live Nation Worldwide, Inc., the other subsidiaries of Live Nation, Inc. identified therein and JP Morgan Chase Bank, N.A., as Administrative Agent.	8-K	10.2	7/3/2007	Live Nation Entertainment, Inc.	
10.3	Second Amended and Restated Certificate of Incorporation of Live Nation Holdco #2, Inc.	8-K	10.2	7/23/2008	Live Nation Entertainment, Inc.	
10.4	Credit Agreement, dated July 25, 2008, among Ticketmaster, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent.	S-1	10.20	8/1/2008	Ticketmaster Entertainment LLC	
10.5	Amendment No. 1, dated May 12, 2009, to Credit Agreement, dated July 25, 2008, among Ticketmaster, the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative and Collateral Agent.	10-Q	10.1	11/9/2009	Ticketmaster Entertainment LLC	
10.6	Indenture, dated July 16, 2007, between Live Nation, Inc. and Wells Fargo Bank, N.A., as Trustee.	8-K	4.1	7/16/2007	Live Nation Entertainment, Inc.	
10.7	Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	S-1	10.21	8/1/2008	Ticketmaster Entertainment LLC	
10.8	First Supplemental Indenture, dated August 20, 2008, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	8-K	4.1	8/25/2008	Ticketmaster Entertainment LLC	

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Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Here with
		Form	Exhibit No.	Filing Date	Filed By	
10.9	Second Supplemental Indenture, dated April 30, 2009, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	10-Q	10.2	8/13/2009	Ticketmaster Entertainment LLC	
10.10	Third Supplemental Indenture, dated July 23, 2009, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors identified therein and The Bank of New York Mellon, as Trustee.	10-Q	10.3	8/13/2009	Ticketmaster Entertainment LLC	
10.11	Fourth Supplemental Indenture, dated January 25, 2010, to the Indenture, dated July 28, 2008, among Ticketmaster, the Guarantors named therein and The Bank of New York Mellon, as Trustee.	8-K	4.1	1/29/2010	Live Nation Entertainment, Inc.	
10.12	Lockup and Registration Rights Agreement, dated May 26, 2006, among Live Nation, Inc., SAMCO Investments Ltd., Concert Productions International Inc., CPI Entertainment Rights, Inc. and the other parties set forth therein.	8-K	4.1	6/2/2006	Live Nation Entertainment, Inc.	
10.13	Lockup and Registration Rights Agreement, executed September 12, 2007, among Live Nation, Inc., SAMCO Investments Ltd. and Michael Cohl.	8-K	4.1	9/13/2007	Live Nation Entertainment, Inc.	
10.14	First Amendment to Lockup and Registration Rights Agreement, executed September 12, 2007, among Live Nation, Inc., Samco Investments Ltd. and Michael Cohl.	10-Q	4.1	5/8/2008	Live Nation Entertainment, Inc.	
10.15	Voting Agreement, dated February 10, 2009, between Liberty USA Holdings, LLC and Live Nation, Inc.	8-K	10.1	2/13/2009	Live Nation Entertainment, Inc.	
10.16	Stockholder Agreement, dated February 10, 2009, among Live Nation, Inc., Liberty Media Corporation, Liberty USA Holdings, LLC and Ticketmaster Entertainment, Inc.	8-K	10.2	2/13/2009	Live Nation Entertainment, Inc.	
10.17	Note, dated January 24, 2010, among Ticketmaster Entertainment, Inc. Azoff Family Trust of 1997 and Irving Azoff.					X
10.18	Registration Rights Agreement, dated January 25, 2010, among Live Nation, Inc., Liberty Media Corporation and Liberty Media Holdings USA, LLC.	8-K	10.1	1/29/2010	Live Nation Entertainment, Inc.	
10.19	Tax Matters Agreement, dated December 21, 2005, among CCE Spinco, Inc., CCE Holdco #2, Inc. and Clear Channel Communications, Inc.	8-K	10.2	12/23/2005	Live Nation Entertainment, Inc.	
10.20	Employee Matters Agreement, dated December 21, 2005, between CCE Spinco, Inc. and Clear Channel Communications, Inc.	8-K	10.3	12/23/2005	Live Nation Entertainment, Inc.	
10.21	Trademark and Copyright License Agreement, dated December 21, 2005, between CCE Spinco, Inc. and Clear Channel Identity, L.P.	8-K	10.4	12/23/2005	Live Nation Entertainment, Inc.	
10.22	Tax Sharing Agreement, dated August 20, 2008, among IAC/InterActiveCorp, HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc.	8-K	10.2	8/25/2008	Ticketmaster Entertainment LLC	
10.23	Form of Indemnification Agreement.					X
10.24	Stock Purchase Agreement, dated September 9, 2008, among Feld Entertainment, Inc., Feld Acquisition Corp., Live Nation Worldwide, Inc. and Live Nation Motor Sports, Inc.	10-Q	10.1	11/7/2008	Live Nation Entertainment, Inc.	
10.25	Share Purchase Agreement, dated October 23, 2009, among Apollo Leisure Group Limited, Nederlander International Limited, Dominion Theatre Investments Limited and Live Nation Inc.					X

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Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Here with
		Form	Exhibit No.	Filing Date	Filed By	
10.26	Share Purchase Agreement, dated November 2, 2009, among Apollo Leisure Group Limited, The Ambassador Theatre Group Limited and Live Nation, Inc.					X
10.27 §	Live Nation, Inc. Amended and Restated 2005 Stock Incentive Plan.	14A	Appendix B	4/4/2007	Live Nation Entertainment, Inc.	
10.28 §	First Amendment to Live Nation, Inc. Amended and Restated 2005 Stock Incentive Plan.	424(B)(3)	Annex J	11/6/2009	Live Nation Entertainment, Inc.	
10.29 §	Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	S-8	10.1	1/26/2010	Live Nation Entertainment, Inc.	
10.30 §	Clear Channel Entertainment Nonqualified Deferred Compensation Plan.	8-K	10.5	12/23/2005	Live Nation Entertainment, Inc.	
10.31 §	Amendment No 1. to the Live Nation, Inc. Nonqualified Deferred Compensation Plan.	S-8	4.2	12/7/2006	Live Nation Entertainment, Inc.	
10.32 §	Live Nation, Inc. 2006 Annual Incentive Plan, as Amended and Restated.	14A	Appendix A	4/4/2007	Live Nation Entertainment, Inc.	
10.33 §	Amended and Restated Live Nation, Inc. Stock Bonus Plan.	8-K	10.1	1/25/2010	Live Nation Entertainment, Inc.	
10.34 §	Amended and Restated Employment Agreement, effective January 1, 2007, between Live Nation Worldwide, Inc. and Michael Rapino.	8-K	10.1	10/9/2007	Live Nation Entertainment, Inc.	
10.35 §	First Amendment to Amended and Restated Employment Agreement, effective January 1, 2007, between Live Nation Worldwide, Inc. and Michael Rapino.	10-K	10.18	3/5/2009	Live Nation Entertainment, Inc.	
10.36 §	Second Amendment to Amended and Restated Employment Agreement, effective January 1, 2007, between Live Nation Worldwide, Inc. and Michael Rapino.	8-K	10.1	4/24/2009	Live Nation Entertainment, Inc.	
10.37 §	Employment Agreement, dated October 21, 2009, among Live Nation, Inc., Live Nation Worldwide, Inc. and Michael Rapino.	8-K	10.1	10/22/2009	Live Nation Entertainment, Inc.	
10.38 §	Employment Agreement, dated October 22, 2008, among Irving Azoff, Ticketmaster Entertainment Inc., and for certain purposes, the Azoff Family Trust of 1997.	8-K	10.2	11/4/2008	Ticketmaster Entertainment LLC	
10.39 §	Employment Agreement, dated October 21, 2009, among Irving Azoff, Ticketmaster Entertainment, Inc. and the Azoff Family Trust of 1997.	8-K	10.1	10/22/2009	Ticketmaster Entertainment LLC	
10.40 §	Amended and Restated Employment Agreement, dated October 21, 2009, between Front Line Management Group, Inc. and Irving Azoff.	8-K	10.2	10/22/2009	Ticketmaster Entertainment LLC	
10.41 §	Restricted Stock Award Agreement, dated June 8, 2007, between Front Line Management Group, Inc. and Irving Azoff.	8-K	10.4	11/4/2008	Ticketmaster Entertainment LLC	
10.42 §	Employment Agreement, dated March 18, 2008, between Live Nation Worldwide, Inc. and Jason Garner.	8-K	10.1	3/24/2008	Live Nation Entertainment, Inc.	
10.43 §	First Amendment to Employment Agreement, dated March 18, 2008, between Live Nation Worldwide, Inc. and Jason Garner.	10-K	10.32	3/5/2009	Live Nation Entertainment, Inc.	
10.44 §	Second Amendment to Employment Agreement, dated March 18, 2008, between Live Nation Worldwide, Inc. and Jason Garner.	8-K	10.2	4/24/2009	Live Nation Entertainment, Inc.	
10.45 §	Employment Agreement, effective September 1, 2007, between Live Nation Music (UK) Limited and Alan B. Ridgeway.	8-K/A	10.1	8/24/2007	Live Nation Entertainment, Inc.	
10.46 §	Employment Agreement, dated March 13, 2006, between SFX Entertainment, Inc. and Michael G. Rowles.	8-K	10.1	2/1/2006	Live Nation Entertainment, Inc.	

10.47 §	First Amendment to Employment Agreement, dated March 13, 2006, between SFX Entertainment, Inc. and Michael G. Rowles.	10-Q	10.3	5/10/2007	Live Nation Entertainment, Inc.
10.48 §	Second Amendment to Employment Agreement, dated March 13, 2006, between Live Nation Worldwide, Inc. and Michael G. Rowles.	10-K	10.28	3/5/2009	Live Nation Entertainment, Inc.
10.49 §	Amended and Restated Employment Agreement, effective September 1, 2009, between Live Nation Worldwide, Inc. and Michael G. Rowles.	8-K	10.2	10/22/2009	Live Nation Entertainment, Inc.

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		<u>Form</u>	<u>Exhibit No.</u>	<u>Filing Date</u>	<u>Filed By</u>	
10.50 §	Employment Agreement, effective September 1, 2007, between Live Nation Worldwide, Inc. and Elizabeth K. (Kathy) Willard.	8-K/A	10.2	8/24/2007	Live Nation Entertainment, Inc.	
10.51 §	First Amendment to Employment Agreement, effective September 1, 2007, between Live Nation Worldwide, Inc. and Elizabeth K. (Kathy) Willard.	10-K	10.25	3/5/2009	Live Nation Entertainment, Inc.	
10.52 §	Amended and Restated Employment Agreement, effective September 1, 2009, between Live Nation Worldwide, Inc. and Kathy Willard.	8-K	10.3	10/22/2009	Live Nation Entertainment, Inc.	
10.53 §	Employment Agreement, dated December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.	10-Q	10.4	8/7/2008	Live Nation Entertainment, Inc.	
10.54 §	First Amendment to Employment Agreement, dated December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.	10-K	10.30	3/5/2009	Live Nation Entertainment, Inc.	
10.55 §	Second Amendment to Employment Agreement, dated December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.					X
12.1	Computation of Ratio of Earnings to Fixed Charges.					X
14.1	Code of Business Conduct and Ethics.					X
21.1	Subsidiaries of the Company.					X
23.1	Consent of Ernst & Young LLP.					X
24.1	Power of Attorney (see page 123).					X
31.1	Certification of Chief Executive Officer.					X
31.2	Certification of Chief Financial Officer.					X
32.1	Section 1350 Certification of Chief Executive Officer.					X
32.2	Section 1350 Certification of Chief Financial Officer.					X
99.1	Information Incorporated by Reference into this Annual Report.					X
§	Management contract or compensatory plan or arrangement.					

The Company has not filed long-term debt instruments of its subsidiaries where the total amount under such instruments is less than ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. However, the Company will furnish a copy of such instruments to the Commission upon request.

**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:

CCE SPINCO, 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 Five Hundred Million (500,000,000) shares of capital stock, of which (1) Four Hundred Fifty Million (450,000,000) shares shall be shares of Common Stock, par value \$.01 per share (the "Common Stock"), and (2) Fifty Million (50,000,000) 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;

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- (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 Michael Rapino, its Chief Executive Officer, this 9th day of December, 2005.

/s/ Michael Rapino
Michael Rapino
Chief Executive Officer

**CERTIFICATE OF OWNERSHIP AND MERGER
MERCING
LIVE NATION, INC.
INTO
CCE SPINCO, INC.**

(Pursuant to section 253 of the
General Corporation Law of the State of Delaware)

CCE Spinco, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: That the Corporation owns all of the outstanding shares of each class of stock of Live Nation, Inc., a Delaware corporation.

SECOND: That the Corporation, by the following resolutions of its Board of Directors, duly adopted by a unanimous written consent of the Board of Directors in lieu of a special meeting dated as of January 4, 2006, determined to and did merge into itself said Live Nation, Inc., by the adoption thereof:

RESOLVED, that the Corporation merge, and it hereby does merge, into itself Live Nation, Inc. and assumes all of its obligations.

RESOLVED, that said merger shall become effective upon the filing of a Certificate of Ownership and Merger with the Secretary of State of the State of Delaware or at such later time set forth therein.

RESOLVED, that upon effectiveness of said merger, the name of the Corporation shall be changed to Live Nation, Inc. and Article I of the Amended and Restated Certificate of Incorporation of the Corporation shall be amended to read as follows:

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

Live Nation, Inc.

RESOLVED, that the proper officers of the Corporation be, and they hereby are, directed to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to so merge Live Nation, Inc. into the Corporation and to assume its obligations, and to so change the name of the Corporation, and the date of adoption thereof, and to cause the same to be filed with the Secretary of State of the State of Delaware and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be necessary or proper to effect said merger and change of name.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by its duly authorized officer, this 4th day of January, 2006.

CCE SPINCO, INC.

By: /s/ Michael Rapino

Michael Rapino
Chief Executive Officer

**CERTIFICATE OF AMENDMENT
TO
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
LIVE NATION, INC.**

(Pursuant to Section 242
of the General Corporation Law of the State of Delaware)

Live Nation, Inc., a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended by deleting ARTICLE I thereof and inserting the following in lieu thereof:

"ARTICLE I

NAME

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

Live Nation Entertainment, Inc."

2. The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

(Signature page follows)

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by its duly authorized officer on this 25th day of January, 2010.

LIVE NATION, INC.

By: /s/ Michael G. Rowles

Name: Michael G. Rowles

Office: Executive Vice President
and General Counsel

NOTE

January 24, 2010

WHEREAS, in connection with the Merger, Payee, Executive and Maker have agreed that Maker shall redeem any and all of the Payee Preferred Stock and all accumulated and unpaid dividends thereon through the date of this Note for this Note.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. (a) **FOR VALUE RECEIVED**, subject to satisfaction of the Continued Employment Requirement through each applicable Vesting Date, and subject to paragraphs (b) and (c) of this Section 1, on the first day of each month commencing on February 1, 2010 through and including October 1, 2013 (each such date, a "Vesting Date"), this note (the "Note") will vest with respect to the "Monthly Installment Amount" corresponding to the applicable Vesting Date, each as set forth on Annex A to this Note and Maker shall pay to the order of Payee, on the applicable Vesting Date (or, if the applicable Vesting Date is not a Business Day, on the first Business Day thereafter), the "Monthly Installment Amount" corresponding to the applicable Vesting Date, each as set forth on Annex A to this Note.

(b) Notwithstanding anything to the contrary in this Note, upon a Qualifying Termination or an Event of Default on or prior to October 1, 2013, the Payout Amount immediately shall vest and Maker shall pay the Payout Amount in a lump sum (i) in the event of a Qualifying Termination, within five Business Days of Executive's Qualifying Termination, or (ii) in the event of an Event of Default, within five Business Days of the Event of Default. Payment of the Payout Amount pursuant to this Section 1(b) shall satisfy fully Maker's obligations under this Note and this Note shall be cancelled upon payment of the Payout Amount pursuant to this Section 1(b). For the avoidance of doubt, in the event that a Qualifying Termination or Event of Default occurs on a Vesting Date, Payee shall not be entitled to the "Monthly Installment Amount" corresponding to such Vesting Date, each as set forth on Annex A to this Note.

(c) Notwithstanding anything to the contrary in this Note, upon any termination of Executive's employment with Live Nation by Live Nation for Cause or by Executive without Good Reason, Executive and Payee immediately shall forfeit this Note, this Note immediately shall be cancelled and Executive and Payee immediately shall forfeit any then unpaid "Monthly Installment Amount" and "Unpaid Amount," each as set forth on Annex A to this Note. For purposes of this Section 1(c), "Cause" and "Good Reason" shall have the meanings set forth in *Exhibit B* to the Live Nation Employment Agreement.

(d) Any payments due under this Note shall be made by wire transfer to such bank account of Payee as Payee may from time to time designate, in lawful money of the United States of America in same day funds.

2. *Certain Definitions*. As used herein, the following terms have the following meanings:

(a) "Business Day" shall mean any day other than Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law or executive order to remain closed.

(b) "Continued Employment Requirement" means Executive's continued employment with Live Nation as a senior executive officer of Live Nation or as a senior executive officer of FLMG.

(c) "Event of Default" means (i) the first date on which the Monthly Installment Amounts corresponding to at least two Vesting Dates that have elapsed remain unpaid in full (*i.e.*, not fully paid) (such unpaid amounts, "Default Amounts"); or (ii) Maker has instituted or consented to the institution of any proceeding under the United States Bankruptcy Code or under any other bankruptcy, reorganization or insolvency law or other law for the relief

of debtors and affecting the rights of creditors generally from time to time in effect, or any such proceeding is instituted without the consent of Maker and such proceeding continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding; or (iii) Maker has applied for or consented to the appointment of a receiver, trustee, intervenor, custodian or liquidator of it or all or a substantial part of its assets; or (iv) Maker has made a general assignment for the benefit of creditors; or (v) Maker has a receiver, trustee, intervenor, custodian or liquidator appointed in an involuntary proceeding for it or all or a substantial part of its assets and such proceeding continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding.

(d) “Executive” means Irving Azoff.

(e) “FLMG” means Front Line Management Group, Inc., a Delaware corporation.

(f) “Live Nation” means Live Nation, Inc., a Delaware corporation.

(g) “Live Nation Employment Agreement” means that certain Employment Agreement, dated as of October 21, 2009, by and among Executive, Maker, Payee and, following the Merger, Live Nation, as it may be amended from time to time.

(h) “Maker” means Ticketmaster Entertainment, Inc., a Delaware corporation.

(i) “Merger” has the meaning given such term in the Agreement and Plan of Merger, dated as of February 10, 2009, among Maker, Live Nation and, from and after its accession to such agreement, a Delaware limited liability company to be formed by Live Nation, pursuant to which following such Merger Maker shall become a wholly-owned subsidiary of Live Nation.

(j) “Payee” means the Azoff Family Trust of 1997, dated May 27, 1997, as amended.

(k) “Payee Preferred Stock” means the 1,750,000 shares of restricted Series A Preferred granted to Payee on October 29, 2008.

(l) “Payout Amount” means an amount equal to the “Unpaid Amount” corresponding to the Vesting Date (each as set forth on Annex A to this Note) immediately preceding the date of the Qualifying Termination or Event of Default (as applicable) (provided, that, with respect to an Event of Default, such amount will also include any Default Amounts), plus accrued interest on such amount from such Vesting Date to the payment date, payable at a rate of 3% per annum computed on the basis of a 365 day year and paid for the actual number of days elapsed (including the first day but excluding the last day).

(m) “Qualifying Termination” means a Termination of Executive’s Employment with Live Nation by Live Nation without Cause or by Executive for Good Reason or due to death or Disability. For purposes of this Section 2(m), “Cause,” “Good Reason,” “Disability” and “Termination of Executive’s Employment” shall have the meanings set forth in *Exhibit B* to the Live Nation Employment Agreement.

(n) “Series A Preferred Stock” means series A convertible preferred stock, \$0.01 par value per share, of Maker.

3. *Certain Transactions.* If (a) all of the outstanding shares of common stock, par value \$0.01 per share, of Live Nation are converted into cash (pursuant to a sale transaction or otherwise) and (b) this Note remains outstanding, Maker will cause to be placed in trust or escrow for the benefit of Payee an amount in cash or government securities adequate to make payment to Payee of any then remaining Monthly Installment Amounts when due in accordance with the terms and subject to the conditions of this Note.

4. *Representations and Warranties.* Maker represents and warrants to Payee that:

(a) Maker is a duly organized and validly existing corporation, in good standing under the laws of its jurisdiction of organization;

(b) the execution, delivery and performance by Maker of this Note does not contravene, or constitute a default under, any provision of applicable law or regulation or the organizational documents of Maker or of any agreement, judgment, order or other instrument binding on Maker and will not result in the creation or imposition of any lien on any asset of Maker; and

(c) the execution, delivery and performance by Maker of this Note has been duly authorized by all required corporate action and this Note is a legal, valid and binding obligation of Maker, enforceable in accordance with its terms.

5. *Assignments; Restrictions on Transfer.* This Note shall be binding upon Maker and its successors and assigns and is for the benefit of Payee and its successors and assigns, except that, other than by operation of law (including pursuant to the Merger), Maker may not assign or otherwise transfer its rights or obligations under this Note without Payee's prior written consent. No sale, offer, assignment, transfer, pledge, hypothecation, encumbrance or other disposition, whether by merger, operation of law or otherwise, of this Note or any interest therein by Payee shall be permitted.

6. *Certain Tax Matters.* Maker, Executive and Payee agree to treat, for federal income tax purposes, this Note as an unfunded, unsecured promise to pay. Maker shall deduct and withhold from any payment under this Note, any federal, state, local or foreign taxes required to be withheld with respect to the vesting of the Note or any payment made pursuant to the Note.

7. *Miscellaneous.* (a) Any waiver of any kind or character on the part of Payee in respect of this Note must be in writing and shall be effective only to the extent specifically set forth in such writing and any notice to be given under this Note shall be in writing and shall be deemed to have been duly given when received by the recipient. No delay on the part of Payee in exercising any of its powers or rights, and no partial or single exercise, shall constitute a waiver thereof.

(b) Maker shall have the right at any time (i) to incur, and to issue evidence of, indebtedness that is senior in right of payment to this Note and (ii) to subordinate this Note to any or all other indebtedness of Maker. Upon written notice by Maker to Payee, this Note automatically and without the consent of or any other action by Payee shall become a subordinated obligation of Maker, subordinated in right of payment to all existing and future Senior Indebtedness of Maker, and thereafter, Maker may not make, and Payee may not accept, any payments of principal or interest on the Note if there exists a payment default (whether for principal, premium, interest or fees) on any Senior Indebtedness, or if any other default exists with respect to any Senior Indebtedness and the maturity of such Senior Indebtedness is as a result permitted to be accelerated by the holders thereof, unless, in either case, such default has been cured or waived by the holders of such Senior Indebtedness, or such Senior Indebtedness has been paid in full in cash. "Senior Indebtedness" is all indebtedness of Maker (whether as a primary obligor or a guarantor) (including interest thereon, including interest accruing on or after the filing of any petition in bankruptcy or reorganization at the rate provided in the documentation governing such indebtedness, whether or not a claim for such interest is allowed in such proceeding), and other amounts (including fees, expenses, reimbursement obligations under letters of credit and indemnities) owing in respect thereof, whether outstanding on the date hereof, on the date of such notice, or thereafter incurred, unless the instrument creating or evidencing such indebtedness expressly provides that such obligations are subordinated in right of payment to any other indebtedness.

(c) This Note supersedes the letter, dated February 10, 2009, from Maker to Executive, which letter shall have no further force or effect after the date of this Note. Upon issuance by Maker to Payee of a fully executed version of this Note, Payee immediately and irrevocably shall surrender and forfeit for immediate cancellation all Payee Preferred Stock and all accumulated and unpaid dividends thereon through the date of this Note.

8. *GOVERNING LAW; JURISDICTION.* THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS THEREOF. EACH OF MAKER AND PAYEE HEREBY

SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS NOTE. EACH OF MAKER AND PAYEE IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH OF MAKER AND PAYEE HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE.

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TICKETMASTER ENTERTAINMENT, INC.

By: /s/ Brian Regan

Name: Brian Regan

Title: Executive Vice President and Chief
Financial Officer

Address for notices:

Ticketmaster Entertainment, Inc.
8800 Sunset Boulevard
West Hollywood, CA 90069
Phone: (310) 360-3300
Facsimile: (310) 360-3733
Attention: General Counsel

and

Live Nation, Inc.
9348 Civic Center Drive
Beverly Hills, CA 90210
Phone: (310) 867-7000
Facsimile: (310) 867-7158
Attention: General Counsel

AZOFF FAMILY TRUST OF 1997

By: /s/ Irving Azoff

Name: Irving Azoff

Title: Co-Trustee

Address for notices:

At the most recent address on file for Executive at
Live Nation.

CONSENTED TO:

/s/ Irving Azoff

Irving Azoff

Vesting Date	Monthly Installment Amount (\$)	Unpaid Amount (\$)
		36,239,632.88 (12/31/2009)
2/1/2010	1,669,937.96	34,749,032.16
3/1/2010	834,968.98	34,000,935.77
4/1/2010	834,968.98	33,250,969.13
5/1/2010	834,968.98	32,499,127.57
6/1/2010	834,968.98	31,745,406.41
7/1/2010	834,968.98	30,989,800.96
8/1/2010	834,968.98	30,232,306.48
9/1/2010	834,968.98	29,472,918.27
10/1/2010	834,968.98	28,711,631.60
11/1/2010	834,968.98	27,948,441.70
12/1/2010	834,968.98	27,183,343.82
1/1/2011	834,968.98	26,416,333.21
2/1/2011	834,968.98	25,647,405.06
3/1/2011	834,968.98	24,876,554.59
4/1/2011	834,968.98	24,103,777.00
5/1/2011	834,968.98	23,329,067.47
6/1/2011	834,968.98	22,552,421.16
7/1/2011	834,968.98	21,773,833.23
8/1/2011	834,968.98	20,993,298.84
9/1/2011	834,968.98	20,210,813.11
10/1/2011	834,968.98	19,426,371.16
11/1/2011	834,968.98	18,639,968.11
12/1/2011	834,968.98	17,851,599.06
1/1/2012	834,968.98	17,061,259.08
2/1/2012	834,968.98	16,268,943.25
3/1/2012	834,968.98	15,474,646.64
4/1/2012	834,968.98	14,678,364.28
5/1/2012	834,968.98	13,880,091.21
6/1/2012	834,968.98	13,079,822.47
7/1/2012	834,968.98	12,277,553.05
8/1/2012	834,968.98	11,473,277.95
9/1/2012	834,968.98	10,666,992.16
10/1/2012	834,968.98	9,858,690.67

<u>Vesting Date</u>	<u>Monthly Installment Amount (\$)</u>	<u>Unpaid Amount (\$)</u>
11/1/2012	834,968.98	9,048,368.42
12/1/2012	834,968.98	8,236,020.36
1/1/2013	834,968.98	7,421,641.44
2/1/2013	834,968.98	6,605,226.56
3/1/2013	834,968.98	5,786,770.65
4/1/2013	834,968.98	4,966,268.60
5/1/2013	834,968.98	4,143,715.30
6/1/2013	834,968.98	3,319,105.61
7/1/2013	834,968.98	2,492,434.39
8/1/2013	834,968.98	1,663,696.51
9/1/2013	834,968.98	832,886.77
10/1/2013	834,968.98	0.01

**FORM OF
INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (this "Agreement") is made as of January _____, 2010 by and between Live Nation, Inc., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will continue to attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the corporation or business enterprise itself. The Company's certificate of incorporation (as amended from time to time, the "Certificate") and the Company's bylaws (as amended from time to time, the "Bylaws") require indemnification of the directors and officers of the Company. Indemnitee may also be entitled to indemnification pursuant to the Delaware General Corporation Law (the "DGCL"). The Certificate, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and the directors, officers and other persons with respect to indemnification.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law.

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate, the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

WHEREAS, Indemnitee is willing to serve as a director or officer (or continue to so serve, as the case may be) of the Company on the condition that he or she is indemnified, and his or her expenses are advanced, on the terms and conditions set forth herein, and the Company desires Indemnitee to so serve.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director and/or officer of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to retain Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise (as defined below)) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at-will, and Indemnitee may be discharged from such employment at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee, other applicable formal severance policies duly adopted by the Company or, with respect to service as a director or officer of the Company, by the Certificate, the Bylaws and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a director and/or officer of the Company.

Section 2. Definitions. As used in this Agreement:

(a) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding securities;

(ii) Change in Board. During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(a)(i), 2(a)(iii) or 2(a)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least half of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(a), the following terms shall have the following meanings:

(A) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(B) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

Notwithstanding anything else in this Section 2(a), the merger transaction contemplated by that certain Agreement and Plan of Merger dated as of February 10, 2009 among Ticketmaster Entertainment, Inc., Live Nation, Inc. and Merger Sub shall not be deemed to constitute a "Change in Control" for purposes of this Agreement.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, limited liability company, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Enterprise" shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(e) “Expenses” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent and (ii) for purposes of Section 13(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(g) “Proceeding” shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative legislative or investigative nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by him or her or of any action on his or her part while acting as director or officer of the Company or by reason of the fact that he or she is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement, except one initiated by Indemnitee to enforce his or her rights under this Agreement.

(h) References to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan,

its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Chancery Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) any Proceeding and is successful, on the merits or otherwise, in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by law, against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter. If Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by law, against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which Indemnitee was successful. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification for Expenses of a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness (or is otherwise asked to participate) in any Proceeding to which Indemnitee is not a party, he or she shall be indemnified and held harmless against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 7. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4 or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 7(a), the meaning of the phrase “to the fullest extent permitted by applicable law” shall include, without limitation:

(i) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement or the corresponding provision of any amendment to or replacement of the DGCL; and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its directors and officers.

Section 8. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to provide any indemnification in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(a) above) or similar provisions of state statutory law or common law or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) except as provided in Section 13(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 9. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary, the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within 30 days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 9 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 8.

Section 10. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such action, suit or Proceeding. The omission by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

(c) The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty or limitation on Indemnitee without Indemnitee's prior written consent.

Section 11. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) above, the Independent Counsel shall be selected as provided in this Section 11(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply) and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, the Company or Indemnitee, as the case may be, may, within ten days after such written notice of selection shall have been given, deliver to Indemnitee or to the Company, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of submission by Indemnitee of a written request for indemnification

pursuant to Section 10(a) above and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) above. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 13(e), if the person, persons or entity empowered or selected under Section 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 60 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and, provided, further, that the foregoing provisions of this Section 12(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 11(a) of this Agreement and if (A) within 15 days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat or (B) a special meeting of stockholders is called within 15 days after such receipt for the purpose of making

such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 12(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 13. Remedies of Indemnitee.

(a) Subject to Section 13(e), in the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 or 6 or the last sentence of Section 11(a) of this Agreement within ten days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 7 of this Agreement is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by the Delaware Chancery Court of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days

following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 13(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 13 the Company shall have the burden by clear and convincing evidence of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. The Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by law, against any and all Expenses and, if requested by Indemnitee, shall (within ten days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 14. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of Indemnitee to indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate, the Bylaws, any agreement, a vote of stockholders or a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right or protection of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees or agents of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 15. Duration of Agreement. This Agreement shall continue until and terminate upon the later of (i) ten years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or (ii) one year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 13 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his or her heirs, executors and administrators.

Section 16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, then: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 17. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve (or continue to serve) as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written or implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate, the Bylaws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 18. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 20. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing to the following addresses and shall be deemed to have been duly given (i) when personally delivered or transmitted by facsimile, (ii) one day after deposit with Federal Express or similar overnight courier service or (iii) three days after being mailed by first class, mail, return receipt requested:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to:

Live Nation, Inc.
Attention: General Counsel
9348 Civic Center Drive, Fourth Floor
Beverly Hills, California 90210
Facsimile: (310) 867-7158

or to any other address as may have been furnished to Indemnitee by the Company.

Section 21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 13(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Chancery Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Chancery Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise

subject to service of process in the State of Delaware, irrevocably Corporation Service Company as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Chancery Court and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Chancery Court has been brought in an improper or inconvenient forum.

Section 23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 24. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

COMPANY

INDEMNITEE

Live Nation, Inc.

By: _____
Name:
Title:

Print Name: _____

Address: _____

[Signature Page to Indemnification Agreement]

DentonWildeSapte...

Agreement for the purchase of shares in Dominion Theatre Investments Limited and for the buy-back of shares in Nederlander Dominion Limited

Dated 23 October 2009

Apollo Leisure Group Limited
(the **Vendor**)

Nederlander International Limited
(the **Purchaser**)

Dominion Theatre Investments Limited
(the **Target**)

Nederlander Dominion Limited
(the **Company**)

Live Nation, Inc.
(the **Guarantor**)

Denton Wilde Sapte LLP

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International Lawyers

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Share purchase agreement**Dated 23 October 2009****Between**

- (1) **Apollo Leisure Group Limited** (the **Vendor**) registered in England under No. 2129195 whose registered office is at 2nd Floor, Regent Arcade House, 19-25 Argyll Street, London W1F 7TS;
- (2) **Nederlander International Limited** (the **Purchaser**) registered in England under No. 3978319 whose registered office is at Regina House, 124 Finchley Road, London NW3 5JS;
- (3) **Dominion Theatre Investments Limited** (the **Target**) registered in England under No. 1623438 whose registered office is at 2nd Floor, Regent Arcade House, 19-25 Argyll Street, London W1F 7TS;
- (4) **Nederlander Dominion Limited** (the **Company**) registered in England under No. 2583337 whose registered office is at Regina House, 124 Finchley Road, London NW3 5JS; and
- (5) **Live Nation, Inc.** (the **Guarantor**) a corporation organised and existing under the laws of Delaware whose principal place of business is at 9348 Civic Centre Drive, Beverly Hills, California 90210 United States.

Recitals

- A The Target is the registered holder of the Buy-Back Shares (as defined in Clause 1.1) and it is proposed that the Company shall Purchase the Buy-Back Shares from the Target for cancellation on and subject to the provisions of this Agreement.
- B Subject to the acquisition of the Buy-Back Shares described in Recital A above and the payment of the Interim Dividend (as defined in Clause 1.1), the Vendor has agreed to sell the whole of the issued share capital of the Target to the Purchaser on and subject to the provisions of this Agreement.
- C In consideration of the Purchaser and the Company entering into this Agreement, the Guarantor has agreed to guarantee the obligations of the Vendor and the Target under this Agreement.

It is agreed**1 Definitions and interpretation**

1.1 In this Agreement the following definitions apply.

Accounts means the audited balance sheet and the audited profit and loss account of the Target in respect of the accounting reference period of the Target ended on the Accounts Date, including the reports and notes annexed to them.

Accounting Policies means the accounting policies and principles set out in Part B of Schedule 4.

Accounts Date means 31 December 2008.

1985 Act means the Companies Act 1985.

2006 Act means the Companies Act 2006.

Auditors means Ernst & Young LLP, the auditors of the Target.

Available Cash Amount means the £(sterling) amount of available cash in the Company and the Tenancy-in-Common as at 23.59 on Saturday 24 October 2009 as is calculated by reference to and payable in accordance with the Available Cash Statement.

Available Cash Statement means the statement of Available Cash Amount prepared in accordance with Part A of Schedule 4.

Business Day means a day (not being a Saturday) on which banks are open for general banking business in the City of London.

Buy-Back Shares means the 125,000 ordinary shares of £1 each in the capital of the Company held by the Target;

Buy-Back Shares Purchase Price means £4,500,000.

Buy-Back Warranties means the warranties given in Part A of Schedule 3.

Claim for Tax means any assessment (including a self-assessment), notice, demand, letter or other document issued by or action taken by or on behalf of any person, authority or body from which it appears that the Vendor is or may be liable under Clause 7 or for a breach of the Tax Warranties.

Company Warranties mean the Buy-Back Warranties and the Manager Warranties.

Completion means completion of the sale and purchase of the Buy-Back Shares and the sale and purchase of the Shares in accordance with Clause 5.

Completion Accounts means the audited balance sheet and profit and loss accounts of the Target for the financial year ended on and as at the close of business on the Completion Date, and the notes statutory report and documents annexed to be prepared in accordance with Clause 11.

Completion Date means the date on which Completion occurs.

Corresponding Relief means:

- (a) any Relief arising as a result of a liability in respect of which the Vendor has made a payment under Clause 7 or in respect of the Tax Warranties; or
- (b) any Relief arising as a result of or in connection with the Event or Events which gave rise to a liability in respect of which the Vendor has made a payment under Clause 7 or in respect of the Tax Warranties; and
- (c) any Relief which is or has been claimed in respect of an accounting period of the Target ending on or before Completion, which is disallowed by a Tax Authority so as to give rise to a liability in respect of which the Vendor has made a payment under Clause 7 or in respect of the Tax Warranties and which is used to mitigate a tax liability of the Target in respect of an accounting period of the Target beginning after Completion.

Deeds of Release means each of the following (in each case dated at Completion in the agreed form):

- (a) the deed of release in respect of the JPM Debenture; and

(b) the deed of release in respect of the JPM Deed of Affirmation.

Deed of Termination of the Management Agreement means the agreement in the agreed form between (1) the Company and (2) LN(V)UKL (to be dated at Completion) terminating the Management Agreement.

Dominion Theatre means the leasehold property known as the Dominion Theatre located at 268/269 Tottenham Court Road, London WC1 and registered at the Land Registry under title number NGL616483.

Encumbrance includes any interest in land, claim, charge, pledge, mortgage, security, lien, option, equity, power of sale, hypothecation, right of pre-emption, right of first refusal or other third party rights or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing.

Equivalent Available Cash Amount has the meaning given in Clause 5.7(b)(ii).

Estimated Available Cash Amount means £3,214,429.

Event means any transaction, act, event, omission or change in circumstance of whatever nature occurring or deemed to occur and (without limitation) includes any change in the residence of any person for the purposes of any Tax, the discontinuance of any trade, the entry into of this Agreement, Completion and the liquidation of any person.

General Claim means a claim:

- (a) for breach of any of the General Warranties; and/or
- (b) for breach of any of the Buy-Back Warranties; and/or
- (c) against the Vendor pursuant to the provisions in Clauses 6.8 and 6.9; and/or
- (d) for breach of any of the Manager Warranties.

General Warranties means the warranties given in Part B of Schedule 3.

Group Company in relation to any company means any subsidiary or holding company of that company or any subsidiary of any such holding company.

Group Relief means relief available under Part X Chapter IV of the Taxes Act.

Group Relief Payment means a “payment for group relief” as that term is defined in section 402(6) of the Taxes Act, and a “payment for a transferred tax refund” as defined in section 102(7) Finance Act 1989.

Information means all information, know-how and techniques (whether or not confidential and in whatever form held) used by LN(V)UKL in providing the Transaction Processing Services including without limitation:

- (a) operating processes and techniques;
- (b) formulations, formulae, data, reports, manuals and instructions;
- (c) customer and supplier lists and records, sales, marketing and promotional material; and
- (d) operational, management, employee, administrative and financial information (including business plans and forecasts).

Insurance Claim means a claim under one of the Insurance Policies

Insurance Policies means all insurance policies taken out and maintained by the Vendor's Group.

Intellectual Property Rights means all inventions (whether patentable or not), design rights, database rights, copyright, moral rights, semiconductor topography rights, unregistered trade and service marks, logos, get-up and trade names and, in each case, the goodwill attaching to them, all Registered Intellectual Property Rights, Know-how, and any rights or forms of protection of a similar nature and having equivalent or similar effect to any of them which subsist anywhere in the world.

Interim Dividend means the interim dividend of £50,572.90 per Share to be considered and declared by the directors of the Target in accordance with the 2006 Act and payable on Completion.

JPM Debenture means the debenture in favour of JP Morgan Chase Bank N.A. created on 31 July 2007 and registered on 10 August 2007.

JPM Deed of Affirmation means the deed of affirmation in favour of JP Morgan Chase Bank N.A. created on 7 January 2009 and registered on 13 January 2009.

Know-how means all know-how, trade secrets and confidential information, in any form (including paper, electronically stored data, magnetic media, film and microfilm).

Lease means the lease of the Property and the Dominion Theatre for a term expiring on 31 December 2016 granted to the Company.

LN(V)UKL means Live Nation (Venues) UK Limited registered in England under No. 1444368 whose registered office is at 2nd Floor, Regent Arcade House, 19-25 Argyll Street, London W1F 7TS;

Management Accounts means the unaudited balance sheet and the unaudited profit and loss account of the Target for the period from 1 January 2009 to 30 September 2009 in the agreed form.

Management Agreement means the agreement (as amended) between (1) the Company and (2) LN(V)UKL dated 7 August 1991 pursuant to which LN(V)UKL provides services as manager of the Dominion Theatre and the Property to the Company.

Manager Warranties means the warranties given in Part D of Schedule 3.

Nederlander Parties means Nederlander of New York, Inc., Nederlander London Dominion, Inc., Dominion Investments, Inc. and Dominion James Nederlander, Inc.

Occurrence-Based Insurance Policy means an Insurance Policy that is an occurrence-based:

- (a) employers' liability insurance policy;
- (b) public liability insurance policy; or
- (c) products liability insurance policy

(or an occurrence-based layer of any such a policy) which, as at the Completion Date, provides cover in respect of the Company for the policy period prior to the Completion Date.

Party or **Parties** means a party or the parties to this Agreement.

Premises Licence means the premises licence number PREM-LIC\1826 issued by the London Borough of Camden Licensing Authority in respect of the Dominion Theatre.

Premises Licence Transfer Application means the document in the agreed form to be dated at Completion pursuant to which the Company will apply for the transfer of the Premises Licence from LN(V)UKL to the Company.

Premises Licence Transfer Consent means the document dated at 15 October 2009 pursuant to which LN(V)UKL has consented to the transfer of the Premises Licence from LN(V)UKL to the Company.

Previous Accounts means the audited balance sheets of the Target as at the end of each of the two accounting reference periods immediately preceding that ended on the Accounts Date and the audited profit and loss accounts of the Target for each of those two periods.

Pro-forma Available Cash Statement means the pro-forma statement in the form set out in Part C of Schedule 4.

Property means the properties known as 8-14 Great Russell Street, London WC1 and 5 Bainbridge Street, London WC1.

Purchaser's Group means the Purchaser and each Group Company of the Purchaser.

Purchaser's Relief means any Relief which is not available on or before Completion but arises to the Target in respect of any Event occurring or period commencing after Completion or in consequence of any expenditure incurred or losses arising after Completion.

Purchaser's Solicitors means Denton Wilde Sapte LLP, One Fleet Place, London EC4M 7WS.

Registered Intellectual Property Rights means all patents, utility models, registered designs, registered copyrights, plant variety rights, registered trade and service marks and domain names, together with:

- (a) the goodwill attaching to any of the foregoing;
- (b) any applications for registration and rights to grant of any of the foregoing; and
- (c) any rights or forms of protection of a similar nature to any of the foregoing anywhere in the world.

Relief means any relief, allowance, deduction, credit, exemption, right to repayment or set off in respect of any Tax.

Repayment means the Target obtaining:

- (a) a repayment of Tax where the Vendor has made a payment under Clause 7 or in respect of the Tax Warranties in respect of the same Tax that is the subject of the repayment; or
- (b) a repayment of Tax as a result of the use of a Corresponding Relief.

Saving means the use of a Corresponding Relief to reduce or eliminate any liability of the Target to make an actual payment of Tax in respect of which the Vendor would not have been liable under Clause 7, or in respect of the Tax Warranties.

Service Documents means all claim forms, application notices, judgments, orders or other notices of legal process relating to this Agreement.

Shareholders' Agreement means the shareholders' agreement in respect of the Company between (1) the Nederlander Parties, (2) the Target and (3) the Company dated 7 August 1991 (as amended).

Shares means the entire issued share capital of the Target.

Shares Purchase Price means £2,250,000.

Supplemental Tenancy-in-Common Notice means the notice in the agreed form between (1) the Nederlander Parties, (2) the Target and (3) the Company (to be dated at Completion) pursuant to which the parties to the Tenancy-in-Common Declaration have agreed to waive certain rights and obligations under the Tenancy-in-Common Declaration.

Target Warranties mean the General Warranties and the Tax Warranties.

Taxation or Tax means all forms of taxation and social security contributions and all statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions, levies and withholdings in the nature of taxation, in each case wherever and whenever imposed and whether chargeable directly or primarily or solely against or attributable directly or primarily or solely to the Target or any other person, together with all penalties, charges and interest relating to any of the foregoing but for the avoidance of doubt excluding water rates, local business rates and other utility or local authority charges.

Tax Authority means any body or organisation in any country having authority in relation to Tax.

Tax Claim means any claim under the Tax Indemnity or for breach of any of the Tax Warranties.

Taxes Act means the Income and Corporation Taxes Act 1988.

Tax Indemnity means the indemnities given in Clause 7.

Tax Liability means:

- (a) any liability or increase in the liability of the Target to make a payment of Tax;
- (b) the setting-off against income, profits or gains earned, accrued or received on or before Completion or against any Tax chargeable in respect of an Event occurring on or before Completion of any Relief falling within the definition of Purchaser's Relief in circumstances where, but for that setting-off, the Vendor would have been liable under the Tax Indemnity and / or the Tax Warranties;
- (c) any:
 - (i) liability of the Target to pay or repay the whole or part of any Group Relief Payment; or
 - (ii) Tax as a result of the disallowance or withdrawal of all or part of any Group Relief claimed by the Target in each case in respect of any period (or part thereof) ending on or before Completion,

and in any case to which paragraphs (b) or (c) applies the amount of the Tax Liability shall be:

- (i) in any case falling within paragraph (b), the amount of the Tax that would otherwise have been payable but for the setting off; and
- (ii) in any case falling within paragraph (c), (i) the amount of the payment or repayment of Tax that is required as a result of the disallowance or withdrawal or (ii) the amount of the payment or repayment of a Group Relief Payment, as the case may be.

Tax Warranties means the warranties given in Part C of Schedule 3.

TCGA means the Taxation of Chargeable Gains Act 1992.

Tenancy-in-Common means the long leasehold interest in the Dominion Theatre and the Property held by the Nederlander Parties and the Target.

Tenancy-in-Common Distribution Amount means the sum of £557,290 to be distributed from the Tenancy-in-Common to the Target at Completion.

Tenancy-in-Common Declaration means the means the declaration made in respect of the Tenancy-in-Common between (1) the Nederlander Parties, (2) the Target and (3) the Company dated 7 August 1991 (as amended).

Transaction Processing Records has the meaning give in the Transitional Services Agreement.

Transaction Processing Services has the meaning give in the Transitional Services Agreement.

Transitional Services Agreement means the agreement in the agreed form between (1) the Company and (2) the Vendor (to be dated at Completion) pursuant to which the Vendor will procure the provision of transitional services as manager of the Dominion Theatre and the Property to the Company following termination of the Management Agreement.

VAT Act means the Value Added Tax Act 1994.

Vendor's Group means the Vendor and each Group Company of the Vendor.

Vendor's Nominated Account means the Vendor's Solicitors' client account at Lloyds TSB Bank plc, 6-7 Park Row, Leeds LS1 1NX, no. 00199536, sort code 30-00-05.

Vendor's Solicitors means Hammonds LLP of 7 Devonshire Square, London EC2M 4YH.

Waiver Agreement means the agreement in the agreed form between (1) the Nederlander Parties, (2) the Target and (3) the Company (to be dated at Completion) pursuant to which the parties to the Shareholders' Agreement have agreed to waive certain rights and obligations under the Shareholders' Agreement.

Warranties means together the Manager Warranties, the Buy-Back Warranties, the General Warranties and the Tax Warranties.

Warranty Claim means a claim for breach of any of:

- (a) the Buy-Back Warranties; and/or
- (b) the General Warranties; and/or
- (c) the Tax Warranties; and/or
- (d) the Manager Warranties.

1.2 In this Agreement, unless otherwise specified:

- (a) the words and expressions defined in sections 250, 391, 540, 738, 853, 1060, 1159 and 1173 of the 2006 Act have the same meanings;
- (b) reference to any statute, bye-law, regulation, rule, delegated legislation or order is to any statute, bye-law, regulation, rule, delegated legislation or order as amended, modified or replaced from time to time and to any statute, bye-law, regulation, rule, delegated legislation or order replacing or made under any of them;

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- (c) references to any Clause, paragraph or Schedule are to those contained in this Agreement and all Schedules to this Agreement are an integral part of this Agreement;
 - (d) headings are for ease of reference only and shall not be taken into account in construing this Agreement;
 - (e) reference to any English legal concept, term, action, remedy, method of judicial proceeding, legal document, legal status, court or official shall, in respect of any jurisdiction other than England and Wales, be deemed to refer to what most nearly approximates in that jurisdiction to that reference;
 - (f) reference to any English statute, bye-law, regulation, rule, delegated legislation or order shall, in relation to any assets owned, liabilities incurred company incorporated in, or business carried on in any jurisdiction other than England and Wales, be deemed to include what most nearly approximates in that jurisdiction to that reference;
 - (g) the expression **this Clause** shall unless followed by reference to a specific provision be deemed to refer to the whole clause (not merely the sub-clause, paragraph or other provision) in which the expression occurs;
 - (h) **person** includes any individual, firm, company or other incorporated or unincorporated body;
 - (i) **in writing** means any communication made by letter or fax, and **written** shall be construed accordingly;
 - (j) **agreement** means any agreement or commitment whether conditional or unconditional and whether by deed, under hand, oral or otherwise;
 - (k) **law** includes any legislation, any common or customary law, constitution, decree, judgment, order, ordinance, treaty or other legislative measure in any jurisdiction and any directive, request, requirement, guidance or guideline (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive, request, requirement, guidance or guideline is addressed);
 - (l) a document is in the **agreed form** if it is in the form of a draft agreed between and initialled by or on behalf of the parties on or before the date of this Agreement; and
 - (m) a person shall be deemed to be **connected** with another if that person is connected with another within the meaning of section 839 of the Taxes Act.

2 Sale and purchase of the Buy-Back Shares

- 2.1 The Target shall sell and the Company shall purchase the Buy-Back Shares free from any Encumbrance and with all rights attached or accruing to them on and after the date of this Agreement.
- 2.2 Without prejudice to Clause 2.1, the Buy-Back Shares shall be sold with full title guarantee.
- 2.3 The Target waives:
 - (a) all pre-emption rights in respect of the Buy-Back Shares; and
 - (b) any other rights which restrict the transfer of the Buy-Back Shares, conferred on the Target whether by the articles of association of the Company, by agreement or otherwise.

2.4 Completion shall take place in accordance with Clause 5.

3 Sale and purchase of the Shares

3.1 The Vendor shall sell and the Purchaser shall purchase the Shares free from any Encumbrance and with all rights attached or accruing to them on and after the date of this Agreement.

3.2 Without prejudice to Clause 3.1, the Shares shall be sold with full title guarantee.

3.3 The Vendor waives:

- (a) all pre-emption rights in respect of the Shares; and
- (b) any other rights which restrict the transfer of the Shares, conferred on the Vendor whether by the articles of association of the Target, by agreement or otherwise.

3.4 Completion shall take place in accordance with Clause 5.

4 Consideration

4.1 The consideration for the sale of the Buy-Back Shares shall be the payment by the Company to the Target at Completion of the Buy-Back Shares Purchase Price in accordance with this Agreement.

4.2 Immediately prior to the consummation of the sale of the Shares and simultaneous with Completion, the Interim Dividend shall be paid to the Vendor.

4.3 The consideration for the sale of the Shares shall be the payment by the Purchaser to the Vendor at Completion of:

- (a) the Shares Purchase Price which shall be subject to adjustment in accordance with Schedule 4 (Adjustment to Consideration); and
- (b) the Equivalent Available Cash Amount in accordance with this Agreement.

5 Completion

5.1 Completion shall take place on the Completion Date at the offices of the Purchaser's Solicitors (or at such other place or time as the Vendor and Purchaser shall agree).

5.2 At Completion the Target shall deliver or cause to be delivered to the Company:

- (a) a copy of the minutes of a meeting of the directors of the Target authorising the Target to enter into and perform its obligations under this Agreement, certified to be a true and complete copy by a director or the secretary the Target;
- (b) a transfer of all the Buy-Back Shares duly executed by the Target in favour of the Company together with definitive share certificates for them showing the name of the Target as the registered holder;
- (c) a copy of the Waiver Agreement duly executed by the Target;

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- (d) a copy of the Supplemental Tenancy-in-Common Notice duly executed by the Target;
 - (e) the written resignation of Paul Latham, as director of the Company executed as a deed and waiving all claims against the Target in the agreed form; and
 - (f) a completed form MG04 in the agreed form in respect of each Deed of Release signed by a director or the secretary of the Target or by or on behalf of the security trustee.

5.3 At Completion the Company shall:

- (a) pay or procure the payment of a sum equal to:
 - (i) the Buy-Back Shares Purchase Price; and
 - (ii) the Tenancy-in-Common Distribution Amountby electronic funds transfer to the Vendor's Nominated Account and:
 - (aa) the Target agrees that payment of such sums into the Vendor's Nominated Account shall constitute a good and complete discharge of the Company's obligation as to the distribution of each such sum; and
 - (bb) the Vendor agrees that payment of such sums into the Vendor's Nominated Account shall constitute a good and complete discharge of the Target's obligation as to the payment of the Interim Dividend;
- (b) deliver to the Target:
 - (i) a copy of the Supplemental Tenancy-in-Common Notice duly executed by the Nederlander Parties; and
 - (ii) a copy of the Waiver Agreement duly executed by the Company and by the Nederlander Parties.
- (c) deliver to the Vendor a copy of the Transitional Services Agreement duly executed by the Company; and
- (d) deliver to the Vendor on behalf of LN(V)UKL:
 - (i) a copy of the Deed of Termination of the Management Agreement duly executed by the Company; and
 - (ii) a copy of the Premises Licence Transfer Application duly signed by the Company.

5.4 At Completion the Vendor shall deliver or cause to be delivered to the Purchaser:

- (a) a copy of the minutes of a meeting of the directors of the Vendor authorising the Vendor to enter into and perform its obligations under this Agreement and the Transitional Services Agreement each being certified to be a true and complete copy by a director or the secretary of the Vendor;
- (b) a copy of the minutes of a meeting of the directors LN(V)UKL authorising LN(V)UKL to enter into and perform its obligations under the Deed of Termination of the Management Agreement, certified to be a true and complete copy by a director or the secretary of the Vendor;
- (c) a copy of an officer's certificate in the agreed form confirming that the Guarantor is authorised to enter into and perform its obligations under this Agreement, signed by the secretary and general counsel of the Guarantor;

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- (d) a copy of the minutes of the meeting of the directors of the Target referred to in Clause 5.6, certified to be a true and complete copy by a director or the secretary of the Target;
 - (e) a transfer of all the Shares duly executed by the Vendor in favour of the Purchaser or its nominee together with definitive share certificates for them showing the Vendor as the registered holder;
 - (f) the Deeds of Release duly executed by the respective parties thereto;
 - (g) evidence reasonably satisfactory to the Purchaser of the release or discharge of each and any other Encumbrance to which any of the Shares or the assets or undertaking of the Target is subject;
 - (h) the written resignations of Paul Latham, Stuart Douglas and Alan Ridgeway each as director of the Target and Selina Emeny as Secretary of the Target executed as a deed and waiving all claims against the Target in the agreed form;
 - (i) certificate of incorporation, any certificate(s) of incorporation on change of name, and all statutory and minute books (which shall be written up to, but not including, the date of Completion) of the Target together with all unused share certificate forms;
 - (j) any power of attorney or other authority under which this Agreement or any document referred to in it is executed by the Vendor or the Guarantor;
 - (k) to the extent not in the possession of the Target, any books of account or references of suppliers and other material records and all insurance policies in respect of the business of the Target;
 - (l) to the extent not in the possession of the Target but in the possession of any member of the Vendor's Group, all licences, consents, permits and authorisations obtained by or issued to the Target;
 - (m) a copy of the Transitional Services Agreement duly executed by the Vendor; and
 - (n) a completed form MG04 in the agreed form in respect of each Deed of Release signed by a director or the secretary of the Vendor or by or on behalf of the security trustee.
- 5.5 At Completion the Vendor shall procure that LN(V)UKL shall deliver or cause to be delivered to the Company:
- (a) a copy of the Deed of Termination of the Management Agreement duly executed by LN(V)UKL;
 - (b) a copy of the Premises Licence Transfer Consent duly signed by LN(V)UKL;
- 5.6 At Completion the Vendor shall procure that the following business is transacted at a meeting of the directors of the Target:
- (a) the directors of the Target shall:
 - (i) declare and authorise the payment of the Interim Dividend such dividend to be paid net of any liabilities whether actual or contingent; and
 - (ii) approve registration of the transfer of the Shares to the Purchaser or its nominee and the entry of the transferee in the register of members of the Target as the holder of the Shares, subject only to the transfer being presented duly stamped;
 - (b) the accounting reference date of the Target shall be changed to 23 October;

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- (c) the situation of the registered office of the Target shall be changed to Regina House, 124 Finchley Road, London NW3 5JS;
 - (d) James M. Nederlander, James L. Nederlander and Jerrold B. Katzman shall each be appointed as a director of the Target and Jerrold B. Katzman shall be appointed as secretary of the Target with effect from the end of the meeting; and
 - (e) the resignations of the directors and the secretary of the Target referred to in Clause 5.4(h) above shall be received.
- 5.7 At Completion, the Purchaser shall:
- (a) deliver to the Vendor a copy of the minutes of a meeting of the directors of the Purchaser authorising the Purchaser to enter into and perform its obligations under this Agreement, certified to be a true and complete copy by a director or the secretary of the Purchaser; and
 - (b) pay a sum equal to:
 - (i) the Shares Purchase Price; and
 - (ii) the equivalent of one third of the Estimated Available Cash Amount less the sum equal to the Tenancy-in-Common Distribution Amount (the **Equivalent Available Cash Amount**)by electronic funds transfer to the Vendor's Nominated Account and the Vendor agrees that payment of such sum into the Vendor's Nominated Account shall constitute a good and complete discharge to the Purchaser in respect of such sum and the Purchaser shall have no obligation as to the distribution of such sum.
- 5.8 As soon as reasonably practicable following Completion the Vendor shall procure that LN(V)UKL shall deliver or cause to be delivered to the London Borough of Camden Licensing Authority:
- (a) the Premises Licence Transfer Application;
 - (b) the Premises Licence Transfer Consent; and
 - (c) the original Premises Licence.
- 5.9 The Purchaser shall not be obliged to complete this Agreement unless:
- (a) the Target comply fully with Clauses 5.2; and
 - (b) the Vendor has complied fully with Clauses 5.4, 5.5 and 5.6.
- 5.10 Neither the Vendor nor the Target shall be obliged to complete this Agreement unless:
- (a) the Company has complied fully with Clause 5.3 (unless the Company's failure to fully comply with Clause 5.3 was as the direct result of a failure by the Target or the Vendor co-operate and assist reasonably in authorising or otherwise causing the Company to fully comply with Clause 5.3)
 - (b) the Purchaser has complied fully with Clause 5.7.

6 Warranties and indemnities

- 6.1 The Vendor warrants to the Purchaser (for itself and as trustee for its permitted assignees) that each of the Target Warranties is true and accurate and not misleading.

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- 6.2 The Vendor warrants to the Company (for itself and as trustee for its permitted assignees) that each of the Company Warranties is true and accurate and not misleading.
- 6.3 Each of the Warranties shall be construed as a separate warranty and each Warranty is not limited by the other provisions of this Agreement, including any other Warranty.
- 6.4 Where any of the Warranties is qualified by the expression “to the best of the knowledge, information and belief” of the Vendor or “so far as the Vendor is aware” or any similar expression, that Warranty shall be deemed to include an additional statement that it has been made after due, diligent and careful enquiry by the Vendor and that the Vendor has used its reasonable endeavours to ensure that all information given in the Warranty is true, complete and accurate in all respects.
- 6.5 The Vendor shall not (if a claim is made against the Vendor in connection with this Agreement) make any claim against the Target or the Company or against any director, employee, agent or officer of the Target or the Company on whom the Vendor may have relied before agreeing to any term of this Agreement. The rights of the Target and the Company and any director, employee, agent or officer of the Target or the Company under this Clause are subject to the provisions of Clause 16 (relating to third party rights).
- 6.6 The Purchaser and the Company (as the case may be) may claim after Completion that any of the Warranties (save for the Manager Warranties) is untrue or misleading or has been breached even if the Purchaser or the Company (as the case may be) discovered or could have discovered on or before entering into this Agreement that the applicable Warranty in question was untrue misleading or had been breached. The Warranties shall remain in full force and effect notwithstanding Completion and Completion shall not in any way constitute a waiver of any of the Purchaser’s and/or the Company’s rights.
- 6.7 Subject to Clause 6.11 and Clause 7.5 save in respect of the Manager Warranties the Vendor undertakes to indemnify and keep indemnified the Purchaser and the Company from and against all claims, liabilities, losses, reasonable costs and expenses which the Purchaser or the Company (as the case may be) may suffer or incur or which may be made against the Purchaser or the Company (as the case may be) either before or after the commencement of and arising out of, or in respect of, any action in connection with:
- (a) the settlement of any claim that any of the Warranties is untrue or misleading or has been breached;
 - (b) any legal proceedings taken by the Purchaser or the Company (as the case may be) claiming that any of the Warranties is untrue or misleading or has been breached and in which judgment is given for the Purchaser or the Company (as the case may be); and
 - (c) the enforcement of any such settlement or judgment relating to this Agreement or its subject matter.
- 6.8 The Vendor shall indemnify and keep indemnified the Purchaser and the Target against all legal or other obligations, liabilities (whether past, present or future, actual or contingent), losses, damages and reasonable costs and expenses incurred by the Target directly or indirectly as a result of any act, omission, event or circumstance arising prior to Completion, which occurred other than in the ordinary course of business of the Target.
- 6.9 Subject to Clause 6.8 save in respect of the Manager Warranties if any of the Warranties was untrue or inaccurate at the time such Warranties are given the Vendor shall pay to the Purchaser or the Company (as the case may be) within ten Business Days of demand, by way of liquidated damages, a sum equal to the amount the Target or the Company (as the case may be) would require to put it into the position that it would have been in if the Warranty had been true and accurate. Without prejudice to the generality of this Clause, if the value of any asset of the Target or the Company (as the case may be) is found to be less than its value would have been if the Target Warranties (in the case of the Target) or the Buy-Back
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Warranties (in the case of the Company) had been true and accurate at the time they were given or the amount of any liability of the Target (in the case of a Target Warranty) or the Company (in the case of a Buy-Back Warranty) is found to be greater than its amount would have been if the Target Warranties (in the case of the Target) or the Buy-Back Warranties (in the case of the Company) had been true and accurate at the time they were given, the Vendor shall pay to the Purchaser or the Company (as the case may be) on demand the difference between the actual value of such asset or amount of such liability and the value or amount which such asset or liability would have had if the Target Warranties (in the case of the Target) or the Buy-Back Warranties (in the case of the Company) had been true and accurate at the time they were given or deemed to be repeated.

- 6.10 Nothing in Clauses 6.8 and 6.9 shall limit the rights of the Purchaser or the Company to claim for any loss or damage in contract or otherwise, in respect of any of the Warranties but not the Manager Warranties or under the other provisions of this Agreement to the extent that this may exceed the amount the Purchaser or the Company (as the case may be) is entitled to receive under Clauses 6.8 and 6.9.
- 6.11 If the Purchaser becomes aware of any fact, matter or circumstance which could give rise to a claim under the Warranties, or any indemnities set out in this Clause 6, the Purchaser shall:
- (a) give notice of such fact, matter or circumstance to the Vendor as soon as reasonably practicable within a reasonable period following becoming aware of any such fact, matter or circumstance and that it could be the subject matter of a claim;
 - (b) subject to the Purchaser and the relevant member of the Purchaser's Group being entitled to employ its own legal advisers and being indemnified and secured to its reasonable satisfaction by the Vendor against all liabilities, reasonable costs, reasonable expenses, damages and losses (including, without limitation, the reasonable and proper costs of its legal advisers) suffered or incurred in connection with any such claim, take, and shall procure that each member of the Purchaser's Group shall take, all reasonable steps so as to recover or minimise or resolve such liability or dispute and, upon request by the Vendor, permit the Vendor to take sole conduct of such actions as the Vendor deems appropriate in connection with such claim, in the name of the Purchaser or the relevant member of the Purchaser's Group provided that the Vendor shall act reasonably in the conduct of any such action and shall not take any action that would be materially prejudicial to the reputation of the Purchaser or the relevant member of the Purchaser's Group;
 - (c) comply with all reasonable requests of the Vendor in relation to such claim including (without limitation) giving the Vendor reasonable access to premises, personnel, documents and records for the purpose of investigating the matters giving rise to such claim; and
 - (d) not (and shall procure that no member of the Purchaser's Group shall) accept or pay or compromise any such liability or claim without the prior written consent of the Vendor (such consent not to be unreasonably withheld or delayed).

7 Tax Indemnity

- 7.1 The Vendor hereby covenants with the Purchaser to pay to the Purchaser within five Business Days of written demand from the Purchaser an amount equal to any Tax Liability of the Target arising in respect of, by reference to or in consequence of:
- (a) any income, profits or gains earned, accrued or received on or before Completion;
 - (b) any Event which occurred or is deemed for Tax purposes to have occurred on or before Completion;

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- (c) the failure by any company (other than the Target and other than a company which on or after Completion becomes a member of a group of which the Target is at any time after Completion a member) which has at any time (whether before or after Completion) been a member of a group (as defined for any Tax purpose) of which the Target was a member at any time prior to Completion to discharge Tax within a specified period or otherwise;
 - (d) the failure to discharge Tax by any company (other than a member of the Purchaser's Group (except the Target and the Company)) over which the Target has had control (as defined for any Tax purpose) at any time prior to Completion or by any company over which a person, which has had control (as defined for any Tax purpose) over the Target at any time prior to Completion, has at any time had control (as defined for any Tax purpose) at any time whether before or after Completion; and
 - (e) any reasonable costs and expenses properly incurred by the Purchaser in bringing a claim under this Clause 7.
- 7.2 The Vendor shall have no liability in respect of a claim under the Tax Indemnity or under the Tax Warranties to the extent that:
- (a) specific provision or reserve in respect of that liability has been made in the Completion Accounts;
 - (b) such liability was paid or discharged before Completion;
 - (c) the liability arises as a result of any change in the rates of Tax made after Completion or of any change in law, regulation or directive occurring after Completion, in each case, with retrospective effect; or
 - (d) the liability would not have arisen but for any voluntary transaction or action carried out or effected by the Purchaser or the Target after Completion which was outside the ordinary course of business of the Target as carried on at Completion save that this limitation shall not apply where the voluntary transaction or action was carried out or effected by the Purchaser or the Target:
 - (i) pursuant to a legally binding obligation of the Target created on or before Completion; or
 - (ii) pursuant to an obligation imposed on the Target by any law, regulation or directive or the published practice of any Tax Authority; or
 - (iii) with the written approval of or at the written request of the Vendor under the provisions of Clause 7.5; or
 - (e) such liability arises as a result of any change after Completion in the bases, methods or policies of accounting of the Target save where such change is made to comply with generally accepted accounting practice in force as at Completion or otherwise to correct any accounting errors in the period up to and including the Completion Date; or
 - (f) such liability would not have arisen but for a cessation or any change in the nature or conduct of any trade carried out by the Target on or after Completion; or
 - (g) any Relief other than a Purchaser's Relief is available to the Target, at no cost to the Target, the Purchaser or any member of the Purchaser's Group, to set against or otherwise mitigate the liability in question.
 - (h) the income, profits or gains in respect of which the liability in question arises were earned, accrued or received by the Target prior to Completion and such income, profits or gains are either:
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- (i) actually received in cash by the Target before Completion and retained in cash in the Target immediately after Completion; or
 - (ii) actually received in cash by the Target after Completion;
- to the extent that such cash received is sufficient to extinguish the liability in question; or
- (i) the Vendor has injected sufficient cash into the Target to satisfy such liability and such cash remains in the Target immediately after Completion.
- 7.3 The Vendor shall not be liable in respect of any breach of the Tax Warranties if and to the extent that the loss is or has been included in any claim under the Tax Indemnity or vice versa in respect of any claim under the Tax Indemnity.
- 7.4 The Purchaser covenants with the Vendor to pay the Vendor an amount equal to any Tax for which the Vendor or any member of the Vendor's Group is liable as a result of non-payment of Tax by the Target, but only in circumstances where the Tax is directly or solely chargeable against or attributable to the Target and arises:
- (a) in respect of Events occurring after Completion; or
 - (b) as a result of the failure of the Purchaser or the Target to apply an amount paid by the Vendor to the Purchaser under the Tax Indemnity and / or the Tax Warranties, to discharge a liability to which the amount relates.
- 7.5 Conduct of Claims
- (a) If the Target or the Purchaser receives or becomes aware of a Claim for Tax, the Purchaser shall or shall procure that the Target shall give written notice of such Claim for Tax to the Vendor as soon as reasonably practicable and, in any event, in the case where the Claim for Tax consists of an assessment or demand for which the period for response or appeal is time limited, within fifteen Business Days prior to the expiry of such time limit (provided that failure to deliver such notice within such time frame will not restrict the ability of the Purchaser to make a claim against the Vendor pursuant to this Clause 7 or under the Tax Warranties).
 - (b) Subject to this Clause 7.5(b), Clause 7.5(c) and Clause 7.5(f) the Purchaser shall or shall procure that the Target shall take such action to avoid, dispute, resist, appeal, mitigate, compromise or contest any Claim for Tax as the Vendor may reasonably request in writing provided that the Purchaser shall not be obliged to take or procure that the Target takes any such action unless the Vendor has indemnified the Purchaser and the Target to the Purchaser's reasonable satisfaction against any taxation, losses, damages, costs or expenses which may be incurred in taking such action.
 - (c) Subject to this Clause 7.5(c) the Vendor may elect to have any action referred to in Clause 7.5(b) delegated to it and conducted by professional advisers nominated by it for this purpose acting on behalf of the Target and reporting to the Vendor in which event the Vendor shall:
 - (i) keep the Purchaser fully informed of all matters relating to the action and promptly deliver to the Purchaser copies of all written correspondence to or from a Tax Authority relating to the action;
 - (ii) obtain the Purchaser's prior written approval (not to be unreasonably withheld or delayed) to the content and sending of each written communication relating to the action to a Tax Authority and the Vendor shall include the Purchaser's reasonable comments thereon and shall allow the Purchaser at least ten Business Days to consider such approval and to provide its comments;

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- (iii) not be entitled to procure that the Target makes or defends any appeal before a tribunal, court or other body unless leading Tax counsel (Counsel) (appointed at the cost of the Vendor) advises that the appeal or defence is a reasonable course of action to take in all the circumstances having regard to the amount of the liability in question and the chances of success. Counsel shall be chosen by the Vendor with the Purchaser's approval (such approval not to be unreasonably withheld or delayed). Counsel shall be instructed by the Vendor who shall take account of all reasonable comments made by the Purchaser in preparing the instructions. The Purchaser shall be entitled to attend any conference with Counsel;
 - (iv) notwithstanding paragraph (iv) above, not be entitled to procure the Target makes or defends any appeal before the Court of Appeal or any superior tribunal unless the Vendor secures the Purchaser to its satisfaction against any taxation, losses, damages, costs or expenses referred to in clause 7.5(b) above;
 - (v) not be entitled to procure the Target takes any action which:
 - (aa) would constitute fraudulent or negligent conduct on the part of the Purchaser and/or the Target; or
 - (bb) would be materially prejudicial to the reputation of the Purchaser, the Target or any member of the Purchaser's Group; or
 - (cc) would be materially prejudicial to the Tax affairs of the Purchaser, the Target or any member of the Purchaser's Group;
 - (vi) obtain the Purchaser's prior written approval (not to be unreasonably withheld or delayed) to:
 - (aa) the settlement or compromise of the Claim for Tax which is the subject of the action; and
 - (bb) the agreement of any matter in the conduct of the action which is likely to affect the amount of the Claim for Taxand the Vendor shall allow the Purchaser at least ten Business Days to consider such approval.
 - (d) The Purchaser shall (or shall procure that the Target shall) at the Vendor's cost provide such information and assistance as the Vendor may reasonably require in connection with the preparation for and conduct of the proceedings relating to the relevant Tax Liability.
 - (e) If at any time the Vendor has not exercised the election referred to in Clause 7.5(c) above but request that the Target take any action referred to in Clause 7.5(b) above the provisions of Clause 7.5(c) shall apply as if references to the "Vendor" are references to the "Purchaser" and vice versa.
 - (f) the Purchaser shall be free to satisfy or settle the Tax Liability which is the subject of the Claim for Tax on such terms as it thinks fit on the earliest of:
 - (i) the thirtieth day following service of a notice in relation to the Claim for Tax under Clause 7.5 if the Purchaser has not by that thirtieth day received written notice from the Vendor stating that the Vendor wishes to exercise its rights under Clause 7.5(b) or (c); and

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- (ii) the date that the Vendor informs the Purchaser in writing that it does not wish the Purchaser or the Target to avoid, dispute, resist, appeal, mitigate, or contest the Claim for Tax; and
 - (iii) the latest date on which any appeal to any tribunal or court can be made in respect of the Claim for Tax if the Vendor has not, at least five Business Days before that date, informed the Purchaser that it wishes such an appeal to be made.

7.6 Savings and Repayments

- (a) If the Purchaser becomes aware that the Target or a member of the Purchaser's Group has or may have obtained a Repayment or Saving, the Purchaser shall (or shall procure that the Target shall) as soon as reasonably practicable, inform the Vendor of that fact.
- (b) If the Auditors are requested by either party to this Agreement to determine whether or not there has been any such Repayment or Saving the relevant party shall procure that the Auditors are instructed to give and shall (at the expense of the Vendor) give as soon as practicable such determination.
- (c) In carrying out the determination referred to in Clause 7.6(b) the Auditors shall act as experts and not as arbitrators and (in the absence of manifest error) their decision shall be final and binding on the parties to this Agreement.
- (d) If the Auditors determine that there has been an Repayment or Saving (or if the Auditors have not been asked to determine whether or not a Repayment or Saving has arisen the parties agree between themselves in writing that there has been a Repayment or Saving) then the amount of such Repayment or Saving (the Relevant Amount) is to be dealt with in accordance with this Clause 7.6(d):
 - (i) the Relevant Amount shall first be set off against any payment due from the Vendor under the Tax Indemnity or the Tax Warranties;
 - (ii) to the extent there is an excess of the Relevant Amount after any amounts have been set off under Clause 7.6(d)(i), a refund shall be made to the Vendor of any previous payment or payments by the Vendor under the Tax Indemnity or the Tax Warranties and not previously refunded under this Clause 7.6(d)(ii) up to the amount of such excess; and
 - (iii) to the extent that the excess referred to in Clause 7.6(d)(ii) is not exhausted under that paragraph, the remainder of that excess shall be repaid to the Vendor.
- (e) The Purchaser will procure that so far as legally possible the Target uses any Relief available to it which would give rise to a Repayment or Saving as soon as it is reasonably practicable for the Target to do so.

7.7 Recovery from other Persons

- (a) If:
 - (i) the Target or the Purchaser is entitled to recover from any other person, (including a Tax Authority) any sum in respect of any matter to which the Vendor has made a payment to the Target or the Purchaser under the Tax Indemnity or the Tax Warranties; and
 - (ii) the Vendor has agreed to indemnify the Purchaser and the Target against all costs which the Purchaser and the Target may properly incur in connection with the taking of the following action;

then the Purchaser shall or shall procure that the Target (or its professional advisers) shall take all reasonable steps to enforce the recovery against the person in question (keeping the Vendor fully informed of the progress of any action taken).

- (b) If the Target or the Purchaser recovers from any third party any sum in respect of a liability for which a claim has been made against the Vendor pursuant to the Tax Indemnity or for breach of the Tax Warranties and the Vendor has fully satisfied such claim, an amount equal to the amount so recovered together with any interest or repayment supplement thereon (less the costs incurred and any Taxation incurred by the Target or the Purchaser thereon) and expenses paid by such person (insofar as not reimbursed by the Vendor) shall be paid to the Vendor by the Purchaser within ten Business Days of the recovery (provided that the amount paid to the Vendor under this Clause 7.7(b)(i) shall not exceed the amount of the payment made by the Vendor pursuant to the Tax Indemnity or to satisfy a claim for breach of the Tax Warranties).

7.8 Administration

- (a) The Vendor or its duly authorised agents shall (at the Vendor's expense) prepare the accounts and corporation tax returns of the Target for all accounting periods ending on or before Completion and deal with all matters relating to them to the extent that the same have not been prepared before Completion and the Purchaser shall procure that the Target provides reasonable access to the Target's books, accounts and records to enable the Vendor or its duly authorised agents to prepare the accounts and corporation tax returns and to deal with all matters relating to them.
- (b) Without prejudice to any of the Purchaser's rights under this Agreement, the Purchaser shall procure that the Target shall cause the accounts and returns mentioned in Clause 7.8(a) to be authorised, signed and submitted to the appropriate Tax Authority with such reasonable amendments, if any, as the Purchaser may request and shall give the Vendor or its agents all such assistance as may be reasonably required to agree those returns with the appropriate Tax Authority provided that the Target shall not be obliged to sign and submit a return which is incorrect.
- (c) To the extent they have not been made before Completion, the Vendor may request in writing that the Purchaser procures that the Target signs any claims, elections and surrenders after Completion in respect of the period ending on Completion. The Purchaser shall and shall procure that the Target shall use all reasonable endeavours to procure that all relevant claims, elections and surrenders are made as soon as reasonable practicable following receipt of such notice from the Vendor so as to give effect, so far as is legally possible, to a Group Relief claim by the Target in respect of the period ending on Completion.

7.9 Satisfaction of Liabilities

- (a) The Vendor may and if requested by the Purchaser will so far as legally possible, reduce or extinguish any Tax Liability:
- (i) by reallocating for nil consideration a chargeable gain or chargeable realisation gain or any part of either such gain to any member of the Vendor's Group under the provisions of section 179A TCGA 1992 or section 792 CTA;
 - (ii) by electing for nil consideration under section 171A TCGA 1992 that a disposal of an asset by the Target shall be treated as having been made by a member of the Vendor's Group;
 - (iii) by surrendering or procuring the surrender of Group Relief, eligible unrelieved foreign tax or advance corporation tax to the Target for nil consideration; and

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- (iv) by claiming for nil consideration to roll-over or reinvest any income, profits or gains of the Target into the expenditure on replacement assets acquired by any member of the Vendor's Group,

such that the Vendor has no liability under this Schedule in respect of the Tax Liability and any claim already made in respect of such Tax Liability is deemed for the purposes of this Schedule and the Agreement never to have been made.

- (b) The Vendor and the Purchaser shall, and the Purchaser shall procure that the Target shall use, all reasonable endeavours to procure that all relevant claims, elections and surrenders are made and all other actions are taken as are required to effect the surrender and utilisation of the Group Relief referred to in this Clause 7.9.

8 Limitations on liability

- 8.1 The Vendor shall not be liable for any General Claim unless the Purchaser or the Company (as the case may be) gives to the Vendor written notice containing a summary of the nature of the General Claim as far as is known to the Purchaser or the Company (as the case may be), on or before the date being 2 years from Completion. The Vendor shall not be liable for any Tax Claim unless the Purchaser gives to the Vendor written notice containing a summary of the nature of the Tax Claim as far as it is known to the Purchaser, on or before the date being 6 years and one month from Completion.
- 8.2 A General Claim shall not be enforceable against the Vendor and shall be deemed to have been withdrawn unless legal proceedings in respect of such General Claim are commenced (by being issued but not necessarily served) within 12 months of service of notice of the General Claim on the Vendor.
- 8.3 The Vendor shall not be liable in respect of a General Claim or a claim under the Tax Warranties:
- (a) as regards any single claim, unless the amount of its liability thereunder exceeds £100; or
 - (b) unless the liability in respect of the claim when aggregated with the liability of all General Claims against the Vendor exceeds £10,000, in which case the Vendor shall be liable for the whole amount and not merely the excess.
- 8.4 The Vendor's aggregate liability in respect of all General Claims shall not exceed the amount equal to the aggregate of:
- (a) the Shares Purchase Price; and
 - (b) the Buy-Back Shares Purchase Price;
 - (c) the Equivalent Available Cash Amount; and
 - (d) the Tenancy-in-Common Distribution Amount.
- 8.5 The Vendor shall not be liable in respect of a General Claim to the extent that the General Claim arises or is increased as a result of:
- (a) any change in generally accepted accounting practice after the date of this Agreement;
 - (b) any change in the accounting policies or practice of the Purchaser or the Company (as the case may be), its subsidiaries, its parent companies, subsidiaries of its parent companies, or the Target after Completion; or

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- (c) the passing of any legislation, or making of any subordinate legislation after the date of this Agreement.
- 8.6 Where the Purchaser, the Target or the Company (as the case may be) is entitled to recover from any person any sum in respect of any matter or event which gives rise to a General Claim, the Purchaser, the Target or the Company (as the case may be) shall use its reasonable endeavours to recover that sum and shall keep the Vendor informed of the conduct of such recovery. The Purchaser, the Target or the Company (as the case may be) shall not be restricted from pursuing that or any other claim in relation to the same subject matter against the Vendor. Any sum recovered by the Purchaser, the Target or the Company (as the case may be) before settlement or final determination of the General Claim (less any reasonable costs and expenses incurred by the Purchaser, the Target or the Company (as the case may be) and the Target in recovering the sum and any Tax attributable to or suffered in respect of the sum recovered) will reduce the amount of the claim by an equivalent amount. If recovery is delayed until after the General Claim has been satisfied by the Vendor, the Purchaser, the Target or the Company (as the case may be) shall (subject to the remaining provisions of this Clause) repay to the Vendor the amount so recovered (less any reasonable costs and expenses incurred by the Purchaser, the Target and the Company in recovering the sum and any Tax attributable to or suffered in respect of the sum recovered). If the amount so recovered exceeds the amount of the General Claim satisfied by the Vendor the Purchaser, the Target or the Company (as the case may be) shall be entitled to retain the excess.
- 8.7 If the Purchaser, the Target or the Company (as the case may be) becomes aware of any claim action or demand made against it or the Target by a third party (a **Third Party Claim**) which may give rise to a General Claim:
- (a) the Purchaser shall, as soon as practicable, notify the Vendor giving reasonable details, so far as are known to the Purchaser, the Target or the Company (as the case may be) of the relevant facts and circumstances relating to the Third Party Claim;
 - (b) the Purchaser, the Target or the Company (as the case may be) shall keep the Vendor reasonably informed of all material developments in relation to the Third Party Claim within its knowledge.
- 8.8 Clauses 8.1 to 8.7 (inclusive) shall not apply to any claim in respect of Warranties set out in paragraphs 2 (Ownership of Buy-Back Shares) and 4 (Ownership of Shares) of Schedule 3.

9 Guarantee and indemnity

- 9.1 In consideration of the Purchaser agreeing to purchase the Shares from the Vendor and the Company agreeing to purchase the Buy-Back Shares from the Target on the terms set out in this Agreement, the Guarantor unconditionally and irrevocably guarantees to the Purchaser and to the Company the due and punctual discharge by the Vendor and by LN(V)UKL of their obligations of whatever nature (which shall, for the avoidance of doubt, include any respective liabilities to pay damages, agreed or otherwise) under this Agreement and the documents in agreed form (in each case the **Guaranteed Obligations**) and promises to pay on demand each sum (including any interest charges thereon up to and including such charges arising from the date of demand hereof until the date of payment hereunder) which the Vendor (whether for itself or on behalf of LN(V)UKL) is liable to pay under this Agreement.
- 9.2 Without prejudice to the rights of the Purchaser and of the Company against the Vendor as primary obligor, the Guarantor shall be deemed a principal debtor in respect of its obligations under this Agreement and not merely a surety and accordingly the Guarantor shall not be discharged nor shall its liability hereunder be affected by any act or thing or means whatsoever by which its said liability would have been discharged or affected if it had been a surety only.
- 9.3 The Guarantor's obligations shall be a continuing guarantee. The Purchaser or the Company may make claims and demands of the Guarantor without limit of number.

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- 9.4 The Guarantor's obligations shall be in addition to and not in substitution for, and shall not be prejudiced by, any rights which the Purchaser or the Company may have pursuant to any other agreement or security which the Purchaser or the Company may enter into or obtain in relation to this Agreement or the Guaranteed Obligations and the Guarantor's obligations may be enforced against it without first having recourse to any such rights or security.
- 9.5 The Guarantor's liability to the Purchaser and/or the Company shall not be discharged, impaired or affected by reason of:
- (a) any time or indulgence which the Purchaser and/or the Company may grant to the Vendor or any other person;
 - (b) any legal limitation, disability or incapacity or other circumstances relating to the Vendor, or any amendment to or variation of any of the terms of this Agreement or of any Guaranteed Obligation;
 - (c) any defect in the obligations of the Purchaser and/or the Company and/or the Target;
 - (d) the liquidation or dissolution of the Vendor or the appointment of a receiver, administrative receiver or administrator of any of the Vendor's assets or any change of control of the Vendor or the occurrence of any circumstance affecting the liability of the Vendor to discharge any Guaranteed Obligation; or
 - (e) any other matter or circumstance whereby but for this provision the Guarantor would or might be discharged from liability under this Clause 9.
- 9.6 As a separate, additional and continuing obligation, the Guarantor unconditionally and irrevocably undertakes with the Purchaser and the Company that, should the Guaranteed Obligations not be recoverable from the Guarantor under sub-clauses 9.1 and 9.2 for any reason whatsoever (including, but without prejudice to the generality of the foregoing, by reason of any provision of this Agreement being or becoming void, unenforceable or otherwise invalid under any applicable law) then, notwithstanding that that may have been known to the Purchaser and/or the Company, the Guarantor will as a sole, original, and independent obligation make payment of the Guaranteed Obligations to the Purchaser and/or the Company on demand by way of a full indemnity.
- 9.7 The Guarantor will indemnify the Purchaser and the Company against all losses, claims, costs, charges and expenses to which the Purchaser or the Company may acting reasonably be subject or which the Purchaser or the Company may incur whilst acting in good faith under or pursuant to this Agreement as a result of any default by the Vendor in performing any Guaranteed Obligation or by the Guarantor in performing its obligations under this Agreement.
- 9.8 Where:
- (a) any discharge (whether in respect of the Guaranteed Obligations, this Agreement or otherwise) is made in whole or in part; or
 - (b) any arrangement is made,
- in either case on the faith of any payment, security or disposition which is avoided (including, without limitation, under any laws relating to the insolvency or liquidation of the Vendor) or must be repaid, the liability under this Agreement shall continue as if there had been no such discharge or arrangement and the Guarantor shall indemnify the Purchaser and the Company in respect thereof.
- 9.9 The Guarantor shall pay all charges (including legal and other costs on a full indemnity basis) incurred by the Purchaser and/or the Company in relation to the enforcement by the Purchaser and/or the Company of the obligations of the Guarantor in this Clause 9.
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10 Insurance

10.1 The Vendor undertakes to procure that after Completion any incident occurring before Completion:

- (a) in respect of which an Insurance Claim could be made; and
- (b) which would have been covered by the Insurance Policies

shall be covered by the Insurance Policies (in accordance with and subject to their respective scopes, terms, conditions, exclusions, deductibles and limits, as in place on the date of the relevant Insurance Claim). The Vendor shall subject to the Purchaser's compliance with Clause 10.4 below timely make an Insurance Claim and shall account to and pay the Company or any relevant third party (as applicable) such amounts as it receives, in each case in respect of any such incident under the relevant Insurance Policies (in accordance with and subject to their terms, conditions, exclusions, deductibles and limits, as in place on the date of the relevant Insurance Claim).

10.2 The Company shall only be liable for the excess of £5,000 of any Insurance Claim made:

- (a) at the Company's request; and
- (b) in respect of an incident occurring before Completion

and the Vendor shall indemnify the Company against all costs arising in respect of any other excess or deductible otherwise payable under the Insurance Policies.

10.3 Following Completion, the Vendor shall not (and shall procure that no member of the Vendor's Group shall):

- (a) take any action so as to amend, alter, terminate or cancel any Occurrence-Based Insurance Policy; or
- (b) carry out any act, error or omission that would entitle the relevant insurer to avoid any Occurrence-Based Insurance Policy.

10.4 With respect to any incident occurring before Completion which may become subject to an Insurance Claim, the Company undertakes to take all steps and measures as are necessary to enable the Vendor Group to make a proper and timely Insurance Claim and as are required by a Vendor Group Company to assist with such Vendor Group Company's conduct and management of such Insurance Claim.

11 Completion Accounts

11.1 Following Completion the Vendor shall:

- (a) procure the preparation of a balance sheet and profit and loss account of the Target as at the close of business on the Completion Date (the **Draft Accounts**) in accordance with Clause 11.3;
- (b) use reasonable endeavours to procure that a copy of the Draft Accounts is delivered to the Purchaser as soon as reasonably practicable following, and in any event within 30 days after, Completion.

11.2 The Completion Accounts shall:

- (a) only take account of events and information known to the parties before the date on which a copy of the Draft Accounts is delivered to the Purchaser in accordance with Clause 11.1(b); and

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- (b) be prepared on a going concern basis and exclude any effects of the change in the control or ownership of the Target contemplated by this Agreement.
- 11.3 The Draft Accounts shall be prepared on the same accounting principles and practices as the Accounts subject to any adjustments required to conform such principals and practices to generally accepted UK accounting principles and practices current at the date of preparation of the Completion Accounts.
- 11.4 Following delivery of the Draft Accounts to the Purchaser and until agreement or determination of the Completion Accounts in accordance with this Clause each of the Vendor and the Purchaser shall procure (so far as it is able and so far as such matters are within its possession or control) that the other of them and their representatives are promptly provided with access to all books, records, assets, working papers or other documents and such other assistance (including access to personnel and premises) which they reasonably request for the purpose of reviewing the Draft Accounts, provided that any release of working papers may be upon terms which the accountants in question may reasonably require.
- 11.5 Each party shall be entitled, at its own expense (and in the case of the Vendor and its representatives subject always to Clause 12 (Confidentiality)), to make and retain copies of documentation to which it is granted access in accordance with the provisions of this Clause.
- 11.6 If the Purchaser wishes to dispute the Draft Accounts it shall notify the Vendor within ten Business Days after receiving the Draft Accounts and such notice shall specify which items the Purchaser disputes, its reasons and the adjustments which, in its opinion, should be made to the Draft Accounts in order to comply with the requirements of this Agreement.
- 11.7 If the Purchaser does not serve notice under Clause 11.6 or confirms in writing to the Vendor that it agrees with the Draft Accounts, Clause 11.13 shall apply.
- 11.8 If the Purchaser serves notice under Clause 11.6 the parties shall use all reasonable endeavours to meet and reach agreement upon the Draft Accounts.
- 11.9 If the Vendor and the Purchaser have not agreed the Draft Accounts within 15 Business Days of receipt by the Vendor of notice under Clause 11.6, or if any other dispute occurs in relation to the Draft Accounts, either the Purchaser or the Vendor may refer the matter in dispute to an independent chartered accountant in London (the **Independent Accountant**).
- 11.10 The Independent Accountant shall be nominated by the Vendor and the Purchaser or, failing agreement within five Business Days of a request from either party to approve an accountant for joint nomination, such independent accountant being a partner in an international firm of accountants as is appointed on the application of either of them by the President for the time being of the Institute of Chartered Accountants in England and Wales. The Independent Accountant shall be deemed to act as an expert and not as an arbitrator.
- 11.11 Each of the Vendor and the Purchaser shall promptly supply to the Independent Accountant all such assistance, documentation and information as he may require for the purposes of the reference, and the Vendor and the Purchaser shall use their respective reasonable efforts to procure the prompt determination of such reference. The determination of the Independent Accountant shall in the absence of manifest error be conclusive and binding on the parties.
- 11.12 The costs of any Independent Accountant shall be borne by the parties in such proportions as he may direct or, in the absence of direction, equally between the Purchaser and the Vendor. All other costs of the Purchaser shall be borne by the Purchaser. All other costs of the Vendor shall be borne by the Vendor.
- 11.13 Following agreement or determination of the Draft Accounts in accordance with this Clause the Draft Accounts as so agreed or determined shall constitute the Completion Accounts.
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12 Confidentiality

12.1 In this Clause:

Confidential Transaction Information means all information received or obtained by a Party as a result of entering into or performing this Agreement and which relates to:

- (a) the negotiations concerning this Agreement;
- (b) the provisions or subject matter of this Agreement; or
- (c) another Party or a person connected with that Party.

12.2 Except as permitted by Clause 12.3 each Party shall, and shall procure that any person connected with it and its officers and employees shall, keep confidential and not disclose to any person any Confidential Transaction Information.

12.3 A Party may disclose or permit the disclosure of Confidential Transaction Information:

- (a) to its officers, employees, shareholders, legal or other professional advisers, to the extent necessary to enable it or them to perform or cause to be performed or to enforce any of its rights or obligations under this Agreement;
- (b) (in the case of the Purchaser) to any bona fide prospective assignee permitted under Clause 15;
- (c) when required to do so by:
 - (i) law; or
 - (ii) the rules or any order of any court, tribunal or agency of competent jurisdiction; or
 - (iii) any securities exchange, regulatory or governmental body
 - (aa) which has jurisdiction over it or any of its group companies; or
 - (bb) to which it or any of its group companies normally submits;whether or not a direction from that body has the force of law; or
- (d) to the extent that the Confidential Transaction Information has become publicly available or generally known to the public at the time of such disclosure otherwise than as a result of a breach of this Clause; or
- (e) to a relevant Tax Authority to the extent required for the proper management of the taxation affairs of that party, any of its holding companies or any subsidiary of it or any of its holding companies; or
- (f) if such disclosure is expressly permitted by some other provision of this Agreement or if previously approved in writing by the other parties (not to be unreasonably withheld or delayed).

12.4 If a Party is required to disclose Confidential Transaction Information in a manner permitted by Clause 12.3 that party shall to the extent such consultation is permitted by the relevant law, rule, order, exchange or body:

- (a) provide the other Parties with advance notice of the requirement and a copy of the information to be disclosed; and

(b) take into account any representations made by the other Parties in relation to it.

12.5 The obligations in this Clause shall continue to apply after Completion or termination of this Agreement for a period of two years.

13 Announcements

13.1 Except as provided in Clause 12.3 or Clause 14.2 a Party shall not make (and shall procure that no person connected with it nor any of its officers or employees shall make) any public announcement concerning the subject matter of this Agreement without the prior written approval of the other Parties, such approval not to be unreasonably withheld or delayed.

13.2 A Party may make a public announcement concerning the subject matter of this Agreement if required by law or by or pursuant to the rules or any order of any court, tribunal or agency of competent jurisdiction.

13.3 If a Party is required to make a public announcement in a manner permitted by Clause 14.2 that Party shall to the extent permitted by the relevant law, rule, order, exchange or body:

(a) provide the other Parties with advance notice of the requirement and a copy of the announcement to be made; and

(b) take into account any representations made by the other parties in relation to it.

13.4 The obligations in this Clause shall continue to apply after Completion of this Agreement for a period of three months.

14 Assignment

14.1 Subject to Clause 14.4, this Agreement shall be binding upon and enure for the benefit of the successors in title of the Parties but, except as set out in Clause 16.2, shall not be assignable by any Party without the prior written consent of the other.

14.2 Subject to Clause 14.4, the Purchaser may:

(a) assign the benefit of this Agreement (including, without limitation, the Warranties) to any member of the Purchaser's Group provided and so long as the assignee remains a member of the Purchaser's Group (failing which the benefit of this Agreement shall no longer be available to such assignee) and provided always that the Vendor shall not become liable to pay any larger amount under this Agreement than would have been the case but for such assignment; and

(b) grant security over or assign by way of security all or any of its rights under this Agreement (the **Rights**) for the purposes of or in connection with the financing (whether in whole or in part) by the Purchaser of:

(i) the acquisition contemplated by this Agreement; or

(ii) its working capital or any other requirements of the Purchaser and the Purchaser's Group;

and the Purchaser's liquidator or administrator, or any receiver or other person or entity entitled to enforce any of such security may enter into any other assignments or transfers of any of the Rights.

14.3 The Vendor's and the Guarantor's liability under this Agreement shall be no greater to any assignee following an assignment than it would have been to the Purchaser or to the Company.

14.4 The Company's rights under this agreement shall not be assigned.

15 Further assurance and provision of information

15.1 Each Party shall at any time after Completion execute and do (or procure the execution and doing of) all such deeds, documents, acts and things as the other Parties shall reasonably require on or after Completion for carrying into effect the terms of this Agreement.

15.2 The Vendor shall for a period of seven years from Completion:

- (a) retain in its possession and control; and
- (b) as soon as reasonably practicable but in any event within ten Business Days, at the Purchaser's and/or the Company's written request and free of charge, permit the Purchaser and/or the Company or their duly authorised advisers and representatives to inspect and take copies of;

all books, records, accounts and documents (whether stored electronically or in hard copy form) relating to the business of the Target and the Company not passed to the Purchaser at Completion.

15.3 On receipt by the Vendor or any Group Company of the Vendor, on or after Completion, of any monies, notices, correspondence, information, orders or enquiries which relate to the Target or the Company, the Vendor will, and will procure that such Group Company of the Vendor will, as soon as reasonably practicable but in any event within five Business Days pass or transfer them to the Purchaser or the Company (or as they may otherwise direct) and title in them shall vest in the Company or the Purchaser as appropriate.

15.4 The Vendor irrevocably appoints any director of the Purchaser or the Company from time to time after Completion to be its attorney in its name and on its behalf to:

- (a) consent to the holding on short notice of any meeting of the Target and/or the Company;
- (b) appoint such person as the attorney thinks fit as the Vendor's proxy to attend and vote at any meeting of the Target and/or the Company; and
- (c) exercise all other rights and privileges (including the right to requisition the convening of an extraordinary general meeting of the Target and/or the Company) attaching to the Shares;
- (d) authorise the Target and/or the Company to send any notice, warrant or other document which the Vendor has the right to receive as a shareholder of the Target and/or the Company to the Purchaser and the Company at their addresses;

in each case in such manner as the attorney thinks fit, and to execute and do (or procure the execution and doing) of all such deeds, documents, acts and things as, in the opinion of the attorney, are necessary for those purposes.

16 Third party rights

16.1 With the exception of the rights of any director, employee, officer or agent of the Target to enforce the terms contained in Clauses 6.5, 6.8 and 6.9 (the directors, employees, officers and agents of the Target being together, the **Third Parties**) no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a Party to this Agreement.

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- 16.2 The rights of the relevant Third Parties to enforce the terms of Clauses 6.5, 6.8 and 6.9 are subject to the term that the Purchaser has the right (which it may waive in whole or in part in its absolute discretion and without the consent of or consultation with any Third Party) to have the sole conduct of any proceedings in relation to the enforcement of such rights (including any decision as to commencement or compromise of such proceedings) but will not owe any duty or have any liability to any of the Third Parties in relation to such conduct. The rights of the Third Parties under Clauses 6.5, 6.8 and 6.9 are also subject to the terms of Clause 14 (relating to assignment) and 26 (relating to governing law and jurisdiction).
- 16.3 Subject to Clause 21.2 the Parties to this Agreement may by agreement vary any term of this Agreement without the consent of any of the Third Parties.

17 Costs

The Parties shall pay their own costs in connection with the preparation and negotiation of this Agreement and any matter contemplated by it.

18 Remedies and waivers

- 18.1 Unless otherwise provided for in this Agreement no breach by any Party of any provision of this Agreement shall be waived or discharged except with the express written consent of the other Parties.
- 18.2 Unless otherwise provided for in this Agreement no failure or delay by the Purchaser and/or the Company in exercising any right, power or privilege under this Agreement shall operate as a waiver of that right, power or privilege and no single or partial exercise by the Purchaser and/or the Company of any right, power or privilege shall preclude any further exercise of that right, power or privilege or the exercise of any other right, power or privilege.
- 18.3 The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights and remedies provided by law or otherwise.

19 No deduction and gross up

- 19.1 All sums payable under or pursuant to this Agreement shall be paid in full without deduction, withholding, set-off or counterclaim save only as may be required by law.
- 19.2 If any sum paid to the Purchaser under this Agreement is subject to Tax other than Tax attributable to any interest on any payment, then the Vendor or the Guarantor (as the case may be) shall pay such additional amount as shall be required to ensure that the total amount received by the Purchaser after the payment of the Tax so chargeable on such amount, is equal to the amount that would otherwise be payable under this Agreement had the sum not been subject to Tax (after giving credit for any relief from or credit in respect of Tax available to the Purchaser as a result of such payment or the matters giving rise to such payment) provided that the Vendor's liability shall not increase after the assignment beyond its liability to the Purchaser before the assignment in the event the Purchaser assigns any part of this Agreement.

20 Entire agreement

- 20.1 This Agreement constitutes the whole and only agreement between the parties relating to:
- (a) the sale and purchase of the Buy-Back Shares hereby agreed to be sold; and
 - (b) the sale and purchase of the Shares hereby agreed to be sold.

20.2 Save as otherwise provided, this Agreement supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, relating thereto.

21 Changing this Agreement

- 21.1 Subject to Clause 21.2 no party may amend or change this Agreement without the written consent of each other party.
- 21.2 Any variation to this Agreement is subject to the prior approval of the Company in accordance with sections 697 to 699 (inclusive) of the 2006 Act.

22 Counterparts

- 22.1 This Agreement may be executed in any number of counterparts, including by way of facsimile signature or a scanned signature sent by email. Any Party may enter into this Agreement by executing any counterpart but this Agreement shall not be effective until each party has executed at least one counterpart.
- 22.2 Each counterpart shall constitute an original of this Agreement but all the counterparts together constitute the same instrument.

23 Severability

If a term of this Agreement shall be held to be illegal, invalid or unenforceable it shall to that extent be deemed not to form part of this Agreement, but the enforceability of the remainder of this Agreement shall not be affected.

24 Notices

- 24.1 This Clause applies to all notices and other communications (except formal notices in legal proceedings) between the parties under this Agreement (Notices).
- 24.2 Each Notice must be in writing in English and signed by the party giving it (or its authorised representative).
- 24.3 Notices must be delivered by one of these methods:
- (a) by hand;
 - (b) prepaid first class Recorded Signed For post;
 - (c) prepaid International Signed For post for an address outside the United Kingdom); or
 - (d) fax.

If the Recorded Signed For or International Signed For service is not available at the relevant time, the parties may use any widely-used postal service recording delivery instead.

- 24.4 Notices must be addressed to the party to be served at the address or fax number set out below as up-dated or replaced under Clause:
- (a) **The Vendor:**
Address: Regent Arcade House, 19-25 Argyll Street, London W1F 7TS

Fax: +44 870 749 0561

For the attention of: Mr. Paul Latham

Copy to:

Address: Hammonds LLP, 7 Devonshire Square, London, EC2M 4YH

Fax: +44 870 458 2811

For the attention of: Mr. Nicholas Allen

(b) **The Target:**

Address: One Fleet Place, London EC4M 7WS

Fax: +44 (0) 20 7246 7777

For the attention of: Mr Jerrold B. Katzman

Copy to:

Address: Regina House, 124 Finchley Road, London, NW3 5JS

Fax: +44 (0) 20 7433 2481

For the attention of: Mr Paul Taiano

(c) **The Company:**

Address: One Fleet Place, London EC4M 7WS

Fax: +44 (0) 20 7246 7777

For the attention of: Mr. Jerrold B. Katzman

Copy to:

Address: Regina House, 124 Finchley Road, London, NW3 5JS

Fax: +44 (0) 20 7433 2481

For the attention of: Mr. Paul Taiano

(d) **The Purchaser:**

Address: One Fleet Place, London EC4M 7WS

Fax: +44 (0) 20 7246 7777

For the attention of: Mr. Jerrold B. Katzman

Copy to:

Address: Regina House, 124 Finchley Road, London, NW3 5JS

Fax: +44 (0) 20 7433 2481

For the attention of: Mr. Paul Taiano

(e) **The Guarantor:**

Address: 9348 Civic Center Drive, Fourth Floor, Beverly Hills, CA 90210

Fax: +001 310 867 7054

For the attention of: Mr John Hopmans

Copy to:

Address: Gardere Wynne Sewell LLP, 1000 Louisiana Street, Suite
3400, Houston, Texas 77002

Fax: +001 713 276 6769

For the attention of: Mr. Michael F. Rogers

24.5 A Party may change its address or its fax number for Notices by notifying the other Parties. Each change takes effect on the effective date calculated under Clause 24.6, or on any later date set out in the Notice itself.

24.6 A Notice:

- (a) delivered by hand at 5 p.m. or earlier on a business day is effective at delivery.
- (b) delivered by hand after 5 p.m. or on a day which is not a business day is effective at 9.30 a.m. on the next business day.
- (c) sent by post is effective on the second business day (for national mail) or the fifth Business Day (for international mail) after posting. Proof the Notice was properly addressed, prepaid and posted is sufficient evidence the Notice has been duly served.
- (d) sent by fax is upon sending, if both these conditions are met:
 - (i) a transmission report confirms uninterrupted and error-free transmission; and
 - (ii) the sender does not get a telephone or email message from the recipient saying the fax was not complete and legible by the following time:
 - (aa) for faxes sent on a business day between 9.00 a.m. and 2.00 p.m., within three hours after sending;
 - (bb) for other faxes, by noon on the next business day after sending.

24.7 A Notice is not validly served under this Agreement if sent by email only. A party may copy a Notice by email without affecting its validity.

25 Service

25.1 A party may serve any Service Document on another party by posting it by prepaid Recorded Signed For or prepaid International Signed For post to:

- (a) that party's address for service given in this Clause; or
- (b) another address for service in England given in accordance with Clause 24 to the party effecting service.

25.2 The Guarantor's address for service under this Clause is:

FAO: Mr. Paul Latham
Regent Arcade House
19-25 Argyll Street
London W1F 7TS
Email: Paul.Latham@LiveNation.com
Fax: +44 870 749 0561

With a copy to: Mr. Nicholas Allen
Hammonds LLP
7 Devonshire Square
London, EC2M 4YH
Email: nick.allen@hammonds.com
Fax: +44 870 458 2811

26 Governing law and jurisdiction

This Agreement shall be governed by and construed in all respects in accordance with English law and the parties agree to submit to the exclusive jurisdiction of the English Courts as regards any claim or matter arising in relation to this Agreement.

Executed as a deed and delivered on the date appearing at the beginning of this Agreement.

Schedule 1 – Particulars of Vendor

<u>Names & Addresses</u>	<u>Number of Shares</u>
Apollo Leisure Group Limited 2nd Floor Regent Arcade House 19-25 Argyll Street London W1F 7TS	100

Schedule 2 – Details of the Target**Dominion Theatre Investments Limited**

Registered Number:	1623438
Company Status:	private limited company
Registered Office:	2nd Floor, Regent Arcade House, 19-25 Argyll Street, London W1F 7TS;
Authorised share capital:	100 ordinary shares of £1 each
Issued share capital:	100 ordinary shares of £1 each
Directors:	Stuart Douglas, Paul Latham and Alan Ridgeway
Secretary:	Selina Emeny
Auditors:	Ernst & Young LLP

Schedule 3 – Warranties

Part A – Buy-Back Warranties

1 Authority and capacity

- 1.1 The Target has full power and authority, without requiring or obtaining the consent of its shareholders or any other person, authority or body, to enter into and perform its obligations under this Agreement and any other document to be executed by it pursuant to or in connection with this Agreement.
- 1.2 This Agreement and any other document to be executed by the Target pursuant to or in connection with this Agreement will upon execution constitute valid and binding obligations of the Target in accordance with their respective terms which will not require the consent of any third party and will not result in a breach:
 - (a) of any provision of the memorandum or articles of association of the Target; or
 - (b) of any agreement, licence or other instrument or of any order, judgment or decree of any court governmental agency or regulatory body to which the Target is a party or by which the Target is bound.
- 1.3 All consents, permissions, approvals and agreements of third parties which are necessary or desirable for the Target to obtain in order to enter into and perform this Agreement in accordance with its terms have been unconditionally obtained in writing and have been provided in writing to the Company.

2 Ownership of Buy-Back Shares

- 2.1 The Target is the sole legal and beneficial owner of the Buy-Back Shares and has the right to exercise all voting and other rights over the Buy-Back Shares.
- 2.2 The Buy-Back Shares are free from any Encumbrance in favour of any person and from any agreement or commitment to give or create any Encumbrance.
- 2.3 The Target has no interests other than the Buy-Back Shares in the issued share capital of the Company.

Part B – General Warranties

3 Authority and capacity

- 3.1 The Vendor and the Guarantor each has full power and authority, without requiring or obtaining the consent of its shareholders or any other person, authority or body, to enter into and perform its obligations under this Agreement and any other document to be executed by it pursuant to or in connection with this Agreement.
- 3.2 This Agreement and any other document to be executed by the Vendor, LN(V)UKL or the Guarantor pursuant to or in connection with this Agreement will upon execution constitute valid and binding obligations of the Vendor, LN(V)UKL or the Guarantor (as appropriate) in accordance with their respective terms which will not require the consent of any third party and will not result in a breach:
 - (a) of any provision of the memorandum or articles of association of the Vendor; or

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- (b) of any agreement, licence or other instrument or of any order, judgment or decree of any court governmental agency or regulatory body to which the Vendor is a party or by which the Vendor is bound.
- 3.3 All consents, permissions, approvals and agreements of third parties which are necessary or desirable for the Vendor or the Guarantor to obtain in order to enter into and perform this Agreement in accordance with its terms have been unconditionally obtained in writing and have been provided in writing to the Purchaser.

4 Ownership of Shares

- 4.1 The Vendor is the sole legal and beneficial owner of the number of the Shares set opposite its name in Schedule 1 and has the right to exercise all voting and other rights over such Shares.
- 4.2 The Shares are free from any Encumbrance in favour of any person and from any agreement or commitment to give or create any Encumbrance.
- 4.3 The Shares constitute the entire issued share capital of the Target.
- 4.4 The Shares are each fully paid or credited as fully paid and have not been allotted at a discount.
- 4.5 No person has the right nor has claimed to have a right (whether exercisable now or at a future date and whether contingent or not) to subscribe for, or to convert any security into any shares, debenture or other securities of the Target and there are no Encumbrances over the unissued shares of the Target or any arrangements or obligations to create any such Encumbrances. No claim has been made by any person to be entitled to any of the above.
- 4.6 There is no share option scheme or other agreement or arrangement which obliges the Target to issue shares or to buy back or redeem any shares in the capital of the Target.
- 4.7 No shares in the capital of the Target have been issued and no transfers of shares in the capital of the Target have been registered otherwise than in accordance with the articles of association of the Target from time to time in force.

5 Corporate matters

- 5.1 The Target is a duly organised limited liability company validly existing under the laws of England and Wales and has been in continuous existence since its incorporation.
- 5.2 Save for the Buy-Back Shares, the Target has no, and has never had any, subsidiaries or subsidiary undertakings.
- 5.3 The Target is not, nor has agreed to become, a member of or party to any partnership, joint venture, consortium or other unincorporated association, body or undertaking or profit or loss sharing arrangement with any other entity or business.
- 5.4 No statutory merger (whether pursuant to the Cross Border Mergers Regulations 2007 or otherwise) has been proposed, sanctioned or approved in relation to the Target.
- 5.5 Save in respect of the Buy-Back Shares, the Target has no interest in the share capital or other securities of any other body corporate.
- 5.6 The Target does not have and has never had any branch, agency, place of business or permanent establishment outside the United Kingdom.
- 5.7 Details of the Target set out in Schedule 2 are accurate and complete.

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- 5.8 The copies of the memorandum and articles of association of the Target that were available on the Companies House register ten Business Days prior to Completion are true and complete copies and no subsequent amendment to the memorandum and articles of association has been made or filed, and the Target has complied with all the provisions of its memorandum and articles of association and, in particular, has not entered into any ultra vires transaction.
- 5.9 The register of members of the Target contains complete and accurate records of the members of the Target and the Target has not received any notice of any application or intended application for rectification.
- 5.10 The statutory books and registers of the Target and all current books of account are written up to date and all such documents and other necessary records, deeds, agreements and documents relating to its affairs are in its possession or under its control.
- 5.11 The Target and its officers have complied with the provisions of the 1985 Act and the 2006 Act from time to time in force, including the provisions as to filing of returns, particulars, resolutions and other documents with the registrar of companies and all legal requirements have been complied with in connection with the formation of the Target and with issues of its shares and other securities.
- 5.12 The Target has not at any time:
- (a) repaid or redeemed or agreed to repay or redeem any shares of any class of its share capital or otherwise reduced or agreed to reduce any class of its issued share capital or purchased any of its own shares or carried out any transaction having the effect of a reduction of capital;
 - (b) made or resolved or agreed to make any issue of shares or other securities by way of capitalisation of profits or reserves;
 - (c) given any financial assistance in contravention of the 1985 Act; or
 - (d) paid or (in circumstances in which it may have to repay all or part of the same by virtue of section 277 of the 1985 Act or section 847 of the 2006 Act) received any dividend or other distribution in breach of either the 1985 Act or the 2006 Act.
- 5.13 There are no powers of attorney given by the Target except any given incidental to and for the purposes only of enforcement of any security.

6 Accounts and Management Accounts

- 6.1 The Accounts:
- (a) have been prepared in accordance with generally accepted accounting practice commonly adopted by companies carrying on businesses similar to those carried on by the Target and in accordance with all applicable Statements of Standard Accounting Practice, Financial Reporting Standards and Abstract pronouncements of the Urgent Issues Task Force;
 - (b) show a true and fair view of the state of affairs of the Target as at the Accounts Date and of its profit or loss for the accounting reference period ended on that date;
 - (c) comply with all applicable legal requirements in the UK;
 - (d) are not affected by any unusual or non-recurring items and have not, in relation to the profit or loss shown in the Accounts, been affected by any extraordinary or exceptional event or circumstance or by any other factor rendering them unusually high or low.

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- 6.2 The Accounts include all liabilities and provisions required to be recognised by Financial Reporting Standard 12 entitled “Provisions, Contingent Liabilities and Contingent Assets”, disclose all contingent and disputed liabilities and all capital commitments of the Target at the Accounts Date and make adequate provision for all bad and doubtful debts.
- 6.3 The rate of depreciation adopted in the Accounts is sufficient for the value of each of the fixed assets of the Target to be written down to nil or its residual value by the end of its useful working life.
- 6.4 Since the Accounts Date:
- (a) except for the dividend of £6,489,235 paid on 29 June 2009 and the dividend of £7,268 paid on 20 October 2009 and the Interim Dividend no dividend or other distribution has been declared, paid or made by the Target;
 - (b) there has been no event, change or occurrence which, individually or together with any other event, change or occurrence, which has or would reasonably be expected to have, or is likely to have, a material adverse effect on or cause a material adverse change to the financial position or prospects of the Target;
 - (c) the Target has not acquired or disposed of or agreed to acquire or dispose of any material asset;
 - (d) no debtor has been released by the Target on terms that he pays less than the book value of any debt and no debt has been written off or has proved to be irrecoverable to any extent;
 - (e) the Target has not paid any service, professional, management or similar charges or any interest or amount in the nature of interest to any other person or incurred any liability to make such a payment; and
 - (f) save for in respect of the Interim Dividend the Target has not incurred any liabilities (actual or contingent, present or future).
- 6.5 The Management Accounts:
- (a) have been prepared using the same estimation techniques and accounting policies as those adopted in preparing the Accounts and the Previous Accounts; and
 - (b) have been properly and carefully prepared, are not misleading and do not overstate the profits or understate the losses of the Target in respect of the period to which they relate.
- 7 Business, Assets and Liabilities**
- 7.1 Since incorporation the Target has carried on no trade. The sole activity of the Target is the holding of investments for use by the Target’s Group Companies.
- 7.2 The Target does not own, has never owned, and has not agreed to acquire, any assets other than the Buy-Back Shares, its interest in the Tenancy-in-Common and (as landlord) the Lease, debtors and cash.
- 7.3 The Target does not have and has never had any present, future, actual or contingent liabilities.
- 7.4 The Target is not party to or subject to any agreement, arrangement, obligation or commitment except in respect of the Shareholder’s Agreement, the Tenancy-in-Common, and the Lease (together the **Target Agreements**).
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- 7.5 Save for the Target Agreements the Target has not entered into any contract since its incorporation under which the Target has continuing obligations or liabilities immediately before or at or after the date of this Agreement.
- 7.6 All licences, permissions and consents required for the carrying on of the business of the Target have been obtained by it and are in full force and effect and the Vendor is not aware of any circumstances indicating that any of those licences, permissions or consents is likely to be revoked or not renewed in the ordinary course.
- 7.7 The Target has complied in all material respects with all legal requirements applicable to its business, whether in the United Kingdom or in any other country.
- 7.8 There is not outstanding:
- (a) any loan made by the Target to, or debt owing to the Target by, the Vendor, or any other member of the Vendor's Group or any director of the Target or any person connected with any of them; or
 - (b) any agreement or arrangement to which the Target is a party and in which the Vendor or any other member of the Vendor's Group or any director of the Target or any person connected with any of them is interested.

8 Borrowings and Debt

- 8.1 The Target has no outstanding obligation for the payment or repayment of money, whether present or future, actual or contingent, in respect of:
- (a) monies borrowed or raised;
 - (b) any recourse to a company selling or discounting receivables in respect of receivables sold or discounted;
 - (c) moneys raised under any bond, note, stock, or other security;
 - (d) moneys raised under or in respect of acceptance credit and documentary credit facilities;
 - (e) the acquisition cost of assets or services to the extent payable after the time of acquisition or possession;
 - (f) rental payments under chattel leases and hire purchase agreement; or
 - (g) any guarantee, indemnity or other assurance against or arrangement intended to prevent or limit loss in respect of any obligation for the payment or repayment of money described in paragraphs (a) to (f), above any such obligation being referred to below as a **Borrowing**.
- 8.2 The Target has no subsisting Encumbrance or any other agreement or arrangement having a similar effect over the whole or any part of its present or future revenues or assets.
- 8.3 No Borrowing of the Target has become or is now due and payable, or capable of being declared due and payable, before its normal or originally stated maturity and no demand or other notice requiring the payment or repayment of money before its normal or originally stated maturity has been received by the Target.
- 8.4 No event or circumstance has occurred, or may occur with the giving of notice or lapse of time determination of materiality or satisfaction of any other condition, such as to entitle any person to require the payment or repayment of any Borrowing before its normal or originally stated maturity or which is or shall be such as to terminate, cancel or render incapable of exercise any entitlement to draw money or otherwise exercise the rights of the Target under an agreement relating to Borrowing.

9 Property

- 9.1 Save in respect of the Tenancy-in-Common and the Lease, the Target does not use or occupy or have, nor has ever used, occupied or had, any interest in any land and/or buildings.
- 9.2 The Target is entitled at law and in equity to both the Tenancy-in-Common and the Lease.
- 9.3 Neither the Tenancy-in-Common nor the Lease is subject to any Encumbrance.
- 9.4 The Target has not at any time entered into either a lease of or a licence to assign any leasehold property as a guarantor of the tenant covenants contained in any such document.

10 Litigation and defaults

- 10.1 The Target is not engaged or proposing to engage in any litigation, arbitration, prosecution or other legal proceedings, and there are no claims or actions (whether criminal or civil) in progress, outstanding or threatened against the Target, its assets or any of its directors or shareholders or in respect of which the Target is liable to indemnify any party concerned and so far as the Vendor is aware, none are pending.
- 10.2 Neither the Target nor any of its officers, directors or shareholders has by any act or default committed:
- (a) any criminal or unlawful act in connection with the business of the Target;
 - (b) any breach of trust in relation to the business or affairs of the Target;
 - (c) any breach of contract or statutory duty or any tortious act which could entitle any third party to terminate any contract to which the Target is a party or could lead to a claim against the Target for damages, compensation or an injunction.
- 10.3 No party with whom the Target has entered into any contract is in default under it, and, so far as the Vendor is aware, there are no circumstances likely to give rise to such a default.
- 10.4 No governmental or official investigation or inquiry concerning the Target is, so far as the Vendor is aware, in progress or threatened and, so far as the Vendor is aware, there are no circumstances which are likely to give rise to any such investigation or inquiry.

11 Insurance

- 11.1 The Target has at all material times had valid insurance cover in respect of its business and assets:
- (a) against all risks (including loss of profits for a period of at least six months) normally insured against by companies carrying on the same type of business as the Target or having similar assets;
 - (b) for the full replacement value of its assets and for such amount in respect of its business as would in the circumstances be prudent for such a business;
 - (c) from a well-established and reputable insurer.

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- 11.2 All policies of insurance taken out in connection with the Target are all valid and all premiums paid on such policies are fully paid, have been provided to the Purchaser and the Target has not done or omitted to do or allowed anyone to do or not to do anything which might render any of those policies void or voidable and has complied with all conditions attached to them.
- 11.3 No claim under any policy of insurance taken out in connection with the business or assets of the Target is outstanding and, so far as the Vendor is aware, there are no circumstances likely to give rise to such a claim.

12 Employees

- 12.1 The Target does not have, and has never had, any employees.
- 12.2 The Target has no liabilities in respect of any past or present officers or employees of the Target.

13 Pensions

The Target does not operate or participate in and has never operated or participated in any schemes or arrangements promising or providing for retirement and/or death benefits and or ex gratia pensions or other payments in relation to any of its directors or any other person.

14 Intellectual Property Rights and Information Technology

- 14.1 The Target does not own and has never owned any Intellectual Property Rights.
- 14.2 The Target does not operate and has never operated any computer hardware or software.

15 Winding up etc

- 15.1 No order has been made and no resolution has been passed for the winding up of, or a provisional liquidator to be appointed in respect of, the Target and no petition has been presented and no meeting has been convened for the purpose of winding up the Target.
- 15.2 No administrator has been appointed in respect of the Target no steps intended to result in such an appointment have been taken.
- 15.3 No receiver (which expression shall include an administrative receiver) has been appointed in respect of the Target.
- 15.4 The Target is not insolvent or unable to pay its debts within the meaning of the Insolvency Act 1986 and the Target has not stopped paying its debts as they fall due.
- 15.5 No voluntary arrangement has been proposed in respect of the Target.
- 15.6 No event analogous to any of the foregoing has occurred in any jurisdiction outside the United Kingdom.

Part C – Tax Warranties**16 Returns, payments and liability**

- 16.1 The Target has in the last six years duly, accurately and punctually:
- (a) maintained all records;
 - (b) filed all returns (except for the 2008 return which is due by 31 December 2009 and 2009 tax return which includes 2009 pre-completion periods and which is due by 31 December 2010) computations, notices, claims, elections, accounts, statements, reports and other documents; and
 - (c) furnished all information in complete and accurate form
- for Tax purposes that are required by law and there is no dispute or open enquiry with any Tax Authority and so far as the Vendor is aware nor is there likely to be any dispute with or enquiry by any Tax Authority.
- 16.2 The Target has paid all Taxes that are due and payable with respect to it, and its operations and its assets in a timely manner and, so far as the Vendor is aware, is not, and has not in the two years ending on the date of this Agreement been, liable to pay a penalty, surcharge, fine or interest in connection with Tax.
- 16.3 The Tax liabilities of the Target during any accounting period ending on or within six years before the Accounts Date or the current accounting period have not depended on any informal or unpublished concession, agreement or other arrangement with any Tax Authority.
- 16.4 The Target is not and there are no circumstances in existence at Completion that could make the Target liable to pay any amount in respect of any Tax in respect of any profit for any Tax purpose, income, gain, transaction, act, omission or event (whether deemed to have occurred or otherwise) of any other person.
- 16.5 The Target has sufficient records to determine the Tax consequences which would arise on any disposal or realisation of any asset owned at the Accounts Date or acquired since that date but before Completion.
- 16.6 The United Kingdom is the only jurisdiction in which the profits, income or gains of the Target are chargeable to Tax or in which any acquisitions, imports or supplies made by the Target are chargeable to value added tax.
- 16.7 All payments made by the Target which ought to have been made under deduction or withholding of Tax (including without limitation emoluments and benefits the subject of PAYE) have been so made and any sums required to be accounted for have been accounted for to the relevant Tax Authority.

17 Expenditure deductible

The Target has not since the Accounts Date made any revenue payment (or provided any other amount in money or money's worth) or incurred any liability and is not subject to any obligation under which it will or may at any time hereafter become liable to make any revenue payment (or provide any other amount in money or money's worth) which (in either such case) is not deductible in full in computing the profits of the Target for the purposes of corporation tax.

18 Conduct of trade

There has been no major change in the nature or conduct of the business carried on by the Target in the three-year period ending on Completion nor has the scale of the activities in the business carried on by the Target become small or negligible at any time.

19 Capital allowances

The Target does not and has never claimed or been entitled to capital allowances in relation to any asset in which it has an interest.

20 Tax assets

As at the Completion Date, the Target does not own or otherwise have any legal entitlement to any Tax asset.

21 Deemed disposals

No asset is owned by the Target of which there will be a deemed disposal under section 179 of TCGA in consequence of this Agreement or Completion.

22 Groups

- 22.1 There are no arrangements or agreements under which the Target is or may become liable to make or entitled to receive any payments or repayments in respect of group relief.
- 22.2 The Target has not entered into nor been the subject of arrangements with respect to payment of corporation tax pursuant to section 36 of the Finance Act 1998.
- 22.3 The Target has not and cannot be required to make any election under any of section 171A, section 175, section 179A or section 179B of the TCGA.

23 Instalment Payments

The Target is not a “large company” within the meaning of regulation 3 of the Corporation Tax (Instalment Payments) Regulations 1998.

24 Close Company

The Target is not and has never been a close company within the meaning of the Taxes Act.

25 Value added tax

- 25.1 The Target is not a taxable person and is not and has not been registered for the purposes of the VAT Act.
- 25.2 Neither the Target nor any company of which the Target is a relevant associate within the meaning of Schedule 10 to the VAT Act has under that Schedule elected to waive exemption or exercised an option to tax in relation to land in which the Target has an interest, nor made a real estate election under that Schedule in relation to any land.

26 Stamp duty/SDLT

- 26.1 All documents under which the Target has any right, title or interest and which attract stamp duty in the United Kingdom were executed in, or have been brought into, the United Kingdom and have been duly stamped and the Target has duly and punctually paid all stamp duty reserve tax to which it is or has been liable.
- 26.2 No liability to stamp duty will arise in the Target under section 111 or section 113 of the Finance Act 2002 in consequence of this Agreement or Completion.
- 26.3 The Target is not the purchaser in relation to a land transaction to which section 51 of the Finance Act 2003 applies or in respect of which an application to defer payment of SDLT under section 90 of the Finance Act 2003 has been accepted.
- 26.4 No chargeable interest has been acquired by the Target in the last three years pursuant to a land transaction in respect of which relief from SDLT was claimed by the Target.

27 Employment related securities

The Target has not issued any shares or securities which are employment-related securities for the purposes of Part 7 of the Income Tax (Earnings and Pensions) Act 2003.

28 Anti-avoidance

The Target has not entered into or been a party to any transaction, scheme or arrangement which, or which included a step or steps which, served no commercial purpose other than the saving of Tax.

Part D – Manager Warranties**29 Full Disclosure**

- 29.1 Save for matters arising in any board meeting of the Company at which the Purchaser was present where such matters were fully and accurately disclosed in respect of the facts and the potential issues involved there are no matters relating to the Company of which the Vendor is aware that are likely to have an adverse effect on the Company or so far as the Vendor is aware its future prospects that LN(V)UKL has failed to fully and fairly disclose to the Company and all of its directors.
- 29.2 LN(V)UKL is not in breach of the Management Agreement.
- 29.3 Save in respect of liabilities incurred by LN(V)UKL to ADP to pay licence fees payable on a per payslip basis in respect of payroll services provided to LN(V)UKL in the ordinary course under the performance of its duties under the Management Agreement LN(V)UKL has not incurred any liabilities to any third parties arising out of the Management Agreement.
- 29.4 Save in respect of:
- (a) the Transaction Processing Services; and
 - (b) the grant of access to the Transaction Processing Records by means of access to the Vendor's Oracle Financial System database and the Vendor's ADP payroll system

the services to be provided by the Vendor to the Company pursuant to the Transitional Services Agreement shall be the same in scope and nature as the services as were provided by or on behalf of LN(V)UKL under the Management Agreement during the 12 month period immediately before Completion.

Schedule 4 – Adjustment to Consideration

Part A – Adjustment Mechanism

1 Available Cash statement

- 1.1 No sooner than 30 Business Days following Completion but in any event within 40 Business Days after the Completion Date, the Vendor shall procure the preparation of a draft of the Available Cash Statement on the basis of the Accounting Policies and in the same format as the Pro-forma Available Cash Statement. The Purchaser shall permit the Vendor and its accountants to have such access to the management and books and records of the Company and to take copies of the same, in each case, as they may reasonably require in order to prepare the draft Available Cash Statement.
- 1.2 When the draft Available Cash Statement has been prepared, the Vendor shall deliver a copy thereof to the Purchaser. The Purchaser and its accountants shall then have a period of 15 Business Days after the date on which the Vendor delivered the draft Available Cash Statement to the Purchaser (the **Review Period**) within which to review the draft Available Cash Statement and to satisfy itself that it has been duly prepared in accordance with this Agreement and that the value of the Available Cash Amount has been correctly calculated. The Purchaser shall, before the expiry of the Review Period, either:
- (a) confirm in writing to the Vendor that it agrees that the value of Available Cash Amount has been correctly calculated; or
 - (b) give notice in writing to the Vendor explaining, in reasonable detail, why in the Purchaser's opinion, the draft Available Cash Statement has not been prepared in accordance with paragraph 1.1 and setting out details of the Purchaser's proposed adjustments (including the amounts of such proposed adjustments) to the draft Available Cash Statement and to the calculation of the value of the Available Cash Amount.
- 1.3 If the Purchaser fails so to confirm or to give such notice in accordance with paragraph 1.2 the draft Available Cash Statement and the value of the Available Cash Amount shown in such draft shall be deemed to have been finally accepted and agreed by the Vendor and the Purchaser.
- 1.4 If the Purchaser serves a valid notice in accordance with paragraph 1.2(b):
- (a) the Vendor and the Purchaser shall endeavour to resolve all matters in dispute as soon as practicable. If they fail to resolve such matters within 20 Business Days of the date on which the Vendor received such notice from the Purchaser (or such longer period as the Vendor and the Purchaser shall agree in writing) (the **Resolution Period**) the Purchaser or the Vendor may refer the matters in dispute to a firm of independent chartered accountants agreed by the Vendor and the Purchaser within 10 Business Days of a request by notice of either of them to the other or, failing agreement within that time, nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales on the application of the Vendor or the Purchaser (the **Independent Accountants**). The Independent Accountants shall be instructed to determine matters in dispute and the final Available Cash Amount in accordance with the provisions of this Schedule 4 and to make such determination as soon as practicable and in any event within 30 Business Days of them being instructed or such longer period as they shall, in their discretion, reasonably require. In making such determination, the Independent Accountants shall act as experts and not as arbitrators and their decision shall (in the absence of manifest error) be final and binding on the parties. The costs of the Independent Accountants shall be borne by the parties in such proportions as the Independent Accountants may direct or, in the absence of any such direction, as to one half by the Purchaser and as to the other half by the Vendor; and

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- (b) without prejudice to the Independent Accountants' right to make a direction as to their costs, the parties shall bear their own legal, accounting and other professional costs in connection with the preparation of their submissions to the Independent Accountants and the resolution of the matters in dispute.

2 Adjustment to the Shares Purchase Price

- 2.1 On agreement (in accordance with paragraphs 1.2 or 1.3) or determination (in accordance with paragraph 1.4) of the Available Cash Statement the following adjustments shall be made in order to determine the final amount of the Shares Purchase Price:
- (a) if the Available Cash Statement shows the Available Cash Amount to be greater than the Estimated Available Cash Amount, then the Shares Purchase Price shall be increased by, and the Purchaser shall pay to the Vendor a cash sum equal to, one third of the amount by which the Available Cash Amount exceeds the Estimated Available Cash Amount; and
 - (b) if the Available Cash Statement shows the Available Cash Amount to be less than the Estimated Available Cash Amount, then the Shares Purchase Price shall be decreased by, and the Vendor shall pay to the Purchaser a cash sum equal to one third of the amount by which the Estimated Available Cash Amount exceeds the Available Cash Amount;
- 2.2 All payments to be made pursuant to this Schedule 4 shall be made within five Business Days of the date on which the Available Cash Statement is agreed, deemed agreed or determined in accordance with the provisions of paragraph 1.2, 1.3 or 1.4 (as the case may be) of this Schedule Schedule 4.
- 2.3 Any such payment not made on the due date for payment shall bear interest (which shall accrue from day to day after as well as before any judgment for the same) from the due date to and including the day of actual payment at 2% above the base rate of Barclays Bank plc from time to time.

Part B – Accounting Policies

The Available Cash Statement shall be prepared in accordance with the same generally acceptable accounting conventions, policies, principles and practices as those used in preparing the annual audited accounts of the Company in respect of the period ending 31 December 2008. Without the prejudice to the foregoing provisions, the following accounting policies, principles, practices, bases and methodologies shall apply:

Tax

In calculating the Tax provision in respect of the period from 1 January 2009 to the Completion Date, that period shall be treated as if it is a separate period for Tax purposes. The method of calculation shall be consistent with that used in preparing the statutory accounts for the period ended 31 December 2008 subject to any changes that are required as a result of a change in Tax Legislation, practice, concession or interpretation of a Tax Authority.

In calculating the Tax provision, there shall be taken into account any transfer pricing adjustment (pursuant to the provisions of Schedule 28AA of the Taxes Act) in connection with any transaction between the Target and any member of the Vendor's Group.

No provision shall be made in respect of any stamp duty or stamp duty reserve tax payable in respect of the acquisition of the Buy-Back Shares.

Cash

Cash represents cash in hand and bank balances, adjusted where applicable for unrepresented cheques and outstanding lodgements.

Capital expenditure

Capital expenditure to be deducted from the 2009 CAPEX Budget shall be such capital expenditure as has been incurred and expensed in accordance with the 2009 CAPEX Budget

General provisions

No provision shall be made in respect of working capital.

Liabilities incurred or transactions occurring after Completion and relating to the period after Completion shall not be taken into account.

No provision shall be made in respect of events occurring after the delivery of the draft of the Available Cash Statement as contemplated under paragraph 1.2 of Part A of this Schedule 4.

The Tenancy In Common net cash amount shall be the amount of the current assets, including cash, less the current liabilities of the Tenancy-in-Common.

Part C – Pro-forma Available Cash Statement

	<u>£</u>	<u>£</u>
Inventory	23,964	
Debtors and prepayments	1,048,641	
Advance Ticket Sales	730,092	
Less: Creditors	(2,557,122)	
Net current liabilities excluding cash and advances		(754,426)
Total cash including Escrow	4,701,218	
Less: Funds to meet net current liabilities	(754,426)	
Less: Funds in respect of Advance Ticket Sales	(730,092)	
Net Cash		3,216,700
Tenancy in common net cash		148,701
Net cash including TIC		3,365,401
Reserves (2009 CAPEX Budget)	(330,000)	
Less: incurred and expensed in accordance with the 2009 CAPEX Budget	104,028	
Less: cost of Kiosk at Dominion Theatre	75,000	
Total Reserves		(150,972)
Working Capital balance		(0)
Available Cash Amount		3,214,429
Vendor's share of Available Cash 33%		<u>1,060,761</u>

Signed as a deed by)
Apollo Leisure Group Limited)
acting by a director in the presence of:) /s/ David Rogers

Signature of witness: /s/ S. Wotherspoon

Name of witness: S. Wotherspoon

Address: Hammonds LLP
Devonshire Square,
London

Signed as a deed by)
Dominion Theatre Investments Limited)
acting by a director in the presence of:) /s/ David Rogers

Signature of witness: /s/ S. Wotherspoon

Name of witness: S. Wotherspoon

Address: Hammonds LLP
Devonshire Square,
London

Signed as a deed by)
Nederlander International Limited)
acting by a director in the presence of:) /s/ Jerrold B. Katzman

Signature of witness: /s/ Nick Kirton

Name of witness: Nick Kirton

Address: One Fleet Place
London EC4M 7WS

Signed as a deed by)
Nederlander Dominion Limited)
acting by a director in the presence of:) /s/ Jerrold B. Katzman

Signature of witness: /s/ Nick Kirton

Name of witness: Nick Kirton

Address: One Fleet Place
London EC4M 7WS

Signed as a deed by)
Live Nation, Inc.)
acting by John Hopmans) /s/ John Hopmans
being [a] person[s] who in accordance with
the law of the State of Delaware are acting
under the authority of the company

DATED 2 November 2009

APOLLO LEISURE GROUP LIMITED (1)

THE AMBASSADOR THEATRE GROUP LIMITED (2)

and

LIVE NATION, INC (3)

SHARE PURCHASE AGREEMENT

relating to the sale and purchase of the whole of the issued share capital of **LIVE NATION (VENUES) UK LIMITED**

Hammonds LLP

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Reference: NPA/JHP/CLE.110-231

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PARTIES

- (1) **APOLLO LEISURE GROUP LIMITED**, a company incorporated in England (company number: 2129195) whose registered office is at 2nd Floor Regent Arcade House 19-25 Argyll Street London W1F 7TS (the “**Seller**”);
- (2) **THE AMBASSADOR THEATRE GROUP LIMITED**, a company incorporated in England (company number 02671052) of The Ambassadors, Peacocks Centre, Woking, Surrey, GU21 6GQ (the “**Buyer**”); and
- (3) **LIVE NATION, INC.**, a company incorporated in Delaware of 9348 Civic Center Drive, Beverly Hills, California 90210, United States (the “**Guarantor**”).

INTRODUCTION

- A The Seller is the legal and beneficial owner of the whole of the issued share capital of the Target.
- B The Seller has agreed to sell the whole of the issued share capital of the Target to the Buyer on the terms of this agreement.
- C The Guarantor has agreed to guarantee the obligations of the Seller under this agreement.

IT IS AGREED THAT:

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this agreement the following words and expressions shall have the following meanings.

“**Advance Payments**” means all amounts paid by the Target on or before the Transfer Date in respect of goods or services to be supplied to the Target pursuant to any Contract after the Transfer Date.

“**Advance Ticket Receipts**” means all amounts paid to the Target on or before the Transfer Date in respect of the sale of tickets for events to be held in the Theatres after the Transfer Date calculated on the same basis and taking into account the items, as set out in, the proforma illustration of Advance Ticket Receipts as set out at Schedule 8.

“**ASB**” means the Accounting Standards Board Limited, a company registered in England and Wales (company number 2526824), or such other body prescribed by the Secretary of State from time to time pursuant to the Companies Acts.

“**Associate**” means any person, firm or company which is a connected person (as defined in section 839 Taxes Act) of the Seller, or which is an associated company of the Seller within the meaning of section 416 Taxes Act but excluding the Target Group.

“**Book Debts**” means all trade and other debts, such debts to include VAT (whether due for payment or not), owing to the Target as at the Transfer Date but excluding any debts owing from any member of the Seller’s Group.

“Business” means the business of operating and where applicable owning each of the Properties as carried on by the Target Group at the Signing Date.

“Business Day” means any day (other than a Saturday, Sunday or a bank or public holiday) during which clearing banks are open for business in the City of London.

“Buyer’s Group” means the Buyer, any subsidiary of the Buyer, any holding company of the Buyer and any subsidiary of any holding company of the Buyer, from time to time.

“Buyer’s Solicitors” means Denton Wilde Sapte LLP of One Fleet Place, London, EC4M 7WS.

“Buyer’s Solicitors Bank Account” means the bank account with account number 67072440 and sort code 15-80-00.

“Cash at Bank” means the actual positive £(sterling) cash figure as represents cash held in the Target’s bank accounts as at the Transfer Date as stated in the books and records of the Target excluding the London Show Escrow Accounts.

“Companies Acts” means the applicable provisions of the Companies Act 1985 and the Companies Act 2006 from time to time in force and as they are supplemented and amended.

“Completion” means completion of the sale and purchase of the Shares on the Completion Date in accordance with clause 6.

“Completion Date” means no later than 16:59 GMT hours on 2 November 2009.

“Confidential Business Information” means all or any information of a secret or proprietary or confidential nature (however stored) and not publicly known which is owned by any member of the Target Group and which is used primarily in relation to the business of the Target Group including the Database.

“Contract” means any contract or commitment (whether written or oral) to which any member of the Target Group is a party which is wholly or partly unperformed as at the Signing Date but excluding rights in respect of any leases, tenancies or licences under which certain of the Properties are held.

“Database” means the database of individuals who have purchased tickets for productions presented or to be presented at the Theatres and/or applied for membership of the Live Card programme (including the address, telephone and/or email address of such individuals).

“Data-Protection Legislation” means:

- (a) the Data Protection Act 1998 (as the same may be amended or modified from time to time);
- (b) the Privacy and Electronic Communications (EC Directive) Regulations 2003 as may be amended or modified from time to time;

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- (c) all or any guidance or codes of practice issued by the Information Commissioner's Office, and any statutes, regulations or directives from time to time relating to the processing of personal data; and
- (d) any regulations, laws, codes, guidance and restrictions in each jurisdiction in which the relevant member of the Target Group has a permanent establishment, agency or place of business or in which it carries on any trade or in which it receives, stores, maintains, processes, controls or transmits or relays personal data (including sensitive personal data).

"Data Room" means the electronic data room containing documents and information relating to the Target Group made available by the Seller, the contents of which are listed in the Data Room Index.

"Data Room Index" means the index of documents attached at Appendix 1 to the Disclosure Letter.

"Disclosure Bundle" means the documents in the agreed form attached to or referred to in the Disclosure Letter.

"Disclosure Letter" means the letter in the agreed form dated the same date as this agreement from the Seller to the Buyer disclosing information, including the contents of the Data Room, constituting exceptions to the Warranties and the Tax Warranties and details of other matters referred to in this agreement.

"Dominion Theatre" means the Dominion Theatre, 268-269 Tottenham Court Road, London, W1T 7AQ more particularly described in a sub lease dated 20 May 1988 made between Butlins Limited (1) and Saveflex Limited (2) registered at the Land Registry with Title Absolute under title number NGL616483.

"ENA Methodology" means the methodology in the agreed form as is to be adopted by the parties in determining the Estimated Net Assets.

"Estimated Advance Ticket Receipts" means the £(sterling) figure agreed as an estimate of the Advance Ticket Receipts being £22,739,092.

"Estimated Cash at Bank" means the £(sterling) figure agreed as an estimate of the Cash at Bank being £734,763.

"Estimated Free Cash" means the £(sterling) figure agreed as an estimate of the Free Cash being £841,799.

"Estimated Net Assets" means the £(sterling) figure agreed in accordance with the ENA Methodology as an estimate of the Net Assets being minus £4,267,459 (-£4,267,459).

"Estimated Reconciliation" means the £(sterling) figure as representing the Estimated Advance Ticket Receipts less the Estimated Free Cash being £21,897,292.

"Estimated Theatre Float" means the £(sterling) figure agreed as an estimate of the Theatre Float being £107,036.

"Free Cash" means the Theatre Float and the Cash at Bank.

“GAAP” means generally accepted accounting practices, principles and standards in compliance with all applicable laws in the United Kingdom including without limitation the legal principles set out in the Companies Acts, rulings and abstracts of the ASB and guidelines, conventions, rules and procedures of accounting practice in the United Kingdom which are regarded as permissible by the ASB.

“Indebtedness” means all Intercompany Indebtedness and any indebtedness as represents borrowings from a financial institution made to any member of the Target Group (whether or not due for payment) by any lending institution.

“Intellectual Property” means any patents, trade marks, goodwill or right to sue for passing off, copyrights and related rights, registered designs, unregistered design rights, database rights, performers’ rights, trade secrets and other confidential information, know-how, business or trade names (including internet domain names and e-mail address names) and all other intellectual and industrial property and rights of a similar or corresponding nature in any part of the world for the full term of the rights, whether registered or not or capable of registration or not, and including the right to apply for and all applications for any of the foregoing rights and:

- (a) any similar or equivalent rights and assets;
 - (b) any licences, applications, permissions or consents granted, applied for or given in respect of the rights in any of the above; and
 - (c) designations and rights under any international convention for protection of any of the rights in any of the above,
- which may now or in the future subsist anywhere in the world.

“Interest” means an annual rate equal to one per cent. (1%) above the base rate of Barclays Bank plc from time to time, calculated on a daily basis.

“IP Agreements” means all arrangements, agreements, licences, authorisations and permissions (in whatever form and whether express or implied) under which any member of the Target Group:

- (a) uses or exploits Third Party Intellectual Property Rights; and
- (b) has licensed or agreed to license Intellectual Property to, or otherwise permitted the use of any Target Intellectual Property Rights by, any third party.

“Intercompany Indebtedness” means any indebtedness (whether or not due for payment) of any member of the Target to:

- (a) any member of the Seller’s Group; or
 - (b) any director, officer, employee or shareholder of any member of the Seller’s Group,
- but shall not include any items on normal trading account or any salary payments or proper expenses of directors and employees of any member of the Target Group fairly listed in the Disclosure Letter.

“Last Accounts” means the audited balance sheet of the Target as at the Last Accounts Date and the audited profit and loss account of the Target made up to the Last Accounts Date and the auditor’s and the directors’ reports and notes thereon.

“Last Accounts Date” means 31 December 2008.

“Leakage” means:

- (a) any dividend or distribution declared, paid or made by the Target to or for the benefit of the Seller; or
- (b) any payments made (or future benefits granted) to (or assets transferred to, or liabilities assumed, indemnified, guaranteed, secured or insured for the benefit of) any member of the Seller’s Group; or
- (c) any payments made by the Target to, or at the direction of, the Seller’s Group in respect of any share capital or other securities of the Target being created, issued, redeemed, purchased or repaid or any other return of capital; or
- (d) the waiver, release or discount by the Target of any amount owed to it by the Seller’s Group; or
- (e) any payment or obligation to pay or incur any third party costs or expenses relating to the transactions contemplated by this Agreement; or
- (f) any agreement or arrangement made or entered into by the Target to do or give effect to any matter referred to in (a) to (e) above.

“Leases” means the leases in place in respect of such of the Properties as are held on a leasehold basis as set out at Schedule 4.

“Live Nation GPPP” means the Live Nation Group Personal Pension Plan with Friends Provident.

“Live Nation Life Assurance Scheme” means the life assurance only scheme known as the Live Nation (Venues) UK Limited Group Life Assurance Scheme.

“Live Nation Limited” means Live Nation Limited (company number: 3805556) of 2nd Floor, Regent Arcade House, 19-25 Argyll Street, London W1F 7TS.

“Live Nation Pension Scheme” means the defined benefit, occupational pension scheme known as the Live Nation (Venues) UK Limited Pension & Life Assurance Scheme (Pensions Regulator registration number 10216092).

“Live Nation Pension Scheme Valuation” means the actuarial valuation of the Live Nation Pension Scheme as at 1 April 2009 for the purposes of section 224 of the Pensions Act 2004.

“Live Nation Stakeholder Scheme” means the Live Nation Group Stakeholder Pension Plan with Friends Provident.

“London Show Escrow Accounts” means such balances as are held in escrow in respect of each of the Lion King and the Wicked productions currently showing at each of the Lyceum and Apollo Victoria.

“Mackintosh Foundation Charge” has the meaning given to it in Part 2 of Schedule 1.

“Management Accounts” means the unaudited balance sheet and profit and loss account of the Target and the Target cash flow for each month in the 9 month period ended on 30 September 2009.

“Material Contracts” means those contracts of the Target Group listed as such in a Appendix 2 to the Disclosure Letter.

“Net Assets” means the net current assets of the Target at the Transfer Date as calculated in accordance with the provisions of Schedule 7.

“Net Asset Statement” means the statement to be prepared in accordance with the provisions of clause 10 and Schedule 7 showing the Net Assets in the format set out in Part 3 of Schedule 7.

“Ordinary Presenting Agreement” means any agreement under which any person is granted the right to hire and/or use all or any part of the Properties for any particular event or events whether for a single date or for multiple dates.

“Owned Target Intellectual Property Rights” means all the Intellectual Property owned by any member of the Target Group including the Database.

“Pension Payment” means the pension payment of £1,392,000 to be made immediately before Completion such payment representing a settlement as calculated by reference to the funding deficit in the Live Nation Pension Scheme as measured on an ongoing basis as at 1 April 2009 with such payment having been made by the Target to the trustees of the Live Nation Pension Scheme using funds provided to the Target by the Seller’s Group recognising that less than 10% of the members of the Live Nation Pension Scheme are current employees of the Target and that the majority of members of the Live Nation Pension Scheme are not (or as the case may be were not) employed at any of the Properties and instead provide or provided (as the case may be) their services in respect of other venues either owned or managed or formerly owned or managed by either the Target or the Seller’s Group.

“Pension Schemes” means the Live Nation Pension Scheme, the Live Nation GPPP, the Live Nation Stakeholder Scheme and the Live Nation Life Assurance Scheme.

“Properties” means all the freehold and leasehold properties owned or occupied or used by any member of the Target Group, brief details of which are set out in Part 1 of Schedule 4 and **“Property”** means any one of them.

“Property Creditors” means any and all liabilities of any member of the Target Group in respect of the Properties arising in connection with (i) dilapidations and/or (ii) any obligation to repair, or redecorate, or reinstate or on account of any other works to be carried out at any of the Properties not subject to the Leases.

“Reconciliation” means the actual £(sterling) figure as represents the Advance Ticket Receipts less the Free Cash as such figure is calculated in accordance with the provisions of clause 9 by reference to the format for such calculation as set out in Schedule 8.

“Relevant Benefits” has the meaning set out in section 393(B)(1) of the Income Tax (Earnings and Pensions) Act 2003 but as if section 393(B)(2) did not apply and shall include benefits within section 393(B)(3).

“Security Interest” means any mortgage, charge, assignment, guarantee, indemnity, debenture, pledge, declaration of trust, lien, right of set off or any encumbrance.

“Seller’s Group” means the Seller, any subsidiary undertaking of the Seller, any parent undertaking of the Seller and any subsidiary undertaking of any parent undertaking of the Seller and any associated undertaking of any such person, from time to time, but excluding the Target Group.

“Seller’s Solicitors” means Hammonds LLP of 7 Devonshire Square London EC2H 4YH (ref: NPA/CLE.110-231).

“Seller’s Solicitors Bank Account” means Hammonds LLP client account number 00199536, sort code 30-00-05 at Lloyds TSB, 6-7 Park Row, Leeds LS1 1NX.

“Shares” means the 200 ordinary shares of £1.00 each in the capital of the Target.

“Signing Date” means the date of this agreement.

“Subsidiary” means First Family Entertainment LLP, brief details of which are set out in Part 3 of Schedule 1.

“Target” means Live Nation (Venues) UK Limited, brief details of which are set out in Part 2 of Schedule 1.

“Target Group” means the Target and the Subsidiary.

“Target Intellectual Property Rights” means all the Intellectual Property owned, used or held for use by any member of the Target Group including the Database.

“Tax” has the meaning given to it in Schedule 6.

“Tax Authority” has the meaning given to it in Schedule 6.

“Tax Covenant” has the meaning given to it in Schedule 6.

“Tax Warranties” has the meaning given to it in Schedule 6.

“Taxes Act” has the meaning given to it in Schedule 6.

“Theatre Float” means the actual aggregate amount of cash held by the Target at each Theatre as at the Transfer Date.

“Theatres” means each of the Properties save for Grehan House, Oxford and School House, Manchester.

“Third Party Intellectual Property Rights” means all Intellectual Property owned by a third party and used or held for use by any member of the Target Group.

“Ticketmaster” means Ticketmaster of 3701 Wilshire Boulevard, 9th Floor, Los Angeles, California, 90010 and Ticketmaster UK Limited of 48 Leicester Square, London EC2H 7LR.

“Ticketmaster Agreement” means the agreement between SFX Entertainment Inc (now Live Nation, Inc) and SFX UK Holdings Limited (now Live Nation Limited) dated 28 March 2001.

“Ticketmaster Accession Agreement” means the accession agreement in the agreed form to be entered into between the Buyer, the Seller, Live Nation Limited, the Guarantor and Ticketmaster on Completion.

“Trade Mark Licence” means the licence granted by Live Nation (Music) UK Limited, a member of the Seller’s Group to the Target to use the “Apollo” name in the agreed form.

“Transfer Agreements” means the business sale and purchase agreements entered into by the Target with each of Apollo Leisure Group Limited and Live Nation (Music) UK Limited respectively copies of which are included in the Disclosure Bundle.

“Transfer Date” means 11:59pm on Saturday, 31 October 2009;

“Transitional Services Agreement” means the agreement in the agreed form to be entered into between the Buyer and the Seller on Completion.

“UKLA” means the Financial Services Authority acting in its capacity as the UK Listing Authority.

“Warranties” means the warranties set out in Schedule 2.

- 1.2 Any reference to a statutory provision shall be construed as including references to all statutory provisions or other subordinate legislation made pursuant to that statutory provision.
- 1.3 Unless the context otherwise requires, all words and expressions which are defined in the Companies Acts shall have the same meanings in this agreement.
- 1.4 A person is **“connected”** with another if that person is connected with another within the meaning of Section 839 of the Income and Corporation Taxes Act 1988.
- 1.5 Unless the context otherwise requires:
 - (a) words denoting the singular include the plural and vice versa;
 - (b) words denoting any gender include all other genders;
 - (c) any reference to “persons” includes individuals, bodies corporate, companies, partnerships, unincorporated associations, firms, trusts and all other legal entities;
 - (d) all references to time are to London time;

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- (e) any reference to a party is to a party to this agreement.
- 1.6 Clause headings are for convenience only and shall not affect the interpretation of this agreement. Any reference to a clause, sub-clause, paragraph or schedule is to the relevant clause, sub-clause, paragraph or schedule of this agreement.
- 1.7 The schedules to this agreement shall for all purposes form part of this agreement.
- 1.8 Any reference to a document being in the “agreed form” means a document in a form agreed by the parties and initialled by, or on behalf of, each of them for the purposes of identification.
- 1.9 Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2 SALE AND PURCHASE

- 2.1 Subject to the terms and conditions of this agreement, the Seller shall at Completion sell with full title guarantee and the Buyer shall purchase the Shares and section 6(2) of the Law of Property Miscellaneous Provisions Act 1994 shall not apply to such sale and purchase.
- 2.2 The Seller shall at Completion waive:
- (a) all pre-emption rights in respect of the Shares; and
 - (b) any other rights which restrict the transfer of the Shares, conferred on the Seller whether by the articles of association of the Target, by agreement or otherwise.
- 2.3 The Seller covenants with the Buyer that:
- (a) the Shares are fully paid (or credited as fully paid) and constitute the whole of the allotted and issued share capital of the Target;
 - (b) the Seller is entitled to sell and transfer the full legal and beneficial ownership of the Shares to the Buyer on the terms set out in this agreement without the consent of any third party; and
 - (c) the Shares will be sold and transferred to the Buyer free from all Security Interests and together with all accrued benefits and rights attaching or accruing to the Shares, including all dividends declared on or after the date of this agreement.
- 2.4 Each of the covenants given by the Seller pursuant to clause 2.3 will be deemed to be repeated at Completion.
- 2.5 Notwithstanding anything to the contrary in this agreement, the Target’s interest in the Dominion Theatre is excluded from this agreement and the transactions contemplated hereby. The Buyer acknowledges and agrees that:
- (a) the Consideration excludes the Target’s interest in the Dominion Theatre;

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- (b) neither it nor any member of the Target Group shall have any interest whatsoever in or to the Dominion Theatre after Completion; and
 - (c) the Buyer will (at the Seller's sole cost and expense) take such all further actions after Completion upon the Seller's request as may be reasonably necessary to fully complete the assignment and transfer of the Target's interest in the Dominion Theatre from the Target Group to the Seller's Group.

3 CONSIDERATION

The consideration for the purchase of the Shares shall be the sum of £90,000,000 payable in cash at Completion subject to adjustment in accordance with this agreement (the "**Consideration**").

4 EXCHANGE OF CONTRACTS

- 4.1 Exchange of contracts ("**Exchange**") shall take place at the offices of the Sellers' Solicitors immediately after the signing of this agreement on the date of this agreement when each of the events in clauses 4.2 to 4.3 shall occur.
- 4.2 At Exchange, the Seller shall deliver to the Buyer:
 - (a) the Disclosure Letter duly executed for and on behalf of the Seller;
 - (b) the Trade Mark Licence in the agreed form;
 - (c) the Ticketmaster Accession Agreement in the agreed form; and
 - (d) the Transitional Services Agreement in the agreed form.
- 4.3 At Exchange, there shall be delivered or made available to the Buyer by the Seller as evidence of the authority of each person entering into an agreement or document on behalf of the Seller, a certified copy of a resolution of the board of directors (or a duly authorised committee) of the Seller and/or a power of attorney conferring such authority.
- 4.4 Upon completion of all of the matters specified in clauses 4.2 to 4.3:
 - (a) the Buyer shall deliver the Disclosure Letter duly executed for and on behalf of the Buyer; and
 - (b) as evidence of the authority of each person entering into an agreement or document on behalf of the Buyer, the Buyer shall deliver to the Seller a certified copy of a resolution of the board of directors (or a duly authorised committee) of the Buyer and/or a power of attorney conferring such authority.

5 PRE-COMPLETION OBLIGATIONS

- 5.1 In the period from the Signing Date until Completion the Seller shall procure that the Target Group shall:
 - (a) carry on the Business as a going concern in the normal and ordinary course of business as the Target Group has run the Business for the last twelve months so far as reasonably practicable;

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- (b) not grant or create or agree to grant any Security Interest over or affecting the Target Group;
 - (c) keep the Buyer updated upon reasonable written request in respect of the Business and promptly provide to the Buyer any information which it may reasonably require in relation to the Business; and
 - (d) ensure that all financial transactions relating to the Business shall be conducted through the Target's bank account or in the cash float at each of the Theatres.
- 5.2 The Seller shall maintain in force (or procure that any relevant member of the Seller's Group shall maintain in force) up to and including the Completion Date all policies of insurance relating to the Target Group and which are in force at the Signing Date. If any of the Properties or any of the material physical assets in the properties are lost, destroyed or damaged prior to the Completion Date, the Seller shall procure that any insurance monies recoverable in respect thereof shall be paid to the Target and the Seller shall (or shall procure that any other relevant person shall) direct the relevant insurance company accordingly, and in such event any such insurance monies received by the Seller shall be promptly paid to the Buyer and pending such payment shall be held by it on trust for the Buyer absolutely.
- 5.3 The Seller shall covenant to the Buyer that between Exchange and Completion:
- (a) no member of the Seller's Group will receive or benefit from or will become entitled to receive any Leakage; and
 - (b) no member of the Seller's Group will consent to or vote in favour of any Leakage being paid or made,
- provided that this clause 5 shall not prevent the operation of the Transfer Agreements and it is agreed that any sums received by the Target in relation to the business transferred under the Transfer Agreements shall be promptly paid to the Seller by the Target.
- 5.4 The Seller shall pay to the Buyer on demand an amount equal to any Leakage.

6 COMPLETION

- 6.1 Completion shall take place at the offices of the Seller's Solicitors on the Completion Date or at such agreed time prior to the Completion Date when each of the events set out in clauses 6.2 to 6.4 shall occur.
- 6.2 At Completion, the Seller shall deliver to the Buyer:
- (a) duly completed and executed transfers of the Shares in favour of the Buyer or as it directs;
 - (b) the certificates for the Shares;

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- (c) the resignations of Paul Robert Latham, Stuart Robert Douglas and Alan Brian Ridgeway as directors or as members (as applicable) of each member of the Target Group and the secretary of each member of the Target Group in the agreed form from their respective offices;
 - (d) the resignations of each of David Vickers and Brian Newman as trustees of the Pension Schemes in the agreed form; and
 - (e) evidence in the agreed form that all charges, debentures and other Security Interests (other than the Mackintosh Foundation Charge) affecting each member of the Target Group have been released and discharged in full.
- 6.3 At Completion, there shall be delivered or made available to the Buyer by the Seller:
- (a) the Trade Mark Licence duly executed for and on behalf of Live Nation (Music) UK Limited and the Target;
 - (b) the Ticketmaster Accession Agreement duly executed for and on behalf of the Seller and each applicable member of the Seller's Group and Ticketmaster; and
 - (c) the Transitional Services Agreement duly executed for and on behalf of the Seller and the Guarantor;
 - (d) the register of members and other statutory registers of the Target duly made up to Completion;
 - (e) an amount equal to the Estimated Reconciliation less the amounts standing in the London Show Escrow Accounts (as specified in Schedule 8) such aggregate amount to be paid by the Seller to the Buyer's Solicitor's Bank Account at Completion;
 - (f) the title deeds relating to each of the Properties as are in the possession of the Target as set out at section 1.12 of the Data Room;
 - (g) the Pension Payment shall be made by way of a bankers draft from the Seller's Group on behalf of the Target; and
 - (h) bank statements of all bank accounts of the Target as at a date not more than 5 Business Days prior to Completion.
- 6.4 The Seller shall procure that at Completion, a board meeting of the Target shall be duly convened and held at which, with effect from Completion:
- (a) the transfers referred to in clause 6.2(a) shall (subject to applicable stamping) be approved and registered;
 - (b) such persons as the Buyer shall nominate shall be appointed as directors and as the secretary of the Target and the resignations referred to in clause 6.2(c) shall be submitted and accepted;
 - (c) any Intercompany Indebtedness shall be settled in full; and

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- (d) the registered office of the Target shall be changed to such address as the Buyer shall specify.
- 6.5 Upon completion of all of the matters specified in clauses 6.2 to 6.4 the Buyer shall:
- (a) pay the sum of £90,000,000 by telegraphic transfer to the Seller's Solicitors Bank Account; and
 - (b) the Buyer shall deliver to the Seller the Ticketmaster Accession Agreement duly executed on behalf of the Buyer and on behalf of Ticketmaster; and
 - (c) the Buyer shall deliver to the Seller the Transitional Services Agreement duly executed on behalf of the Buyer.
- 6.6 The Buyer may in its absolute discretion waive any requirement contained in clauses 6.2 to 6.4 (inclusive) but shall not be obliged to complete the purchase of any of the Shares unless the purchase of all the Shares is completed simultaneously in accordance with such clauses and this agreement.

7 POST-COMPLETION OBLIGATIONS

- 7.1 The Seller undertakes that, immediately following Completion until such time as the transfers of the Shares have been registered in the register of members of the Target, the Seller will hold those Shares registered in its name on trust for and as nominee for the Buyer or its nominee(s) and undertakes to hold all dividends and distributions and exercise all voting rights available in respect of the Shares in accordance with the directions of the Buyer or its nominee(s) and if the Seller is in breach of the undertakings contained in this clause the Seller irrevocably authorises the Buyer to appoint some person or persons to execute all instruments or proxies (including consents to short notice) or other documents which the Buyer or its nominee(s) may reasonably require and which may be necessary to enable the Buyer or its nominee(s) to attend and vote at general meetings of the Target and to do any thing or things necessary to give effect to the rights contained in this clause 7.1.
- 7.2 With effect from Completion, the parties agree that the confidentiality undertaking dated 20 May 2009 between the Seller and the Buyer relating to the Target Group shall be terminated.

8 WARRANTIES

- 8.1 As at the Signing Date the Seller warrants to the Buyer that each Warranty and Tax Warranty is true and accurate and not misleading as at the date of this agreement, subject only to:
- (a) any matter fairly disclosed in the Disclosure Letter;
 - (b) the limitations and qualifications set out in this clause 8 and Schedule 3; and
 - (c) in relation to the Tax Warranties only, the limitations and qualifications set out in Part 4 of Schedule 6.
- 8.2 Each Warranty and Tax Warranty made or given in respect of the Target shall be deemed to be a warranty made or given in respect of each member of the Target Group and (unless the context or subject matter otherwise requires) the expression the "Target" in the Warranties and the Tax Warranties shall be construed accordingly.

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- 8.3 If any Warranty or Tax Warranty is qualified by the expression “so far as the Seller is aware” or “to the best of the knowledge, information and belief of the Seller” or words to such effect, such expression shall mean that the Seller shall be deemed to have knowledge of all facts, matters and circumstances actually known to the Seller and which would have been known to the Seller had it made all reasonable enquiries of the Seller’s Group regarding the subject matter of the Warranty or Tax Warranty.
- 8.4 Notwithstanding any other provisions of this agreement or any other agreement or document entered into pursuant to this agreement, none of the limitations contained in this clause 8, Schedule 3, Schedule 6 or the Disclosure Letter nor any statutory limitation shall apply to any claim for breach of the Warranties, the Tax Warranties or under the Tax Covenant where the fact, matter or circumstance giving rise to the claim arises as a result of fraud by the Seller.
- 8.5 If any amount is paid by the Seller in respect of a breach of any Warranty or Tax Warranty or otherwise pursuant to this clause 8, the amount of such payment shall be deemed to constitute a reduction in the consideration payable under this agreement.
- 8.6 The liability of the Seller under the Warranties, the Tax Warranties and the Tax Covenant should be limited pursuant to the provisions of Schedule 3 and Part 4 of Schedule 6.
- 8.7 The Seller agrees that any information supplied by the Target or the Subsidiary or by or on behalf of the employees, directors, agents or officers of the Target and the Subsidiary (“**Officers**”) to the Seller or its advisers in connection with the Warranties, the information disclosed in the Disclosure Letter or otherwise shall not constitute a warranty, representation or guarantee as to the accuracy of such information provided by the Target, the Subsidiary or the Officers in favour of the Seller, and the Seller hereby undertakes to the Buyer and to the Target, the Subsidiary and each Officer that it waives any and all claims which it might otherwise have against any of them in respect of such claims.
- 8.8 The Buyer warrants to the Seller in the terms set out in Schedule 5.

9 ADVANCE TICKETS AND FREE CASH RECONCILIATION

- 9.1 As soon as reasonably practicable after the Signing Date and in any event within 14 days of the Signing Date, the Seller shall prepare and submit to the Buyer a draft of the Reconciliation (the “**Draft Reconciliation**”). The Draft Reconciliation shall be prepared in accordance with the format as set out at Schedule 8 and shall give a figure for the Reconciliation. The Buyer shall procure that the Seller is given all such assistance and access to all such information in the Buyer’s possession or control as it may reasonably require in order to enable the Seller to prepare the Draft Reconciliation.
- 9.2 The Buyer shall, within 10 Business Days after receipt of the Draft Reconciliation, give written notice to the Seller stating whether or not the Buyer proposes any amendments to the Draft Reconciliation.
- 9.3 Unless the Buyer gives notice in accordance with clause 9.2 that it has proposed amendments to the Draft Reconciliation, then the Draft Reconciliation shall constitute the Reconciliation for the purposes of this Agreement. If the Buyer gives notice in

accordance with clause 9.2 that it has proposed amendments to the Draft Reconciliation then the Buyer and the Seller shall, within the period of 5 Business Days after receipt by the Seller of such notice, seek to agree the proposed amendments.

9.4 In the event of:

- (a) a failure by the Seller to submit the Draft Reconciliation to the Buyer within the period referred to in clause 9.1; or
- (b) any dispute between the Buyer and the Seller as to any matter relevant to the Draft Reconciliation remaining unresolved at the expiry of the period of 5 Business Days referred to in clause 9.3;

such failure or dispute shall be referred to an independent firm of chartered accountants agreed by the Buyer and the Seller within 5 Business Days of such failure or notification of dispute or, in the event of a failure to agree such firm within 5 Business Days, to an independent firm of chartered accountants appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales on the application of either the Buyer or the Seller (the “**Accountants**”). Such Accountants shall determine the Reconciliation. The fees of any such Accountants shall be paid by the Buyer and/or the Seller in the proportions determined by the Accountants. The Buyer and the Seller shall procure that such Accountants are given all such assistance and access to all such information in the Buyer’s or (as the case may be) the Seller’s possession or control as the Accountants may reasonably require in order to determine the Reconciliation. Any Accountants appointed under this clause 9 shall act as experts and not as arbitrators and their determination shall be binding on the parties.

9.5 If the Reconciliation provides a figure which is:

- (a) a lower figure than the Estimated Reconciliation then the Buyer shall pay to the Seller in cash a sum equal to the amount of any short fall;
- (b) a greater figure than the Estimated Reconciliation then the Seller shall pay to the Buyer in cash a sum equal to the amount of any excess; and

any payment required under the preceding provisions of this clause 9 shall be made in the case of the payment to the Seller by means of a telegraphic transfer to the Seller’s Solicitors Bank Account and in the case of a payment to the Buyer by means of a telegraphic transfer to the Buyer’s Solicitors Bank Account. Any sum which becomes payable under this clause shall be due for payment within 3 Business Days of the Reconciliation being determined. Any sum which becomes payable by the Buyer to the Seller under the preceding provisions of this clause 9.5 shall constitute a corresponding increase in the Consideration whilst any sum which becomes payable by the Seller to the Buyer under the preceding provisions of this clause 9.5 shall constitute a corresponding reduction in the amount of the Consideration.

9.6 Any payment made pursuant to clause 9 shall carry Interest from the Signing Date to the date of actual payment (both dates inclusive).

9.7 For the avoidance of doubt no payment shall be payable under the terms of this clause 9 if Completion does not take place.

10 NET ASSET STATEMENT

- 10.1 As soon as reasonably practicable after Completion and in any event within 60 days of the Signing Date, the Buyer shall prepare and submit to the Seller a draft of the Net Asset Statement (the “**Draft Statement**”). The Draft Statement shall be prepared in accordance with Schedule 7 and shall give a figure for the Net Assets. The Seller shall procure that the Buyer is given all such assistance and access to all such information in the Seller’s possession or control as it may reasonably require in order to enable the Buyer to prepare the Draft Statement.
- 10.2 The Seller shall, within 15 Business Days after receipt of the Draft Statement, give written notice to the Buyer stating whether or not the Seller proposes any amendments to the Draft Statement.
- 10.3 Unless the Seller gives notice in accordance with clause 10.2 that it has proposed amendments to the Draft Statement, then the Draft Statement shall constitute the Net Asset Statement for the purposes of this Agreement. If the Seller gives notice in accordance with clause 10.2 that it has proposed amendments to the Draft Statement then the Buyer and the Seller shall, within the period of 10 Business Days after receipt by the Buyer of such notice, seek to agree the proposed amendments.
- 10.4 In the event of:
- (a) a failure by the Buyer to submit the Draft Statement to the Seller within the period referred to in clause 10.1; or
 - (b) any dispute between the Buyer and the Seller as to any matter relevant to the Draft Statement or the Net Asset Statement remaining unresolved at the expiry of the period of 10 Business Days referred to in clause 10.3;

such failure or dispute shall be referred to the Accountants in accordance with the provisions as pertain to the appointment of the Accountants as set out at clause 9.4. Such Accountants shall determine the Net Asset Statement. The fees of any such Accountants shall be paid by the Buyer and/or the Seller in the proportions determined by the Accountants. The Buyer and the Seller shall procure that such Accountants are given all such assistance and access to all such information in the Buyer’s or (as the case may be) the Seller’s possession or control as the Accountants may reasonably require in order to determine the Net Asset Statement. Any Accountants appointed under this clause 10 shall act as experts and not as arbitrators and their determination shall be binding on the parties.

- 10.5 If the Net Assets (being negative) comprise:
- (a) a greater negative sum than the Estimated Net Assets then the Seller shall pay to the Buyer in cash a sum equal to the amount of any such excess;
 - (b) a lower negative sum than the Estimated Net Assets then the Buyer shall pay to the Seller in cash a sum equal to the amount by which it is lower;

So that, by way of example, if the Estimated Net Assets are minus £1,000 (-£1,000) and the Net Assets are minus £1,500 (-£1,500) the Net Assets would be a greater negative sum than the Estimated Net Assets. If the Estimated Net Assets are minus £1,000 (-£1,000) and the Net Assets are minus £500 (-£500) then the Net Assets would be a lower negative sum than the Estimated Net Assets.

Any payment required under the preceding provisions of this clause 10 shall be made in the case of the payment to the Seller by means of a telegraphic transfer to the Seller's Solicitors Bank Account and in the case of a payment to the Buyer by means of a telegraphic transfer to the Buyer's Solicitors Bank Account. Any sum which becomes payable under this clause shall be due for payment within 3 Business Days of the Net Asset Statement being determined. Any sum which becomes payable by the Buyer to the Seller under the preceding provisions of this clause 10.5 shall constitute a corresponding increase in the Consideration whilst any sum which becomes payable by the Seller to the Buyer under the preceding provisions of this clause 10.5 shall constitute a corresponding reduction in the amount of the Consideration.

- 10.6 Any payment made pursuant to clause 10 shall carry Interest from the Signing Date to the date of actual payment (both dates inclusive).
- 10.7 For the avoidance of doubt no payment shall be payable under the terms of this clause 10 if Completion does not take place.
- 10.8 The Seller confirms that Book Debts have been collected and creditors of the Business have been paid in the ordinary course in accordance with the Target's usual practice.

11 INDEMNITIES

- 11.1 With effect from Completion, the Seller agrees to indemnify and keep indemnified the Buyer and each member of the Target Group from and against all demands, claims, liabilities (whether actual or contingent), losses, costs and expenses whatsoever excluding any losses, costs or expenses in respect of Tax but including all interest, penalties, legal and other costs and expenses, together with value added and similar taxes thereon (if applicable), made against or suffered or incurred by the Buyer or any member of the Target Group in connection with:
 - (a) the sale, transfer or other disposal of any assets, properties or investments (or any interest in any assets, properties or investments) by the Target prior to Completion whether pursuant to the Transfer Agreements or otherwise including, but not limited to the following related matters:
 - (i) the transfer of the Target's interest in the Dominion Theatre and the Buyer's performance of the obligations in clause 2.5(c);
 - (ii) the employment or termination of employment before completion of the Transfer Agreements of any of the transferring employees named in the Transfer Agreements or any other person employed in, or assigned to, the business to be transferred pursuant to the Transfer Agreements;
 - (iii) any failure by the Target to comply with its obligations to any trade union or other worker representative prior to completion of the Transfer Agreements solely in respect of the employees transferred under the Transfer Agreements (the "**Transferred Employees**");
 - (iv) any payments due to the Transferred Employees or any other person employed in, or assigned to, the business to be transferred pursuant to

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- the Transfer Agreements, in respect of their employment up to and including the date of completion of the Transfer Agreements (including but not limited to payments under or in connection with any profit related pay or other incentive or bonus scheme applicable to the Transferred Employees or any other person employed in, or assigned to, the business to be transferred pursuant to the Transfer Agreements immediately before completion of the Transfer Agreements) whether or not such payment arises from or in connection with the period of employment on or after completion of the Transfer Agreements;
- (v) any accrued but untaken holiday entitlements of the Transferred Employees or any other person employed in, or assigned to, the business to be transferred pursuant to the Transfer Agreements up to and including the date of completion of the Transfer Agreements;
 - (vi) the employment or termination of employment of any Transferred Employees whose contract of employment does not, or who claims that his contract of employment does not, transfer;
 - (vii) the employment details of the Transferred Employees or any employee liability information as defined in Regulation 11 of the Transfer of Undertakings (Protection of Employment) Regulations 2006 being in any material respect untrue, inaccurate, incomplete or misleading;
- (b) the conduct by any member of the Target Group prior to Completion of any business or activity other than the business or activity as relates to the ownership and/or management and operation of the Properties;
 - (c) the ownership or occupation by any member of the Target Group prior to Completion of any property other than the Properties;
 - (d) any guarantees given by any member of the Target Group prior to the date hereof on behalf of any member of the Seller's Group in relation to any property;
 - (e) the sale of the Shares pursuant to this agreement including any transaction, brokerage or advisory fees incurred or borne by any member of the Target Group and any fees, commissions, bonuses or other incentives and any costs or expenses paid or payable by any member of the Target Group to any directors, officers, employees, agents or advisers of the Seller's Group or the Target Group in connection with the sale of the Shares pursuant to this agreement or the preparation of the Target Group for sale prior to Completion; and
 - (f) any claim or allegation by Key Brand Entertainment Inc ("**Key Brand**") in relation to:
 - (i) the Bidding Rights Agreement effective as of January 23, 2008 and made between Live Nation Worldwide, Inc. and Key Brand;
 - (ii) the Exclusivity Agreement and Amendment to Bidding Rights Agreement executed on January 15, 2009 and made between Key Brand and Live Nation Worldwide, Inc.; and

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- (iii) any other agreement or arrangement made between Key Brand or any of its subsidiary or associated companies and any member of the Seller's Group or any of its agents in respect of the Target and/or all or any of its assets or any other pre-emption or matching right in respect of the Target and/or all or any of its assets,
including the summons and complaint filed by Key Brand in the Superior Court of the State of California under case number BC425092 and any other lawsuit or action in any other court in California or any other state of the United States of America or elsewhere in relation to the same or similar subject matter or in connection with any of the above agreements or arrangements;
- (g) any claims made by the Landlord in respect of dilapidations which may accrue or have accrued to the Landlord against the tenant of the Lease dated 4 November 2004 made between The Oxford City Council ("**Council**") (1) Clear Channel Entertainment (Theatrical) Limited (2) relating to The Old Fire Station, 40 George Street, Oxford and 21 Gloucester Green Oxford under the terms of that Lease which claims are a condition of the acceptance by the Council of a surrender of that Lease by Target PROVIDED THAT:
- (i) legal completion of such surrender takes place before 31 December 2010;
- (ii) any liability under this clause shall not exceed £90,000 inclusive of VAT; and
- (iii) negotiations in respect of the surrender shall be conducted by Terry Carnes or such other person as is appointed by the Seller on behalf of the Target who shall consult with the Buyer in respect of such negotiations and take the Buyer's instructions in respect of the other aspects of such surrender not concerning dilapidations and the Buyer shall not take (or refrain from taking) any action which would compromise such negotiations.
- 11.2 All sums payable by the Seller under this clause 11 shall be paid within 14 Business Days of demand by the Buyer in full without any deduction or withholding. If the Seller is compelled by law to make any deduction or withholding from any such sums or if any payment hereunder shall be or become subject to any tax, duty, levy or impost of any nature (whether before or after the same has been paid to the Buyer) the Seller will immediately pay to the Buyer such additional amount or amounts as will result in payment to and retention by the Buyer of the full amount which would have been received and retained but for such deduction or withholding or the imposition of such tax, duty, levy or impost.
- 11.3 Any release, settlement or discharge between the Buyer and the Seller under this clause 11 shall be conditional upon no security or payment made or given to the Buyer being avoided reduced, set aside or rendered unenforceable by virtue of any provision or enactment now or hereafter in force relating to bankruptcy, insolvency or liquidation and if any such security or payment shall be avoided, reduced, set aside or rendered unenforceable the Buyer shall be entitled to recover the full amount or value of any such security or payment from the Seller and otherwise to enforce this clause as if such release, settlement or discharge had not taken place.

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- 11.4 The provisions of paragraph 9 of Schedule 3 shall apply in respect of any claim made by either the Buyer or any member of the Target Group under this clause 11 to provide the Seller with full rights of conduct in respect of any such claims. For the avoidance of doubt, no other provision in Schedule 3 shall in any way limit the liability of the Seller or the Guarantor under this clause 11.
- 11.5 Notwithstanding any of the indemnities provided in this clause 11 no indemnity whether express or implied is provided whatsoever in respect of the Pension Schemes and the rights of the members of the Pension Schemes.

12 GUARANTEE

- 12.1 With effect from Completion, the Guarantor hereby irrevocably and unconditionally guarantees as a continuing guarantee the payment when due of all sums due owing or outstanding from the Seller to the Buyer under this agreement and the due performance by the Seller of all and several the Seller's obligations under this agreement and all documents ancillary hereto and thereto and agrees to indemnify the Buyer from and against all loss, damage, costs and expenses which the Buyer may suffer through or arising from any failure by the Seller to perform any of its said obligations or any failure by the Seller duly, fully and punctually to pay any sum required to be paid by it in relation to or otherwise to perform its said obligations.
- 12.2 All sums payable hereunder by the Guarantor shall be paid immediately on demand by the Buyer in full without any deduction, withholding, counter claim or set off. If the Guarantor is compelled by law to make any deduction or withholding from any such sums or if any payment hereunder shall be subject to any tax, duty, levy or impost of any nature (whether before or after the same has been paid to the Buyer) the Guarantor shall immediately pay to the Buyer such additional amount or amounts as shall result in payment to and retention by the Buyer of the full amount which would have been received and retained by the Buyer but for such deduction or withholding or the imposition of such tax, duty, levy or impost.
- 12.3 Without prejudice to the Buyer's rights against the Seller as between the Buyer and the Guarantor, the Guarantor shall be liable hereunder as if it were the sole principal debtor and not merely a surety, and its liability hereunder shall not be released, discharged or diminished by:
- (a) any legal limitation lack of capacity or authorisation or defect in the actions of the Seller or any co surety in relation to, any invalidity or unenforceability of, or any variation (whether or not agreed by the Guarantor) of any of the terms of this agreement or any document ancillary hereto or thereto, or the bankruptcy, liquidation, insolvency, or dissolution of the Seller;
 - (b) any forbearance, neglect or delay in seeking performance of the obligations of the Seller or any co surety, any granting of time indulgence or other relief to the Seller or any co surety in relation to such performance, or any composition with, discharge, waiver or release of the Seller or any co surety; or
 - (c) any other act, omission, fact or circumstance which might otherwise release, discharge or diminish the liability of a guarantor.
- 12.4 Any release, settlement or discharge between the Buyer and the Guarantor shall be conditional upon no security or payment made or given to the Buyer being avoided,

reduced, set aside or rendered unenforceable by virtue of any provision or enactment now or hereafter in force relating to bankruptcy, insolvency or liquidation and if any such security or payment shall be avoided, reduced, set aside or rendered unenforceable the Buyer shall be entitled to recover the full amount or value of any such security or payment from the Guarantor and otherwise to enforce this clause 12 as if such release, settlement or discharge had not taken place.

13 SENIOR EMPLOYEES

- 13.1 The Buyer (on behalf of itself and hereby undertaking that it shall procure that each member of the Buyer's Group shall comply with the provisions of this clause 13.1 as if they were themselves the Buyer) hereby agrees that for a period of 12 months after Completion that it shall make no offer of employment to any person who is employed either by the Seller's Group or by the Target in the immediate 12 month period prior to Completion who has senior managerial responsibility or who is in a position where they deal directly with producers or who is a venue manager.
- 13.2 The Seller (on behalf of itself and hereby undertaking that it shall procure that each member of the Seller's Group shall comply with the provisions of this clause 13.2 as if they were themselves the Seller) hereby agrees that for a period of 12 months after Completion that it shall make no offer of employment to any person who is employed by the Buyer's Group in the immediate 12 month period prior to Completion who has senior managerial responsibility or who is in a position where they deal directly with producers or who is a venue manager
- 13.3 For the purposes of this clause 13 the term "**employment**" shall include any offer of employment, consultancy, agency, directorship, partnership or any remunerative appointment whatsoever.

14 PENSIONS

The current active members of the Live Nation Pension Scheme who are employed at the Southampton Guildhall have become deferred members of the Live Nation Pension Scheme at completion of the Transfer Agreements as they will have ceased to be employees of Target. The Seller will make alternative provision for their future pension provision.

15 CONFIDENTIALITY AND USE OF NAMES

- 15.1 The Seller shall not at any time after the date of Completion disclose or knowingly permit there to be disclosed any Confidential Business Information which it has or acquires PROVIDED THAT this clause shall not apply if and to the extent that:
- (a) such Confidential Business Information has ceased to be confidential or come into the public domain (other than as a result of breach of any obligation of confidence by the Seller or any member of the Seller's Group); or
 - (b) any disclosure of such Confidential Business Information has been authorised by the Buyer; or
 - (c) disclosure of the Confidential Business Information concerned is required by law or by any regulatory body.

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- 15.2 The Seller shall not at any time after the date of Completion either as principal or partner, alone or jointly with, through or as manager, adviser, consultant or agent for any person or in any other capacity use or otherwise deal with any of the Owned Target Intellectual Property Rights or use or otherwise deal with anything which identical or similar to or is intended, or is likely to be confused with any of the Owned Target Intellectual Property Rights.
- 15.3 The Seller shall procure that each member of the Seller's Group and each of its Associates shall comply with the provisions of this clause as if each such person were a party covenanting with the Buyer.
- 15.4 The Buyer hereby undertakes to the Seller to procure that each member of the Target Group shall, at its own expense, within six months after the Signing Date use reasonable efforts to remove all reference to any member of the Seller's Group and logo on its letterhead, business cards, circulars and advertisements or on any signs or on any assets used by any member of the Target Group or any of their agents and the Buyer shall procure that no member of the Target Group shall carry on business after the expiry of such six month period under any name, style or logo which is similar to or which may be confused with that of any member of the Seller's Group, or otherwise represent or hold itself out as being in any way connected with the Seller or any such member.

16 TAX

The parties agree that the provisions of Schedule 6 shall have effect.

17 ANNOUNCEMENTS

- 17.1 Subject to clause 17.2 and Schedule 6, the parties shall not make or authorise any public announcement concerning the terms of or any matters contemplated by or ancillary to this agreement without the prior written consent of all the other Parties such consent not to be unreasonably withheld or delayed.
- 17.2 A Party may make or authorise an announcement if:
- (a) the announcement is required by law or by any securities exchange or regulatory or government body (whether or not such requirement has the force of law); and
 - (b) that Party has consulted with and taken into account the reasonable requirements of the other Parties.

18 GENERAL

- 18.1 Except where this agreement provides otherwise, each party shall pay its own costs relating to or in connection with the negotiation, preparation, execution and performance by it of this agreement and of each agreement or document entered into pursuant to this agreement and the transactions contemplated by this agreement. Without prejudice to the foregoing, the Buyer shall pay any stamp duty in respect of the transfer of the Shares.
- 18.2 No variation of this agreement or any agreement or document entered into pursuant to this agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

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- 18.3 No delay, indulgence or omission in exercising any right, power or remedy provided by this agreement or by law shall operate to impair or be construed as a waiver of such right, power or remedy or of any other right, power or remedy.
- 18.4 No single or partial exercise or non-exercise of any right, power or remedy provided by this agreement or by law shall preclude any other or further exercise of such right, power or remedy or of any other right, power or remedy.
- 18.5 If the Buyer or the Seller defaults in the payment when due of any sum payable under this agreement or any agreement entered into pursuant to this agreement its liability shall be increased to include interest on such sum from the date when payment is due up to and including the date of actual payment (after as well as before judgement) at the following rates:
- (a) for the first 90 days that payment is not made, at a rate equal to the base rate of Barclays Bank plc from time to time calculated on a daily basis (the “**Rate**”) plus 5%;
 - (b) for the period between 90 and 180 days that payment is not made, at a rate equal to the Rate plus 7.5%; and
 - (c) for the period over 180 days that payment is not made, at a rate equal to the Rate plus 10%.
- 18.6 The provisions of this agreement insofar as they have not been performed at Completion shall remain in full force and effect notwithstanding Completion.
- 18.7 This agreement and each of the agreements and documents executed pursuant to this agreement shall be binding upon and enure for the benefit of the successors in title of the parties.
- 18.8 Save as provided by this clause 18.8 no person who is not a party to this agreement shall have any right to enforce this agreement or any agreement or document entered into pursuant to this agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (other than clause 8.7 which may be enforced by any of the Officers, clause 11.1 which may be enforced by any member the Target Group and paragraph 12 in Part 4 of Schedule 6 which may be enforced by the Target).
- 18.9 Following Completion, each party shall take any action (or procure the taking of any action) which any of the other parties from time to time may at the cost of the requesting party reasonably request in writing to carry into effect the terms of this agreement.

19 ASSIGNMENT

- 19.1 No party may assign, transfer, charge, make the subject of a trust or deal in any other manner with any of its rights under it or purport to do any of the same nor sub-contract any or all of its obligations under this agreement without the prior written consent of the other parties (provided that the Buyer may freely assign this agreement by way of security to any bank or financial institution providing debt finance for its acquisition of the Shares).

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- 19.2 The Seller's liability under this agreement to an assignee following any assignment shall be no greater than it would have been to the Buyer if the agreement had not been assigned.

20 ENTIRE AGREEMENT

- 20.1 This agreement and any agreement or document entered into pursuant to this agreement constitutes the entire agreement between the parties and supersedes any previous agreement or arrangement between the parties relating to the acquisition of the Shares.
- 20.2 The Buyer agrees that it has not entered into this agreement or any agreement or document entered into pursuant to this agreement in reliance upon any representation, statement, covenant, warranty, agreement or undertaking of any nature whatsoever made or given by or on behalf of the Seller except as expressly set out in this agreement or any agreement or document entered into pursuant to this agreement. The Buyer waives any claim or remedy or right in respect of any representation, statement, covenant, warranty, agreement or undertaking of any nature whatsoever made or given by or on behalf of the Seller unless and to the extent that a claim lies for damages for breach of this agreement or any agreement or document entered into pursuant to this agreement. Nothing in this clause shall exclude any liability on the part of the Seller for fraud or fraudulent misrepresentation.

21 NOTICES

- 21.1 Any notice given under this agreement shall be in writing and signed by or on behalf of the party giving it and may be served by delivering it by hand or sending it by pre-paid recorded delivery or registered post (or registered airmail in the case of an address for service outside the United Kingdom) in each case to the appropriate addresses set out below or to such other address as is last notified in writing to the parties:

If to the Buyer to:

The Ambassador Theatre Group Limited
The Ambassadors
Peacocks Centre
Woking
Surrey
GU21 6GQ

Attention: Peter Kavanagh

with a copy to Denton Wilde Sapte LLP of One Fleet Place, London, EC4M 7WS

Attention: Andrew Hill

If to the Seller to:

Apollo Leisure Group Limited
Second Floor
Regent Arcade House
19-25 Argyll Street
London W1F 7TS

with a copy to Hammonds LLP, 7 Devonshire Square, London, EC2M 4YH

Attention: Nicholas Allen

If to the Guarantor to:

Live Nation, Inc
9348 Civic Center Drive
Beverly Hills California 90210

Attention: John Hopmans

with a copy to: Gardere, Wynne Sewell LLP, 1000 Louisiana Street, Suite 3400 Houston Texas

Attention: Mike Rogers

- 21.2 Subject to clause 21.3, in the absence of evidence of earlier receipt, any notice given pursuant to this clause shall be deemed to have been received:
- (a) if delivered by hand, at the time of actual delivery to the address referred to in clause 21.1;
 - (b) in the case of pre-paid recorded delivery or registered post, two Business Days after the date of posting; and
 - (c) in the case of registered airmail, five Business Days after the date of posting;
- 21.3 If deemed receipt under clause 21.2 occurs before 9.00 am on a Business Day, the notice shall be deemed to have been received at 9.00 am on that day. If deemed receipt occurs on any day which is not a Business Day or after 5.00 pm on a Business Day the notice shall be deemed to have been received at 9.00 am on the next Business Day.
- 21.4 For the avoidance of doubt, notice given under this agreement shall not be validly served if sent by e-mail.

22 COUNTERPARTS

This agreement may be executed in any number of counterparts and by the different parties on separate counterparts (which may be facsimile copies), but shall not take effect until each party has executed at least one counterpart. Each counterpart shall constitute an original but all the counterparts together shall constitute a single agreement.

23 GOVERNING LAW AND JURISDICTION

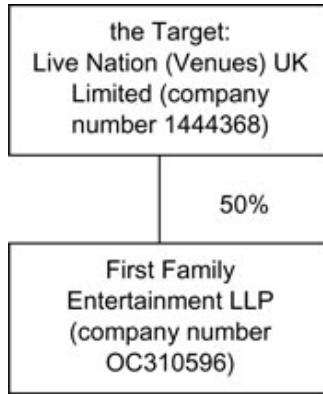
- 23.1 This agreement shall be governed by and construed in accordance with English law.

23.2 Each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of England in relation to any claim or matter arising under or in connection with this agreement (or any agreement or document entered into pursuant to this agreement).

IN WITNESS of which the parties have executed this document as a deed on the date set out above.

SCHEDULE 1

Part 1 – Target Group



Part 2 – Details of the Target

Registered Number: 1444368

Type of Company: Private company limited by shares

Date of incorporation: 17 August 1979

Country of incorporation: England and Wales

Authorised Share Capital: £1,000 divided into 1,000 Ordinary Shares of £1.00 each

Issued Share Capital: 200 Ordinary Shares of £1.00 each

Registered Office: 2nd Floor, Regent Arcade House
19-25 Argyll Street
London W1F 7TS

Directors: Stuart Robert Douglas
Paul Robert Latham
Alan Brian Ridgeway

Secretary: Selina Holliday Emeny

Accounting Reference Date: 31 December

Auditors: Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Charges: Legal charge dated 4 November 2004 (registered 20 November 2004) relating to The Old Fire Station, 40 George Street, Oxford (the “**Mackintosh Foundation Charge**”)

Part 3 – Subsidiary

Name of Subsidiary: First Family Entertainment LLP

Registered Number: OC310596

Type of Company: Limited liability partnership

Date of incorporation: 11 December 2004

Country of incorporation: England and Wales

Registered Office: The Ambassadors
Peacocks Centre
Woking
Surrey GU21 6GQ

Accounting Reference Date: 31 March

Auditors: Saffery Champness
Lion House
Red Lion Street
London WC1R 4GB

Designated Members: Live Nation (Venues) UK Limited
The Ambassador Theatre Group Limited

Registered Charges: None

SCHEDULE 2

Warranties

1 CORPORATE MATTERS

1.1 Authority and Capacity

- (a) The Seller has full power and authority to enter into and perform this agreement and any agreement or document to be entered into by the Seller pursuant to this agreement which constitute valid and binding obligations on the Seller in accordance with its terms.
- (b) The Seller has taken all corporate and other action necessary to enable it to enter into and perform this agreement and any agreement or document to be entered into pursuant to this agreement.
- (c) The execution and delivery of, and the performance by the Seller of its obligations under, this agreement and any agreement or document entered into pursuant to this agreement will not:
 - (i) result in a breach of any provision of the Memorandum or Articles of Association of the Seller;
 - (i) result in a breach of, or constitute a default under, any instrument to which the Seller is a party or by which the Seller is bound;
 - (ii) result in a breach of any order, judgment or decree of any court or governmental agency to which the Seller is a party or by which the Seller is bound; or
 - (iii) require the consent of its shareholders or of any other person, and is not otherwise the subject of any restrictions.

1.2 Title to the Shares

- (a) The Seller is the only legal and beneficial owner of the Shares.
- (b) The Shares have been validly allotted and issued, are fully paid or are properly credited as fully paid.
- (c) There is no Security Interest on, over or affecting any of the Shares and there is no agreement or arrangement to give or create any such Security Interest. No claim has been or will be made by any person to be entitled to any such Security Interest.
- (d) The Target has not created or granted or agreed to create or grant any Security Interest in respect of any of its uncalled share capital.
- (e) Except as required by this agreement, there are no agreements or arrangements in force which provide for the present or future allotment, issue, transfer, redemption or repayment of, or grant to any person of the right (whether

conditional or otherwise) to require the allotment, issue, transfer, redemption or repayment of, any share or loan capital of the Target (including any option or right of pre-emption or conversion).

1.3 Changes in share capital

Since the Last Accounts Date:

- (a) no share or loan capital has been issued or allotted, or agreed to be issued or allotted, by the Target; and
- (b) the Target has not redeemed or purchased or agreed to redeem or purchase any of its share capital.

1.4 Subsidiaries and other interests

- (a) As set out in Schedule 1 Part 3 the Target is the sole legal and beneficial owner of the whole of the 50% membership interest in the Subsidiary.
- (b) Apart from the Subsidiary, the Target does not own or have any interest of any nature whatsoever in any shares, debentures or other securities of any body corporate, whether incorporated in any part of the United Kingdom or elsewhere.

1.5 Directors

The Target has not been a party to any transaction to which the provisions of sections 190; 191; 197; 198; 200; 201; 203 or 223 of the Companies Act 2006 may apply.

1.6 Corporate compliance

- (a) The Target has at all times carried on business and conducted its affairs in all material respects in accordance with its Memorandum and Articles of Association for the time being in force and any other documents to which it is or has been a party.
- (b) The Target is empowered and duly qualified to carry on business in all jurisdictions in which it now carries on business.
- (c) Due compliance has been made with all the provisions of the Companies Acts and other legal requirements in connection with the formation of the Target, the allotment or issue of any of its shares, debentures and other securities and the payment of dividends.

1.7 Accuracy of Information

- (a) The information in Schedule 1 and Schedule 4 is true and accurate in all respects.
- (b) Subject to sub-clause (d) below, the responses provided by:
 - (i) the Seller to enquiries made by the Buyer in respect of the Target Group as detailed in the document in the agreed form entitled "Project Hannibal – Q&A Template"; and

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- (ii) the Seller's Solicitors to enquiries made by the Buyer's Solicitors in respect of the Properties as set out in the Data Room,
are true and accurate in all material respects.
 - (c) Subject to sub-clause (d) below:
 - (i) the agreements and documents contained in the Data Room are true and complete copies and there are no agreements or documents which are not contained in the Data Room which amend, vary, supplement or supersede any of such agreements or documents
 - (ii) all statements of fact which shall not include opinions or statements of belief contained in the following sections of the Data Room (by reference to the Data Room Index) are true, accurate and not misleading in any material respect, save to the extent subsequently revised or updated by a statement also contained in the Data Room:
 - (A) 1: Trans Venue Agreements (1.1: Corporate, 1.6: Trading and Commercial, 1.9: Litigation and Disputes, 1.10: HR Documents and 1.11: Pensions)
 - (B) 2: The Trading and Commercial section of each "Venue Specific" section (other than that relating to the Dominion Theatre).
 - (iii) all statements of fact which shall not include opinions or statements of belief contained in any document contained in the Data Room which has been included in the Data Room in response to an enquiry made by the Buyer and which is referred to in the document in the agreed form entitled "Project Hannibal – Q&A Template" are true, accurate and not misleading in any material respect, save to the extent subsequently revised or updated by a statement also contained in the Data Room.
 - (d) No Warranty is given in respect of any valuation, forecast, budget, prospects or other forward looking statement or opinion either in this Warranty 1.7 or in respect of any other Warranty in this agreement.

1.8 Memorandum and Articles of Association

The copy of the Memorandum and Articles of Association of the Target which is attached to the Disclosure Letter is true, accurate and complete in all respects.

2 ACCOUNTS

2.1 The Last Accounts

- (a) The bases and policies of accounting adopted for the purposes of preparing the Last Accounts are the same as those adopted in preparing the audited accounts of the Target for the accounting period ending 31 December 2008.
- (b) The Last Accounts:
 - (i) give a true and fair view of the assets and liabilities and state of affairs of the Target, as the case may be, as at the Last Accounts Date and of its profits or losses for the financial period ended on that date;

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- (ii) comply with all applicable requirements of the Companies Acts and other relevant statutes;
 - (iii) have been prepared in accordance with GAAP as applicable to a United Kingdom company as at the Last Accounts Date.

2.2 Statutory Records

The Register of Members and other statutory books of the Target are in its possession or under its control, are up-to-date and have in all material respects been maintained in accordance with all applicable laws. The Target has not received any written notice that any information contained in any of the statutory books is incorrect or should be rectified.

2.3 Debtors

A list of all debts owing by the Target in amounts in excess of £5,000 per item which are overdue by more than 90 days is attached to the Disclosure Letter.

2.4 Creditors

A list of all debts owing by to the Target in amounts in excess of £5,000 per item which are overdue by more than 90 days is attached to the Disclosure Letter.

2.5 Bank Accounts

Material details of all bank accounts operated by the Target are set out in or attached to the Disclosure Letter.

2.6 Management Accounts

- (a) The Management Accounts were prepared in a manner consistent with that adopted in the preparation of the management accounts of each member of the Target for all periods as ended during the 12 months prior to the Last Accounts Date.
- (b) Having regard to the purpose and period for which the Management Accounts were prepared, the Management Accounts neither materially overstate the value of the assets nor materially understate the liabilities (actual or contingent) of the Target and the Target as a whole as at the dates to which they were drawn up and do not materially overstate the profits of the Target as a whole in respect of the periods to which they relate.

2.7 Changes since Last Accounts Date

Since the Last Accounts Date:

- (a) the Target has carried on its business in the ordinary and usual course, without any interruption or alteration in its nature, scope or manner, and so as to maintain the same as a going concern;

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- (b) the Target has not made or agreed to make any payment (including any donation for charitable or political purposes or any ex gratia payment) other than routine payments in the ordinary and usual course of trading;
 - (c) save for contracts detailed in the Management Accounts the Target has not entered into any agreement (whether in respect of capital expenditure or otherwise):
 - (i) which is of a long term nature; or
 - (ii) which is outside its ordinary course of trade; or
 - (iii) which involved an obligation of a material nature or magnitude (this includes a liability for expenditure in excess of £50,000);
 - (d) Save for assets transferred to either the Seller or to Live Nation (Music) UK Limited (as applicable) by the Target under the Transfer Agreements, the Target has not acquired or disposed of, or agreed to acquire or dispose of, any business or any asset having a net book value in excess of £50,000;
 - (e) the Target has not changed any term of employment, including pension fund commitments, (other than those required by law) which could increase the:
 - (i) total staff costs of the Target by more than £100,000 per annum; or
 - (ii) the remuneration of any one director or employee by more than £10,000 per annum;
 - (f) there has been no material change in the level of borrowing or in the working capital requirements of the Target;
 - (g) there has been no material reduction in the cash balances or debtors of the Target from those set out in the Last Accounts and debtors have been collected on time in accordance with the usual practice of the Target;
 - (h) the Target has not allotted or issued or agreed to allot or issue any share or loan capital; and
 - (i) the Target has not declared, paid or made any dividend or other distribution (within the meaning of section 209, 210, or 418 of ICTA) (except for any dividends provided for in the Last Accounts).
 - (j) the Seller is not aware of any matter which might suggest that any material assets or material liabilities (actual or contingent) have been omitted from or mis-stated in the Last Accounts.

3 ASSETS

3.1 Ownership of assets

- (a) The Target is the legal and beneficial owner of all assets included in the Last Accounts or acquired by it since the Last Accounts Date (except for any current assets sold or realised in the ordinary and normal course of business since the Last Accounts Date) and none of such assets is the subject of any Security Interest, equity, option, right of pre-emption or royalty except for:
 - (i) any hire or lease agreement entered into in the ordinary course of business; or

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- (ii) retention of title provisions in respect of goods and materials supplied to the Target in the ordinary course of business; or
 - (iii) liens arising in the ordinary course of business by operation of law.
- (b) All of the material assets owned by the Target or which the Target has a right to use are in its possession or under its control and are situated in the United Kingdom.
 - (c) The assets owned by the Target Group together with the assets which are leased, licensed, hired or rented to the Target Group comprise all material assets necessary for the operation of the business of the Target Group as carried on at the date of this agreement.

3.2 Condition of assets

- (a) The stock of the Target is in good condition and is capable of being sold by the Target in the ordinary course of its business in accordance with the current price list without discount.
- (b) The plant, machinery equipment and other fixed assets used in connection with the Business have been maintained by the Target in the ordinary course in 2009 so as to allow the Business to be conducted as it has been in previous years.

3.3 Leased assets

The Target is not a party to, nor is liable under, a lease, hire, hire purchase, credit sale or conditional sale agreement in each case involving payments by the Target of over £5,000 per annum at the Last Accounts Date or in the current financial year.

3.4 Intellectual property rights

- (a) Other than the Third Party Intellectual Property Rights used or exploited by the Target Group under the IP Agreements and the Intellectual Property licensed under the Trade Mark Licence, the Target Intellectual Property Rights are legally and beneficially owned by the Target Group, unencumbered and free from any Security Interests. The Database is legally and beneficially owned by the Target, unencumbered and free from any Security Interests. Each member of the Target Group is entitled to use and otherwise deal with under an IP Agreement all Third Party Intellectual Property Rights for all purposes necessary to conduct its business as carried on at the date of this agreement.
- (b) The Target Intellectual Property Rights owned by the Target Group. the rights granted under the IP Agreements are all the Intellectual Property necessary for each member of the Target Group to carry on their respective activities and to operate after Completion in the same manner as currently operated.

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- (c) All Owned Target Intellectual Property Rights are, so far as the Seller is aware, valid, subsisting and enforceable.
 - (d) In the last three years no third party has infringed or is infringing the Owned Target Intellectual Property Rights and no member of the Target Group is aware of or has acquiesced in the unauthorised use or infringement by any person of any Owned Target Intellectual Property Rights and there are and have been no actual, pending or threatened claims, challenges, oppositions, attacks, disputes or proceedings in relation to the ownership, validity, enforceability, registration, use or unauthorised use of the Owned Target Intellectual Property Rights.
 - (e) All IP Agreements have been disclosed in the Data Room.
 - (f) The IP Agreements have not been the subject of any actual threatened or pending claim, dispute, proceeding, breach or default by any party or of any event which, with the giving of notice or lapse of time, would constitute a default.
 - (g) So far as the Seller is aware, the Owned Target Intellectual Property Rights and the businesses conducted by the Target Group:
 - (i) have not and do not infringe any Intellectual Property vested in any other party or in which any other party has any interest (whether under licence or otherwise); and
 - (ii) have not given and do not give rise contingently or otherwise to any obligation on any member of the Target Group to pay any royalty, compensation, fee or other sum or the liability to obtain any consent or licences.

4 CONTRACTS

4.1 Material contracts

- (a) Other than the Material Contracts and Ordinary Presenting Agreements, the Target is not subject to or bound by any other contracts or agreements that are material to the results of the Target Group.
- (b) So far as the Seller is aware, all of the Material Contracts are being progressed in accordance with their terms in all material respects and so far as the Seller is aware, neither the Target nor the other contracting party is in material default under any Material Contract.
- (c) No written notice of default or termination or of intention to terminate has been received by the Target in respect of any Material Contract.

4.2 Outstanding offers

Save as set out in the Disclosure Letter, there is not outstanding any offer or tender which is capable of being converted by acceptance into an obligation of the Target.

5 INSURANCE

5.1 Policies

- (a) Particulars of all insurance policies (the “**Policies**”) in respect of which the Target Group has an interest are included at section 1.9 of the Data Room.
- (b) All premiums on the Policies have been duly paid to date.

5.2 Claims

Details of any claims outstanding in respect of the Policies are set out in the Disclosure Letter.

6 TRADING

6.1 Litigation

The Target is not engaged in any legal proceedings and the Seller has received no written notice of legal proceedings pending or threatened by or against the Target.

6.2 Investigations and Disputes

The Target has not received written notice of any governmental or official investigation or enquiry concerning the Target or any of its directors or employees and so far as the Seller is aware, there are no facts, matters or circumstances which could give rise to any such investigation or enquiry.

6.3 Insolvency

- (a) The Target is not unable to pay its debts within the meaning of section 123 Insolvency Act 1986.
- (b) So far as the Seller is aware, no order has been made or petition presented or a meeting convened for the purpose of considering a resolution for the winding up of the Target nor has any such resolution been passed. No petition has been presented for an administration order to be made in relation to the Target and no receiver (including any administrative receiver) has been appointed in respect of the whole or any part of the property, assets or undertaking of the Target.
- (c) No composition in satisfaction of the debts of the Target or scheme of arrangement of its affairs or compromise or arrangement between it and its creditors and/or members or any class of its creditors and/or members has been sanctioned or approved.
- (d) So far as the Seller is aware, no distress, execution or other process has been levied or applied for in respect of the whole or any parts of any of the property, assets or undertaking of the Target.

6.4 Joint Ventures and Partnerships

- (a) The Target is not, nor has it agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association.

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- (b) The Target is not, nor has it agreed to become, a party to any agreement or arrangement for sharing commissions or other income.

6.5 Compliance with Laws

The Target has conducted and is conducting its business in all material respects in accordance with all applicable laws and regulations of the United Kingdom.

6.6 Licences and Consents

The Target has obtained all licences and consents as would reasonably be regarded as necessary taking into account the nature of business of the Target from any person, authority or body for the proper carrying on of the business of the Target in the ordinary course at each of the Properties and all the licences and consents are valid and subsisting and the Seller is not aware of any breach of any of the terms or conditions of any of the licences or consents.

7 CHANGE OF CONTROL

7.1 Contracts and licences

- (a) Neither signature nor performance of this agreement will:
 - (i) result in a breach of, entitle a third party to exercise any right under, relieve a third party from any liability or obligation under; or
 - (ii) give rise to or increase any liability or obligation of any member of the Target Group under, any agreement or other document conferring any benefit and/or imposing any obligation on any member of the Target Group.
- (b) No act, event or omission carried out by or on behalf of the Seller's Group has occurred or is alleged as a result of which any licence, consent, permission or authorisation will be suspended, cancelled, revoked or not renewed. So far as the Seller is aware there are no events or circumstances (including the signature or performance of this agreement) likely to lead to such a suspension, cancellation, revocation or non-renewal.

8 EMPLOYMENT

8.1 Employees and Terms of Employment

- (a) Complete and accurate details of all material terms of employment of each employee, worker of the Target Group (together the "Staff") have been disclosed in the Data Room including job description, length of service (including any deemed to be continuous with previous employers), contractual notice entitlement, salary, contractual benefits in kind, profit sharing, bonuses and commissions.
- (b) Details of staff dismissed in the 12 months ending on the date of this agreement and the procedures that have been followed in respect of those proceedings have been disclosed in the Data Room.

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- (c) All maternity, paternity, parental, adoption, equal opportunities, dismissal, disciplinary, grievance and any other policies and procedures (whether legally binding or not) applicable to all or any of the Staff have been disclosed in the Data Room.
 - (d) Details of any Staff dispute or claim with the Target or any circumstances known to the Seller and which the Seller reasonably anticipates will give rise to any such dispute or claim have been disclosed in the Data Room.
 - (e) No former Staff have any right or potential right (whether statutory or contractual) to return to work or to be re-instated or re-engaged.
 - (f) No Staff are on or, where applicable, have notified the Seller in compliance with the applicable Target employment procedures of their intention to be absent due to secondment, maternity leave, adoption leave, parental leave or absent on grounds of disability or other leave of absence exceeding one month.
 - (g) No Staff are subject to any court order, restrictive covenant or other obligation of which the Seller is aware which might restrict him from fully performing his duties.
 - (h) No Staff have any current entitlement to receive payments under any employer sponsored disability, permanent health or similar insurance scheme.
 - (i) No amounts are owing between any Staff and the Target (other than remuneration and pension contributions accrued due in respect of the current month or reimbursements of business expenses).
 - (j) There are no agency workers or consultants engaged by the Target Group.
 - (k) No outstanding offer of employment or engagement as an employee, consultant, worker, agent or director has been made by the Target to any person nor has any person accepted such an offer of employment or engagement made by the Target but who has not yet commenced such employment or engagement and who in any such case would earn a basic salary of more than £30,000 per annum.
 - (l) No Staff have given notice to the Target terminating his contract of employment or engagement which is outstanding as at the date of this Agreement and no Staff are under such notice from the Target.
 - (m) The Target is not under any obligation (whether legally binding or not) to make and has not made any announcement or proposal to alter any of the terms of employment or engagement of the Staff.
 - (n) There are no information and consultation procedures or similar agreements, arrangements or understandings applicable to collectively informing and consulting with Staff or employee representatives of Staff or any section of the Staff in relation to redundancies, business transfers and other decisions affecting Staff and the Target's activities in force, proposed or requested.
 - (o) The Target maintains full, up-to-date and accurate records (including hours worked) of all current and former Staff as required by law.

8.2 Liabilities to employees

- (a) So far as the Seller is aware and save to the extent (if any) to which provision has been made in the Last Accounts, in the period of 12 months immediately prior to the date of this Agreement:
- (i) no liability in excess of £5,000 has been incurred by the Target in respect of any breach of its contractual or statutory obligations, including without limitation any liability for breach of any contract of service or services, redundancy payments, protective awards, wrongful dismissal, unfair dismissal, any act of discrimination, failure to comply with any order for the reinstatement or re-engagement of any employee or for any other liability accruing from the termination or variation of any contract of employment or for services; and
 - (ii) there are no current legal or other proceedings between the Target on the one hand and Staff (or former Staff) of the Target on the other hand nor, so far as the Seller is aware, are any such proceedings pending or threatened; and
 - (iii) there is no outstanding court or employment tribunal judgement or ruling entitling Staff to damages (whether for breach of contract or otherwise) or compensation for loss of office or employment or any other liability of the Target.

8.3 Discrimination

In the 12 months preceding this agreement, there has been no recommendation made by an employment tribunal nor, so far as the Target is aware, any investigation by the Equality and Human Rights Commission or any body responsible for investigating or enforcing matters relating to discrimination on the grounds of sex, race, religion or belief, disability, age or sexual orientation.

8.4 Immigration

Each of the Staff who is subject to immigration control has been granted leave to remain or has a valid entitlement to work in the United Kingdom and has an entitlement to work issued in relation to his employment or engagement with the Target which is valid and the Seller is not aware of any circumstances which might cause any such leave to remain or entitlement to work to be curtailed or any of the Staff to be required to leave the United Kingdom.

8.5 Trade Unions

- (a) Complete and accurate details of any agreements, understandings or other arrangements (“**Collective Arrangement**”) between the Target and any trade union or other body representing the Staff or any section of the Staff have been disclosed in the Data Room.
- (b) Complete and accurate details of all Collective Arrangements observed or taken account of when fixing remuneration, benefits or other terms and conditions of employment or engagement have been disclosed in the Data Room.

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- (c) There is no dispute (current or threatened) between the Target and any trade union, staff association, or other organisation representing the Staff or any section of the Staff, and the Target has not received any statutory notice of industrial action.
 - (d) In the three years ending on the date of this agreement there has not been any strike, lock-out, or other labour related dispute or industrial action affecting the Target.

8.6 Redundancies and transfers

- (a) There are no severance, redundancy or similar arrangements or schemes conferring any entitlement on any Staff to receive any payment on the termination of their employment (except for contractual notice pay).
- (b) The Target has not within the period of twelve months ending on the date of this agreement: given notice of any redundancies to the relevant Secretary of State or failed to comply with any obligation to do so; or been a party to any "relevant transfer" (as defined by the Transfer of Undertakings Protection Of Employment Regulations 2006) or agreement for a relevant transfer.

9 PENSIONS

9.1 No other pension arrangements

- (a) Save for the Pension Schemes the Target Group has not prior to the Signing Date paid, provided or contributed towards, and the Target Group has not proposed nor is under any obligation, liability or commitment however established (whether funded or unfunded and whether legally binding or not) however established to pay, provide or contribute towards, any Relevant Benefits (including on an ex gratia basis) under a pension scheme (as defined by section 150 of the Finance Act 2004) for or in respect of any present or past officer or employee of or provider of services to (or any spouse, child or dependant of any of them) of the Target Group or of any predecessor in business of the Target Group.
- (b) No undertaking or assurance (whether legally binding or not) has been given by the Target Group to continue or introduce any scheme or arrangement providing, or to increase, augment or improve any Relevant Benefits (including but not restricted to those provided under the Pension Schemes).

9.2 Disclosure

- (a) The Data Room contains full and accurate details of the Pension Schemes together with all of the governing documentation of the Pension Schemes. The documents in respect of the Pension Schemes disclosed in the Data Room give full particulars of the benefits and entitlements payable or prospectively payable under the Pension Schemes in respect of the employees of the Target or their spouses or dependants. In addition to the above, the information disclosed in the Data Room includes, but is not restricted to copies of:
 - (i) members' booklets and subsequent announcements to members;

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- (ii) trustees' annual report and audited accounts for the last financial year;
 - (iii) latest actuarial valuation together with any subsequent informal reviews; and
 - (iv) details of discretionary practices on pension increases in the last five years.
- (b) There has been supplied to the Buyer a list of all employees of the Target Group who are members of the Pension Schemes, including full details of length of service, date of birth, sex, pensionable salary and length of membership, and a list of all employees of the Target Group who could become eligible to join any of the Pension Schemes upon the satisfaction of any conditions of eligibility.

9.3 Tax status

The Pension Schemes are registered pension schemes within the meaning of the Finance Act 2004 and there is no reason why such registration may be withdrawn.

9.4 Pension Schemes – contracts of insurance

All contracts of insurance relating to the Pension Schemes are valid and enforceable and no circumstances exist which may enable the insurers to avoid liability under them. All premiums due in respect of such policies have been paid. All insured lump sum and pension benefits (other than refunds of contributions) payable under the Pension Schemes in the event of the death of a member in service are fully insured, with an insurance company authorised to carry on long-term insurance business under the Financial Services and Markets Act 2000 and no special terms including as to premiums in relation to that insurance have been imposed.

9.5 Compliance and Claims etc

- (a) The Pension Schemes are and have at all times been operated in accordance with their governing documentation (as lawfully amended from time to time), the requirements of HM Revenue & Customs, The Pensions Regulator and all applicable laws and regulations. including, but not limited to, the Pensions Act 2004.
- (b) The Live Nation Pension Scheme is contracted-out in accordance with the Pension Schemes Act 1993. A contracting-out certificate covering all of the employees of the Target who are active members of the Live Nation Pension Scheme is in force and there are no circumstances which may cause that certificate to be withdrawn.
- (c) There is no contracting-out certificate in force to cover employments which relate to either the Live Nation Stakeholder Scheme or Live Nation GPPP.
- (d) The Target Group has complied with all of its obligations and duties in respect of the Pension Schemes including (without limiting the generality of the foregoing) the requirements of the relevant documentation of the Pension Schemes, HM Revenue & Customs, The Pensions Regulator and under all applicable laws and regulations. including, but not limited to, the Pensions Act 2004.

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- (e) All contributions, insurance premiums, fees (including levies) and expenses which are due to be paid by the trustees or, the Target Group or members in relation to the Pension Schemes have been paid and there are no other outstanding monetary obligations (including actuarial, consultancy, legal or other fees).
- (f) The Target Group has not been party to:
- (i) any act (including but not limited to any transaction or corporate re-organisation or restructuring) or failure to act that has or could have the effect of triggering a liability on the Target Group under sections 38 to 51 (inclusive) of the Pensions Act 2004 and/or section 75 of the Pensions Act 1995; or
 - (ii) any transaction involving the assets of any of the Pension Schemes and/or any other occupational pension scheme of any other employer which would or might lead to a restoration order being made against it under section 52 of the Pensions Act 2004.
- (g) The Target Group has no liability to provide any benefits relating to an occupational pension scheme within the meaning of regulation 10 of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or Council Directive 77/187/EEC by virtue of a relevant transfer to it within the meanings of those Regulations or that Directive.
- (h) In relation to the Pension Schemes:
- (i) other than routine claims for benefits, there are no actions, disputes, proceedings or claims in progress or pending or threatened against the Target Group, the trustees, the administrators or the Seller, or against any person whom the Target Group is or may be liable to indemnify or compensate, in respect of any act, event, omission or other matter arising out of or in connection with the Pension Schemes;
 - (ii) there has been no notification or threat or a notification of any matter to or any investigation by The Pensions Regulator, the Pensions Advisory Service or the Pensions Ombudsman;
 - (iii) where applicable, no matter has been referred or threatened under the Pension Schemes' internal dispute resolution procedures;
 - (iv) the Target Group had not given any indemnity for any person in connection with the Pension Schemes; and
 - (v) no civil or criminal penalty, fine or other sanction has been imposed on or against the trustees or the Target Group.
- There are no circumstances which may give rise to any of the above.

9.6 Administration

- (a) The records of the Pension Schemes have been properly and accurately maintained as at the Signing Date.
- (b) Those employees who are eligible to join the Pension Schemes but have not done so have been offered membership of the Pension Schemes and have declined the offer.
- (c) No discretion or power has been exercised under the Pension Schemes so as to admit any employee to membership who would not otherwise have been eligible for membership.
- (d) Other than the Target no other company or firm participates in any of the Pension Schemes.

9.7 Benefits

There is no provision in the documentation governing the Pension Schemes or supplementary to them which will trigger the payment of benefits to a member or members on redundancy, early termination of employment as a result of an employer's breach of a contract of employment or the change in ownership of the Target which would not be paid in the absence of such circumstances.

9.8 Assets

So far as the Seller is aware, there are no material omissions from or inaccuracies in the data supplied to the actuary of the Live Nation Pension Scheme for the purpose of the last actuarial valuation of the Live Nation Pension Scheme under section 224 of the Pensions Act 2004 and nothing has happened since the effective date of the last actuarial valuation which would materially modify any statement or advice contained in the actuary's report on such valuation.

9.9 Stakeholder & GPPP

- (a) The Target has at all times since 8 October 2001 complied with its obligations relating to stakeholder pensions under the Welfare Reform and Pensions Act 1999.
- (b) In respect of the Live Nation Stakeholder Scheme and the Live Nation GPPP, the Target Group and the Seller have disclosed to the Buyer:
 - (i) full particulars, including the liability of the Target Group to make current and future contributions to those schemes;
 - (ii) a list of its relevant employees who are members of the schemes and their respective contribution rates.

9.10 Effect of Completion

- (a) Completion will not cause any automatic, immediate or contingent amendments to the governing provisions of the Pension Schemes, whether as to the identity of the persons entitled to exercise any powers or discretions, employer or member contribution rates, increases to pensions in payment and/or deferment, the benefit structure or otherwise.

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- (b) No event has occurred or will occur on or as a result of Completion which would or could result in or entitle any person or body of persons (without the consent of the Target) to wind up, terminate or close the Pension Schemes in whole or in part.
 - (c) Completion will not cause or result in any increase in the amount of retirement benefits payable or prospectively or contingently payable in respect of any employee of the Target, and will not accelerate the vesting, timing of funding or payment of any retirement benefits in respect of any employee of the Target under the terms of the Pension Schemes.

10 PROPERTIES

- (a) The particulars of the Properties shown in Schedule 4 are complete, true and correct.
- (b) The Target has not received any notice from any landlord alleging that any covenant on the part of the tenant contained in any lease under which the Properties are held has not been observed and performed, and the Target has paid all rents at the time and in the manner due under such leases.
- (c) Save as disclosed in the Data Room each Property is occupied exclusively by the Target and there is no lease, sub-lease, tenancy, or other right of occupation affecting any Property.

11 INDEBTEDNESS

- (a) No member of the Target Group has any borrowings or amounts outstanding under any Indebtedness.
- (b) There is no Security Interest on the whole or any part of the Target Group's assets, undertaking or goodwill.
- (c) No member of the Target Group has given any guarantee or indemnity in relation to the obligations of another person.

12 HEALTH AND SAFETY

- (a) Copies of all current health and safety policy statements, internal health and safety reports, assessments or audits, records of reportable accidents and reportable diseases, written enforcement notifications together with any material correspondence in the three years ending on the date of this agreement between any member of the Target Group and any relevant health and safety enforcement body (including but not limited to the Health and Safety Executive and the relevant local authority) are contained in the Disclosure Bundle.
- (b) No formal regulatory investigations are currently taking place or have taken place in the 3 years before the date of this agreement in respect of accidents, injuries, illness, disease or any other harm to the health and safety of the staff or contractors of the Target Group.

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- (c) The Target Group has complied in all material respects with The Health and Safety at Work Act 1974 and the Control of Asbestos Regulations 2006.

13 DATA PROTECTION

- (a) Each member of the Target Group:
- (i) has obtained all permissions, consents, licences, registrations and notifications required in connection with its business;
 - (ii) has complied with all Data Protection Legislation (including in relation to sensitive personal data) and there are no circumstances (including the sale and purchase of the Shares under this agreement) which might cause any of the foregoing to become invalid or liable to be amended, withdrawn or not renewed;
 - (iii) has maintained securely all personal data and sensitive data and has not transmitted, processed, used, applied or disclosed or authorised the use or processing, transmission or disclosure of the same in any way contrary to the rights of the data subject or, Data Protection Legislation;
 - (iv) has in place systems that comply with Data Protection Legislation and which enable it to comply fully and efficiently with any data request from a data subject;
 - (v) has complied in all respects with all requests for information made by a data subject and that no data has been retained for an unlawful purpose and that all data is accurate and up-to-date;
 - (vi) has not processed sensitive personal data without the explicit consent of the relevant data subjects; and
 - (vii) has not at any time received or become aware of:
 - (A) any complaint from any data subject in relation to the processing of personal data by any member of the Target Group or any circumstances which may result in a compensation claim from any data subject (whether under Data Protection Legislation or otherwise) in relation to the processing of personal data by any member of the Target Group; or
 - (B) any written notice or written allegation from the Information Commissioner, or any other person alleging non-compliance with Data Protection Legislation or requiring the Target or any member of the Target Group to change, cease using, block or delete any personal data or prohibiting the transfer of personal data to any place in relation to the business.
- (b) All personal data held by the Target Group is up to date, accurate, relevant and not excessive for the purposes for which it will be used by the relevant member(s) of the Target Group.

SCHEDULE 3

Limitations

1 INTRODUCTION AND PURPOSE

This Schedule 3 contains provisions intended to limit the liability of the Seller under the Warranties and the Tax Warranties and, where specifically referred to, the Tax Covenant. The provisions of this Schedule 3 are incorporated and form part of this agreement and are accordingly binding upon the parties. References to a “claim” for the purposes of this Schedule 3 are limited to a claim under the Warranties, Tax Warranties and, where specifically referred to, the Tax Covenant only.

2 Time limits for bringing claims

- 2.1 The Seller shall not be liable under this agreement in respect of any claim (excluding a claim in respect of the Tax Covenant or the Tax Warranties) unless and until it shall have received from the Buyer written notice containing details of the relevant claim including reasonable details of the matter or default which gives rise to the claim and an estimate of the amount claimed, on or before the date falling 30 months from the Signing Date.
- 2.2 Any claim, other than a claim under the Tax Covenant or for breach of the Tax Warranties, shall (if not previously satisfied, withdrawn or settled) be deemed to have been withdrawn and waived by the Buyer unless legal proceedings in respect of such claim have been commenced (by being both issued and served on the Seller) within 6 months of the notification of such claim to the Seller pursuant to clause 2.1.

3 LIMITATIONS ON QUANTUM

- 3.1 The Seller shall not be liable under the Warranties and the Tax Warranties in respect of any claim:
- (a) unless the amount of the liability of the Seller for such claim exceeds £20,000; and
 - (b) unless the aggregate amount of the liability of the Seller for all such claims exceeds £800,000.
- 3.2 Notwithstanding any other provision of this agreement, the aggregate liability of the Seller shall not in any circumstances exceed £60,000,000 save that in respect of any claim under any of the Warranties 1.1 (Authority and Capacity), 1.2 (Title to the Shares) or 1.3 (Changes in share capital) the aggregate liability of the Seller in respect of any such claims and claims made in respect of the other Warranties shall not in any circumstances exceed the Consideration.

4 NO DOUBLE COUNTING

The Buyer shall not be entitled to recover damages in respect of any claim for breach of any of the Warranties or Tax Warranties, any claim under the Tax Covenant or otherwise obtain reimbursement or restitution more than once in respect of any one claim under this agreement arising out of or in connection with the same circumstances.

5 THIRD PARTY RECOVERIES

- 5.1 The Seller shall not be liable under the Warranties in respect of any claim:
- (a) to the extent that recovery is made by the Buyer or any member of the Buyer's Group under any policy of insurance or to the extent that recovery would have been capable of being made under any policy of insurance had the Buyer or any member of the Buyer's Group effected policies of insurance on similar terms to those effected by or for the benefit of any member of the Target Group which are in force as at the date of this agreement; or
 - (b) to the extent that the Buyer or any member of the Buyer's Group or those deriving title from the Buyer have already obtained reimbursement or restitution in respect of such claim from any third party.
- 5.2 Where the Buyer or any member of the Buyer's Group has or may have a claim against any third party in relation to any matter which could give rise to a claim under the Warranties, the Buyer shall use all reasonable endeavours to recover any amounts due from such third party before taking any action against the Seller.
- 5.3 In respect of any claim the Buyer or any member of the Buyer's Group may have against London Underground Limited ("LU") or its successors in title as relates to the Apollo Victoria the Buyer shall procure that full satisfaction in respect of such claim is sought directly against LU by all means at its disposal including recourse to the courts if necessary before any claim in respect of the same facts, matters or circumstances may be made against the Seller.
- 5.4 If the Seller pays to the Buyer an amount in respect of any claim under the Warranties and the Buyer or any member of the Buyer's Group subsequently recovers from a third party (including, without limitation, any insurer or any Tax Authority) a sum which is referable to that claim, the Buyer shall repay to the Seller so much of the amount originally paid by the Seller as does not exceed the sum recovered from the third party after deduction of all reasonable costs and expenses of recovery.

6 ACTS OF THE BUYER

The Seller shall not be liable under the Warranties, or in respect of paragraph 6(b) below only the Seller shall not be liable under the Tax Warranties, in respect of any claim:

- (a) to the extent that such claim arises or is increased as a result of any breach by the Buyer of any of its obligations under this agreement or any agreement or document entered into pursuant to this agreement;
- (b) to the extent that the Buyer had knowledge of the facts, matters or circumstances giving rise to such claim at or before Completion;
- (c) to the extent that such claim would not have arisen but for any transaction, arrangement, act or omission (or any combination of the same) carried out or effected at any time after Completion by the Buyer or any member of the Buyer's Group:
 - (i) outside the ordinary course of its business; and

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- (ii) the Buyer or relevant member of the Buyer's Group, as the case may be, knew or should reasonably have known that it would give rise to such a claim and although there was an alternative course of action reasonably open to the Buyer which would not be to the detriment of the Business the Buyer or relevant member of the Buyer's Group chose not to take such action.

7 ACCOUNTING

The Seller shall not be liable under the Warranties or the Tax Warranties in respect of any claim:

- (a) to the extent that specific provision, reserve or allowance for the matter giving rise to the claim has been made in the Last Accounts or in the Management Accounts or the subject matter of the claim is reflected in a payment made by the Seller to the Buyer under clause 10.5 or in the Advance Ticket Receipts and Free Cash Reconciliation; or
- (b) to the extent that any contingency or other matter provided for in respect of any line item of the same nature in the Last Accounts or the in the Management Accounts has been over provided for so that by way of example, a surplus provision for litigation or disputes shall be set against a claim in respect of litigation or disputes and so on.

8 GENERAL LIMITATIONS

The Seller shall not be liable under the Warranties, or in respect of paragraph 8(b) below only the Seller shall not be liable under the Tax Warranties, in respect of any claim:

- (a) which arises as a result of, or would not have arisen but for, or a liability is increased as a result of, legislation not in force at the date of this agreement or any change in legislation with retrospective effect after the date of this agreement; and
- (b) which is capable of remedy, unless and until the Buyer has given the Seller not less than 20 Business Days' written notice within which to remedy such breach and the Seller has failed to do so within such period.

9 CONDUCT OF CLAIMS

- 9.1 If the Buyer becomes aware of any fact, matter or circumstance which could give rise to a claim under the Warranties or under clause 11, the Buyer shall give notice of such fact, matter or circumstance to the Seller as soon as reasonably practicable within a reasonable period following becoming aware of any such fact, matter or circumstance and that it could be the subject matter of a claim.
- 9.2 If any claim is made against the Buyer or any member of the Buyer's Group by any third party which could in turn lead to a claim by the Buyer against the Seller under the Warranties or under clause 11 then the Buyer shall:
 - (a) give notice of such claim to the Seller as soon as reasonably practicable after the Buyer becomes aware of it and that it could be the subject matter of a claim;

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- (b) keep the Seller promptly and fully informed as to the progress of any such claim and shall procure that the Seller are promptly sent copies of all relevant communications and other documents (written or otherwise) transmitted to any other party to any proceedings or their agents or professional advisers (including, without limitation, pleadings and any opinion of Counsel relating to any proceedings against any third parties);
 - (c) subject to the Buyer and the relevant member of the Buyer's Group being entitled to employ its own legal advisers and being indemnified and secured to its reasonable satisfaction by the Seller against all liabilities, reasonable costs, reasonable expenses, damages and losses (including, without limitation, the reasonable and proper costs of its legal advisers) suffered or incurred in connection with any such claim, take, and shall procure that each member of the Buyer's Group shall take, all reasonable steps so as to recover or minimise or resolve such liability or dispute and, upon request by the Seller, permit the Seller to take sole conduct of such actions as the Seller deems appropriate in connection with such claim, in the name of the Buyer or the relevant member of the Buyer's Group;
 - (d) comply with all reasonable requests of the Seller in relation to such claim including (without limitation) giving the Seller reasonable access to premises, personnel, documents and records for the purpose of investigating the matters giving rise to such claim; and
 - (e) not (and shall procure that no member of the Buyer's Group shall) accept or pay or compromise any such liability or claim without the prior written consent of the Seller (such consent not to be unreasonably withheld or delayed);

PROVIDED THAT nothing in this paragraph 9.2 shall require the Buyer or any member of the Buyer's Group to take or refrain from taking any action which it reasonably considers would materially and adversely affect the goodwill or bona fide commercial interests of the Buyer's Group.

10 NO TERMINATION OR RESCISSION

The Buyer shall not be entitled to terminate or rescind this agreement or any agreement or document entered into pursuant to this agreement.

SCHEDULE 4**Properties**

	Property Name (1)	Property Interest (2)	Registered Title Number of Interest (3)	Term (4)
1	Alexandra Theatre Birmingham	Assigned Leasehold	Not registrable	20 Years from 21.02.1994
2	Apollo Victoria London	Freehold	321597	Not Applicable
3	Hippodrome Bristol	Freehold	AV97074 AV55313	Not Applicable
4	Playhouse Edinburgh	Freehold	Unregistered	Not Applicable
5	Empire Theatre Liverpool	Leasehold	MS489346	124 Years and 340 days from 03.07.02
6	Grand Opera House York	Freehold	NYK51168	Not Applicable
7	Auditorium Grimsby	Leasehold	Not registrable	10 Years from 01.04.01 to 31.03.11
8	Leas Cliff Hall Folkestone	Leasehold	K950244	20 Years from 30.06.06
9	Lyceum Theatre London	Leasehold	NGL728709	150 Years from 22.11.88
10	New Theatre Oxford	Leasehold	ON280061 ON281020	15 Years from 25.12.07

	Property Name (1)	Property Interest (2)	Registered Title Number of Interest (3)	Term (4)
11	Old Fire Station Oxford	Leasehold	ON252993	20 Years from 23.02.01
12	Opera House Manchester	Freehold	LA251686	Not Applicable
13	Palace Theatre Manchester	Freehold	LA105579	Not Applicable
14	Princess Theatre Torquay	Leasehold	DN582954 and DN583851	1. 60 Years from 17.11.98 2. From 26.11.04 until 16.11.2058
15	Southport Theatre and Floral Hall Southport	Leasehold	Not registrable	12 Years From 01.04.96
16	Empire Theatre Sunderland	Leasehold	TY477027	From 23.03.2007 until 14.12.2029
	Land situated in Garden Place, Sunderland	Leasehold	Not registrable	Tenancy at Will commencing on 1 October 2000 until determined.
17	Grehan House Oxford	Leasehold	ON268129	10 Years from 1 April 2006
18	School House Manchester	Leasehold	Not registrable	From 27 September 2009 until 27 September 2010

SCHEDULE 5

Buyer's Warranties

1 BUYER'S WARRANTIES AND UNDERTAKINGS

- 1.1 The Buyer has the requisite authority to enter into and perform this agreement.
- 1.2 This agreement constitutes and any other document entered into in connection with this agreement or to be delivered by the Buyer at either Exchange or Completion as the case may be ("**Buyer Documents**") will, when executed, constitute binding obligations of the Buyer in accordance with their respective terms.
- 1.3 The execution and delivery of, and performance by the Buyer of its obligations under, this agreement and Buyer Documents will not:
- (a) result in a material breach of any provision of the memorandum or articles of association of the Buyer;
 - (b) result in a breach of, or constitute a default under, any instrument to which the Buyer is a party or by which the Buyer is bound;
 - (c) result in a breach of any order, judgment or decree of any court or governmental agency to which the Buyer is a party or by which the Buyer is bound; or
 - (d) require the consent of its shareholders or of any other person,
- and is not otherwise the subject of any restriction or limitation.

SCHEDULE 6

TAX

Part 1 – Definitions and Interpretation

1 DEFINITIONS

In this Schedule the following words and expressions (except where the context otherwise requires) have the following meanings:

“Actual Tax Liability” means any liability of the Target to make a payment of Tax whether or not the same is primarily payable by the Target or the Buyer.

“Auditors” means the auditors for the time being of the Target.

“Buyer’s Relief” means:

- (a) any Relief arising to the Buyer;
- (b) any Relief of the Target (other than a Corresponding Relief) arising as a consequence of, or by reference to, an Event occurring (or deemed to have occurred for any Tax purpose) after Completion or in respect of a period beginning after Completion.

“CAA” means the Capital Allowances Act 2001.

“Claim for Tax” means any assessment (including a self-assessment), notice, demand, letter or other document issued by or action taken by or on behalf of any person, authority or body from which it appears that the Seller is or may be liable under this Schedule or for a breach of the Tax Warranties.

“Corresponding Relief” means:

- (c) any Relief arising as a result of a liability in respect of which the Seller has made a payment under paragraph 1 of Part 3 of this Schedule or in respect of the Tax Warranties; or
- (d) any Relief arising as a result of or in connection with the Event or Events which gave rise to a liability in respect of which the Seller has made a payment under paragraph 1 of Part 3 or in respect of the Tax Warranties; and
- (e) any Relief which is or has been claimed in respect of:
 - (i) an accounting period of the Target ending before Completion, or
 - (ii) the part before Completion of the accounting period of the Target which is current at Completion, (and which is not a Buyer’s Relief).

which is disallowed by a Tax Authority so as to give rise to a liability in respect of which the Seller has made a payment under paragraph 1 of Part 3 or in respect of the Tax Warranties and which remains available to be used in an accounting period of the Target other than the one in respect of which it was originally claimed.

“CTIP” means the Corporation Tax (Instalment Payment) Regulations 1998 (SI 1998/3175).

“CTA” means the Corporation Tax Act 2009.

“Effective Tax Liability” has the meaning given to it in paragraph 2.1 of Part 1 of this Schedule.

“Event” means any transaction, arrangement, act, failure or omission including but not limited to the execution and performance of this agreement, Completion and any distribution, failure to distribute, acquisition, disposal, transfer, payment, loan or advance, the expiry of any time period and membership of or ceasing to be a member of any group or partnership.

“GPA” means the Live Nation group payment arrangement.

“Group Relief” means any of the following:

- (a) relief surrendered or claimed pursuant to Chapter IV Part X Taxes Act; or
- (b) a tax refund relating to an accounting period as defined by section 102(3) Finance Act 1989 (surrender of company tax refund etc within group) in respect of which a notice has been given pursuant to section 102(2) of that statute.

“Group Relief Payment” means a “payment for group relief” as that term is defined in section 402(6) of the Taxes Act, and a “payment for a transferred tax refund” as defined in section 102(7) Finance Act 1989.

“ITEPA” means the Income Tax (Earnings and Pensions) Act 2003.

“Nominated Company” means Live Nation (Music) UK Limited.

“Non-availability” means loss, reduction, modification, cancellation, non-availability or non-existence.

“PAYE” means the mechanism prescribed by the Tax Statutes for the collection of tax and sums to which Part 11 ITEPA (pay as you earn) and regulations made or deemed to be made thereunder apply and Class 1 and Class 1A contributions referred to in section 1(2) Social Security Contributions and Benefits Act 1992 (outline of contributory system).

“Pension Payment” means the pension payment of £1,392,000 to be made immediately before Completion such payment representing a settlement as calculated by reference to the funding deficit in the Live Nation Pension Scheme as measured on an ongoing basis with such payment having been made into the Live Nation Pension Scheme in recognition that less than 10% of the current members in the Live Nation Pension Scheme are themselves current employees of the Target and that the majority of members of the Live Nation Pension Scheme are not (or as the case may be were not) employed at any of the Properties and instead provide or provided (as the case may be) their services in respect of other venues either owned or managed or formerly owned or managed by either the Target or the Seller’s Group.

“Pension Deduction” means deduction against corporation tax arising in respect of the Pension Payment under section 196 of the Finance Act 2004.

“Pension Deduction Saving” means the reduction or elimination of a UK corporation tax liability of, or repayment of UK corporation tax (which is not a Tax Liability in respect of which the Seller is liable under paragraph 1.1 of Part 3 of this Schedule) to, the Target (or to any member of the Buyer’s Group) which arises as a result of the use of any Pension Deduction by the Target (or any member of the Buyer’s Group).

“Pre-sale Reorganisation” means those matters which are the subject of the indemnity given at Clause 9.1 including, for the avoidance of doubt, the entering into and completion of the Transfer Agreements.

“Relief” means:

- (a) any loss, allowance, credit, relief, deduction, exemption or set-off from or against or in respect of Tax; or
- (b) any right to a repayment of Tax.

“Repayment” means the Target obtaining:

- (f) a repayment of Tax where the Seller has made a payment under paragraph 1 of Part 3 or in respect of the Tax Warranties in respect of the same Tax that is the subject of the repayment; or
- (g) a repayment of Tax as a result of the use of a Corresponding Relief;
- (h) a repayment of Tax in respect of a period arising before Completion

“Saving” means the use of a Corresponding Relief to reduce or eliminate any liability of the Target to make an actual payment of Tax in respect of which but for such reduction or elimination the Seller would not have been liable under paragraph 1 of Part 3, or in respect of the Tax Warranties provided that:

- (i) an amount shall only be a Saving if it is capable of giving rise to a permanent saving of Tax and not merely a saving arising from timing differences; and
- (j) the amount of any Saving shall be ascertained after taking into account any further Tax which is payable in respect of it and any other cost or expense reasonably and properly suffered by the Target or the Buyer which would not have been suffered at that time but for the Saving or the relevant liability to Tax, and which has not already been recovered under this Schedule.

“Seller’s Relief” means any Relief other than a Buyer’s Relief.

“Tax” means all forms of tax, social security contributions, charge, duty, impost, withholding, deduction, levy and governmental charge (whether national or local) in the nature of tax wherever chargeable and whether of the UK or any other jurisdiction, and any amount payable to any Tax Authority or any other person as a result of any enactment relating to tax (but for the avoidance of doubt excluding water rates, business rates and other utility or local authority charges), together with all related penalties, charges and interest.

“Tax Authority” means any statutory or governmental authority or body involved in the collection or administration of Tax including H M Revenue & Customs.

“Taxes Act” means the Income and Corporation Taxes Act 1988.

“Tax Covenant” means the covenant set out in Part 3 of this Schedule.

“Tax Liability” means an Actual Tax Liability or an Effective Tax Liability.

“Tax Statutes” means any primary or secondary statute, instrument, enactment, order, law, by-law or regulation making any provision for or in relation to Tax.

“Tax Warranties” means the warranties set out in Part 2 of this Schedule.

“TCGA” means the Taxation of Chargeable Gains Act 1992.

“VAT” means value added tax within the meaning of the VATA.

“VATA” means the Value Added Tax Act 1994.

2 INTERPRETATION

- 2.1 In this Schedule “Effective Tax Liability” means the utilisation or set-off of any Buyer’s Relief against any Tax or against income, profits or gains in circumstances where but for such utilisation or set-off an Actual Tax Liability would have arisen in respect of which the Seller would have been liable to the Buyer under this Schedule.
- 2.2 The value of an Effective Tax Liability is the amount of Tax saved by such utilisation or set off.
- 2.3 Reference in this Schedule to the result of any Event occurring on or before Completion includes the combined result of two or more Events, the first of which occurred on or before Completion outside the ordinary course of business of the Target and where the Event or Events occurring after Completion were inside the ordinary course of business of the Target as carried on at Completion.
- 2.4 Reference in this Schedule to income, profits or gains earned, accrued or received on or before Completion includes income, profits or gains which are deemed to be earned, accrued or received on or before Completion for any Tax purpose.
- 2.5 References to “in the ordinary course of business of the Target” or to any similar expression, do not include Events falling within any of the following provisions:
- (a) any Event which results in a Tax Liability of the Target chargeable or attributable to or primarily against a person other than the Target;
 - (b) any Event to which Part XVII of ICTA (tax avoidance) applies;
 - (c) any Event which relates to a transaction or an arrangement which includes, or series of transactions or arrangements which includes any step or steps having no commercial business purpose apart from the reduction, avoidance or deferral of a Tax Liability;

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- (d) any Event which is part of the Pre-Sale Reorganisation;
 - (e) the making of any distribution (as defined in section 209 of ICTA) or deemed distribution for Tax purposes;
 - (f) the disposal, acquisition or deemed disposal or acquisition of any asset other than trading stock;
 - (g) any failure by the Target to deduct and/or account for Tax;
 - (h) the Target ceasing for Tax purposes to be a member of any group or associated with any other company;
 - (i) the acquisition, disposal or supply of assets, goods, services or business facilities of any kind (including a loan of money or a letting, hiring or licensing of tangible or intangible property) for a consideration which is treated for Tax purposes as different from the actual consideration but only to the extent that any Tax liability is attributable to the difference between the consideration actually received and the consideration deemed to have been received for the purpose of any Tax; and/or
 - (j) any other Event to the extent that it gives rise to any Taxation on deemed (as opposed to actual) income, profits or gains.

Part 2 – Tax Warranties

1 ADMINISTRATION

- 1.1 The Target has accounted for all Tax for which it is liable to account and which was due and payable and is under no liability to pay any penalty, fine, surcharge or interest in respect of Tax.
- 1.2 All payments by the Target to any person which are required by law to be made under deduction or withholding of Tax have been so made and the Target has if required by law to do so accounted to the relevant Tax Authority for the Tax so deducted or withheld.
- 1.3 All computations, notices, reports, accounts, statements, assessments, registrations, returns (including any land transaction returns) and any other documents that should have been made by the Target before Completion for any Tax purpose have been made on a proper basis, were submitted within applicable time limits, were correct and complete in all material respects (and so far as the Seller is aware remain accurate and complete in all material respects) and are not the subject of any dispute with any Tax Authority.
- 1.4 The Target has maintained and has in its possession and under its control all material records which it is required by any of the Tax Statutes to maintain.
- 1.5 No Tax Authority has agreed in writing to operate any special arrangement in relation to the Target's Tax affairs.
- 1.6 The Target is not involved in any dispute with any Taxation Authority and has not been subject to any non-routine audit, investigation or visit by any Tax Authority. The Seller is not aware of any circumstances existing which make it likely that a visit, audit or investigation be made in the next 12 months.
- 1.7 The Target has duly submitted all claims, disclaimers and elections the making of which has been assumed for the purposes of the Last Accounts. So far as the Seller is aware, no such claims, disclaimers or elections are likely to be disputed or withdrawn.
- 1.8 So far as the Seller is aware, the Target is not liable to make to any person (including any Taxation Authority) any payment in respect of any liability to Taxation which is primarily or directly chargeable against, or attributable to, any other person (other than the Target)

2 STATUS OF THE TARGET

- 2.1 The Target is and has always been resident in the United Kingdom for Tax purposes.
- 2.2 The Target is not and has at no time been an investment company or an investment trust company for the purposes of the Tax Statutes.

3 CORPORATION TAX

- 3.1 All payments or repayments which were required to be made or which have been claimed pursuant to the CTIP since the Last Accounts Date have been duly made or received and the computation of each such payment or claim for repayment took account of all relevant estimates and other information available to the Target at the time when such payment was required to be made or (as the case may be) at the time when such claim for repayment was submitted to a Tax Authority.

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- 3.2 The Target has not:
- (a) been concerned with or in any distribution for the purposes of sections 213 to 218 Taxes Act (demergers); or
 - (b) at any time repaid or redeemed or agreed to repay or redeem any shares of any class of its share capital or otherwise reduced or agreed to reduce its share capital or any class thereof or issued any share capital as paid up otherwise than by the receipt of new consideration (as defined in sections 254(1) and (5) Taxes Act).
- 3.3 The Target has not made and is under no obligation under which it is, or at any time may become, liable to make any payment of an income nature which has not been and will or may not be allowable in full for corporation tax purposes or which may be disallowed as a deduction, as a set-off or as a charge on income or otherwise be unrelieved for corporation tax purposes by reason of the provisions of sections 54 (expenses not wholly and exclusively for trade and unconnected losses), 82 (contributions to local enterprise organisations or urban regeneration companies), 1301 (restriction of deductions for annual payments or 443 (restriction of relief for interest where tax relief schemes involved) CTA or sections 338 (allowance of charges on income and capital), 339 (charges on income: donations to charity), 770A (provision not at arm's length), 779 to 786 inclusive (provisions about sale and lease-back and leased assets and transactions associated with loans) or 787 (restriction of relief for payments of interest) Taxes Act or otherwise.
- 3.4 Neither the Target nor any associated company of the Target owns any intangible asset which was acquired from another company which was at the time a member of a group of companies for the purposes of section 780 (deemed realisation and reacquisition at market value) CTA.
- 3.5 The Target has at all times when required applied an amortised cost basis of accounting (as that term is defined in section 313 CTA) in respect of all loan relationships (as that term is defined in section 302 CTA) to which it is a party.
- 3.6 No liability to Tax or non-trading deficit would arise from any loan relationship of the Target as a result of any debt under such loan relationship being settled in full or in part at Completion.

4 CAPITAL ALLOWANCES

- 4.1 No balancing charge under the CAA would be made on the Target on the disposal of any asset, or of any pool of assets (that is to say all those assets expenditure relating to which would be taken into account in computing whether a balancing charge would arise on a disposal of any other of those assets) on the assumption that the disposals are made for a consideration equal to the book value shown in or adopted for the purpose of the Last Accounts for each of the assets.

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- 4.2 The Target has not:
- (a) incurred any capital expenditure on the provision of machinery or plant for leasing since the Last Accounts Date;
 - (b) made and could not be treated as having made an election under section 83 CAA (meaning of “short-life asset”);
 - (c) made any election under section 183 CAA (incoming lessee where lessor entitled to allowances); or
 - (d) made or agreed to make any election under section 198 (election to apportion sale price on sale of qualifying interest) or section 199 (election to apportion capital sum by lessee on grant of lease) CAA.

4.3 The Target does not own any asset which is, or is capable of being, a long-life asset as defined in section 91 CAA (meaning of “long-life asset”).

5 CHARGEABLE GAINS

- 5.1 If each of the capital assets of the Target were to be disposed of for a consideration equal to the book value of the asset in, or adopted for the purpose of, the Last Accounts, or if acquired after the Last Accounts Date if any such asset were disposed of for a value equal to the consideration for its acquisition, no chargeable profit or gain would arise and for this purpose there will be disregarded any relief and allowances available other than amounts falling to be deducted under section 38 TCGA (expenditure: general).
- 5.2 The Target has not disposed of or acquired any asset in circumstances falling within section 17 TCGA (disposals and acquisitions treated as made at market value) and is not entitled to any capital loss to which section 18(3) TCGA (transactions between connected persons) may apply.
- 5.3 The Target has not been a party to or involved in any share for share exchange or any scheme of reconstruction or amalgamation such as are mentioned in sections 135 (exchange of securities for those in another company), 136 (reconstruction or amalgamation involving issue of securities) or 139 (reconstruction or amalgamation involving transfer of business) TCGA under which shares or debentures have been issued or any transfer of assets has been effected.
- 5.4 Neither the Target nor any company which was a member of the same group of companies as the Target at the relevant time has made any claim under sections 152 to 157 inclusive TCGA (replacement of business assets).
- 5.5 The Target does not own any asset which was acquired from another company which was at the time a member of a group of companies for the purposes of section 179 TCGA (deemed disposal of a chargeable asset).
- 5.6 The Target does not own any asset in respect of which schedule 2 (assets held on 6 April 1965) or section 35 (assets held on 31 March 1982) TCGA has or may have effect.
- 5.7 Neither the execution nor completion of this Agreement, nor any other Event since the Last Accounts Date, will result in any profit being deemed to accrue by the Target for Taxation purposes whether pursuant to section 179 of TCGA, paragraph 12A of

Schedule 9 to the Finance Act 1996/sections 345 and 346 of the Corporation Tax Act 2009, paragraph 30A of Schedule 26 to the Finance Act 2002/sections 630-632 of the Corporation Tax Act 2009, paragraph 58 or 60 of Schedule 29 to the Finance Act 2002/section 780 or 785 of the Corporation Tax Act 2009 or otherwise.

6 CLOSE COMPANIES

The Target is not and never has been a close company as defined in section 414 Taxes Act (close companies) or a close investment-holding company as defined in section 13A Taxes Act (close investment-holding companies).

7 STAMP DUTY

- 7.1 All instruments (other than those which have ceased to have any legal effect) to which the Target is a party as purchaser, lessee or assignee and which, whether in the United Kingdom or elsewhere, are required to be stamped either with a particular stamp denoting that no duty has been chargeable or that the document has been produced to the appropriate authority, have been properly stamped, and no such documents which are outside the United Kingdom would attract stamp duty if they were brought into the United Kingdom.
- 7.2 The Target has duly paid all stamp duty reserve tax for which it has at any time been liable.
- 7.3 The Target has duly paid all stamp duty land tax for which it has at any time been liable.
- 7.4 Neither entering into this agreement nor Completion will result in the withdrawal of a stamp duty or stamp duty land tax relief granted on or before Completion which will affect the Target.
- 7.5 The Disclosure Letter sets out full and accurate details of any chargeable interest (as defined under section 48 of the Finance Act 2003) acquired or held by the Target before Completion in respect of which the Seller is aware, or ought reasonably to be aware, that an additional land transaction return will be required to be filed with a Taxation Authority and/or a payment of stamp duty land tax made on or after Completion except where that additional land transaction return or payment of stamp duty land tax is as a result of a rent review in any lease or the result of any event arising after Completion.

8 VALUE ADDED TAX

- 8.1 The Target is a member of a group of companies for the purposes of section 43 VATA (groups of companies) (the "VAT Group") of which the representative member is the Target (the "Representative Member") and the Seller is also a member of the VAT Group.
- 8.2 All VAT due and payable by the Target has been declared and paid in full.
- 8.3 The Representative Member has never been in default in respect of any prescribed accounting period as mentioned in section 59(1) VATA (default surcharge).
- 8.4 No member of the VAT Group has made an election to waive exemption in relation to any land in accordance with paragraph 2 schedule 10 VATA (election to waive exemption).

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- 8.5 No member of the VAT Group has ever made any supplies which are exempt from VAT of such proportion that it is unable to claim credit for all input tax paid or suffered by it.

9 ANTI AVOIDANCE

- 9.1 The Target has never entered into or so far as the Seller is aware been party to any transaction as a result of which any provision of Part XVII Taxes Act applied, applies or may apply.
- 9.2 The Target has never acted as a promoter of any notifiable arrangements or notifiable proposals within the meaning of section 306 Finance Act 2004.
- 9.3 The Target has not been a party to any designated scheme or notifiable scheme within the meaning of Schedule 11A VATA 1994.

10 CUSTOMS DUTIES

- 10.1 The Target has no arrangement or authorisation in place under the Council Regulation EEC Number 2913/92 or Community Customs Code and Commissions Regulation EEC Number 2454/93 in relation to any relief from customs duty.
- 10.2 The Target does not hold any authorisation from HM Revenue and Customs to import goods upon which the customs duty has not been paid at importation or upon which there may be a clawback of duty paid.

11 INDIRECT TAX

The Target is not, nor has it ever been, a registrable person for the purposes of any Tax (other than VAT) administered by HM Revenue and Customs (or any equivalent Tax Authority outside the United Kingdom responsible for the administration of indirect Tax).

12 OVERSEAS ELEMENTS

- 12.1 The Target has never been resident or treated for the purposes of any double Tax arrangements having effect by virtue of section 788 Taxes Act (relief by arrangement with other countries) as being resident for Tax purposes in a territory outside the United Kingdom nor does it carry on any trading activities outside the United Kingdom.
- 12.2 The Target is not a member of an overseas partnership.
- 12.3 The Target is not liable to register with any Tax Authority outside the United Kingdom for the purposes of paying or administering any Tax.
- 12.4 The Target has never had nor at Completion will it have any liability to pay any Tax to a Tax Authority outside the United Kingdom.

13 INTELLECTUAL PROPERTY

- 13.1 The Target has not sold or agreed to sell any patent rights for a capital sum that would be chargeable as income pursuant to section 912 CTA (charge to tax from sales of patent rights).

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- 13.2 Since the Last Accounts Date the Target has not acquired or disposed of or agreed to acquire or dispose of know-how (whether or not together with a trade or part of a trade) in connection with which Part 3 Chapter 13 CTA (disposal and acquisition of know-how) apply or may apply.

14 TAXATION OF EMPLOYEES AND AGENTS

- 14.1 The Target has properly operated the PAYE system, making such deductions and payments of tax as required by law from all payments to or treated as made to employees, ex-employees, officers and ex-officers of the Target and punctually accounted to HM Revenue and Customs for all such tax and all returns required pursuant to section 684 ITEPA and regulations made there under have been punctually made and are accurate and complete in all respects.
- 14.2 The Target has not made any payment to or provided any benefit for any officer or employee or ex-officer or ex-employee of the Target which is not allowable as a deduction in calculating the profits of the Target for taxation purposes.
- 14.3 The Target has not provided, or agreed to provide, to any officer or employee or ex-officer or ex-employee of the Target:
- (a) any shares or interest in shares for the purposes of section 447(1) ITEPA in the circumstances described in that sub-section;
 - (b) any interest in shares on terms that make that interest only conditional for the purposes of section 422 ITEPA;
 - (c) any convertible shares for the purposes of section 435 ITEPA;
 - (d) any right to acquire shares for the purposes of section 471 ITEPA; or
 - (e) any other benefit in respect of which the Target will or would, if the prescribed circumstances arise, be required on or after Completion to operate PAYE or pay or account for any national insurance contributions.
- 14.4 The Target has complied with section 421J ITEPA.
- 14.5 The Target has not made any payment to which section 225 and 226 ITEPA apply.
- 14.6 The Target has paid all national insurance contributions for which it is liable and has kept proper books and records relating to the same and has not been a party to any scheme or arrangement to avoid any liability to account for primary or secondary national insurance contributions.

Part 3 – Tax Covenant

1 COVENANT

- 1.1 Subject as provided in this Schedule the Seller covenants with the Buyer to pay to the Buyer an amount equal to:
- (a) any Actual Tax Liability which arises in respect of, or in consequence of:
 - (i) any Event occurring (or deemed for the purposes of any Tax Statutes to occur) on or before Completion; or
 - (ii) any income, profits or gains earned, accrued or received on or before Completion;
 - (b) the value of any Effective Tax Liability;
 - (c) any liability of the Target in respect of Tax arising as a result of the application of section 767A or section 767AA Taxes Act, or any other secondary liability of the Target arising as a result of the failure of:
 - (i) the Seller; or
 - (ii) any company (other than the Target and other than a company which on or after Completion becomes a member of a group of which the Target is at any time after Completion a member) which has at any time (whether before or after Completion) been a member of a group (as defined for any Tax purpose) of which the Target was a member at any time prior to Completion; or
 - (iii) any company over which the Target has had control (as defined for any Tax purpose) at any time prior to Completion or by any company over which a person, which has had control (as defined for any Tax purpose) over the Target at any time prior to Completion, has at any time (whether before or after Completion) had control (as defined for any Tax purpose);to pay Tax due to be paid by it at any time;
 - (d) any liability of the Target to pay or repay the whole or part of any Group Relief Payment in respect of any period (or part thereof) ending on or before Completion;
 - (e) any liability of the Target to make a payment in respect of Taxation under any indemnity, covenant or guarantee entered into on or before Completion;
 - (f) any Actual Tax Liability which arises in respect of, by reference to or in consequence of the Pre-Sale Reorganisation;
 - (g) any Actual Tax Liability which arises in respect of, by reference to or in consequence of CCE Spinco Inc's (renamed as Live Nation Inc) spin off from Clear Channel Communications Inc;

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- (h) any Actual Tax Liability or other liability (whether actual or contingent) or loss of the Target which arises in respect of, by reference to or in consequence of the Target having failed to notify HM Revenue and Customs within the relevant time limit any option to tax that the Target has made in relation to any property leased or owned by the Target; and
 - (i) 50% of any Tax liability of the Subsidiary which is not a corporation tax liability and which arises in respect of, or in consequence of any Event occurring (or deemed for the purposes of any Tax Statutes to occur) on or before Completion.
- 1.2 The Seller covenants with the Buyer to pay to the Buyer an amount equal to any reasonable costs or expenses properly incurred by the Buyer or the Target as a result of any of the matters referred to in paragraph 1.1 of this Part or in pursuing any Claim for Tax for which the Seller is liable under this Schedule or in successfully taking any action against the Seller under this Schedule.

Part 4 – Limitations and Procedure

1 LIMITATIONS

- 1.1 The Seller shall not be liable under Part 3 of this Schedule or pursuant to any claim under the Tax Warranties to the extent that:
- (a) such Tax Liability or other liability is paid or otherwise discharged prior to Completion; or
 - (b) such Tax Liability or other liability is in respect of a Tax other than corporation tax which arises as a consequence of an Event in the ordinary course of business of Target since the Last Accounts Date; or
 - (c) such liability is a liability for which the Target or the Subsidiary has recovered from the Seller or a member of the Seller's Group under the terms of the Transfer Agreements; or
 - (d) such Tax Liability or other liability would not have arisen but for any voluntary act, omission or transaction carried out by the Target, the Buyer or any member of the Buyer's Group after Completion which was outside the ordinary course of business of Target as carried on at Completion and the Buyer knew or ought reasonably to have known that the act, omission or transaction would give rise to such liability, save that this limitation shall not apply where the act, omission or transaction was carried out or effected by the Target, the Buyer or any member of the Buyer's Group:
 - (i) pursuant to a legally binding obligation of Target created on or before Completion; or
 - (ii) with the written approval or request of the Seller under paragraphs 3 or 12 of Part 4 of this Schedule; or
 - (iii) pursuant to an obligation imposed on the Target by any law, regulation or directive or the published practice of any Tax Authority; or
 - (e) such Tax Liability or other liability arises or is increased as a result of the imposition of any Tax or any increase in rates of Tax made after Completion or as a result of any change in law or in the published practice or concession of any Tax Authority or as a result of any published decision of a court or tribunal, in each case occurring after Completion; or
 - (f) such Tax Liability or other liability arises or is increased as a result of any voluntary change after Completion in the bases, methods or policies of accounting of the Target save where such change is made to comply with generally accepted accounting practice in force as at Completion; or
 - (g) such Tax Liability or other liability would not have arisen but for any claim, election, surrender or disclaimer made or notice or consent given after Completion under, or in connection with the provisions of any enactment or regulation relating to Tax by the Target or any member of the Buyer's Group other than where the claim, election, surrender or disclaimer was made or notice or consent was given at the request of the Seller pursuant to its rights under paragraph 3 (conduct of claims) or paragraph 12 (administration) of Part 4 of this Schedule; or

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- (h) such Tax Liability or other liability would not have arisen but for the withdrawal or amendment by the Target, the Buyer or any member of the Buyer's Group after Completion (save at the request of the Seller pursuant to its rights under paragraph 3 (conduct of claims) or paragraph 12 (administration) of Part 4 of this Schedule) of any claim, surrender, disclaimer, notice or consent made by the Target prior to Completion or made after Completion in respect of the period ending on or before Completion; or
 - (i) any Seller's Relief is available to the Target to set against or otherwise mitigate the Tax Liability or other liability in question; or
 - (j) such Tax Liability or other liability is in respect of interest or penalties which arise or are increased as a consequence of any failure or delay by the Buyer or the Target in complying with the provisions of paragraph 3 (conduct of claims) or paragraph 12 (tax administration) of Part 4 of this Schedule; or
 - (k) such Tax Liability or other liability would not have arisen but for a cessation or any change in the nature of conduct of any trade carried out by the Target on or after Completion; or
 - (l) such Tax Liability or other liability arises as a consequence of an underpayment, prior to Completion of the quarterly instalments of corporation tax in respect of the period between 31 December 2008 and Completion as a consequence of the Target generating additional profits chargeable to corporation tax after Completion exceeding those reasonably assumed by the Seller or the Target in calculating such quarterly instalments; or
 - (m) such Tax Liability or other liability has been made good by insurers or otherwise compensated for without cost to the Buyer or the Target; or
 - (n) payment or discharge has already been made by the Seller for such Tax Liability or other liability under this Agreement; or
 - (o) such Tax Liability or other liability is a liability in respect of interest and/or penalties which would not have arisen but for any failure or delay by the Target, the Buyer or any member of the Buyer's Group in paying over to any Tax Authority any payment made by the Seller under this Schedule; or
 - (p) such Tax Liability or other liability is in respect of Advance Ticket Receipts.
- 1.2 The Seller shall not be liable in respect of any breach of the Tax Warranties if and to the extent that the loss is or has been included in any claim under the Tax Covenant or vice versa in respect of any claim under the Tax Covenant.

2 DURATION AND EXTENT

- 2.1 The Seller shall not be liable in respect of a liability arising under this Schedule unless it has received from the Buyer written notice of the Claim for Tax which relates to that Tax Liability within the date which is six years from the end of the accounting period in which Completion occurs.

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- 2.2 The provisions of clauses 8 and Schedule 3 to this Agreement that specifically refer to the Tax Covenant shall apply to all claims under this Schedule as if the same were set out in full in this Schedule.

3 CONDUCT OF CLAIMS

- 3.1 If the Target receives or becomes aware of a Claim for Tax, the Buyer shall or shall procure that the Target shall give written notice of such Claim for Tax to the Seller as soon as reasonably practicable and, in any event, in the case where the Claim for Tax consists of an assessment or demand for which the period for response or appeal is time limited, within ten Business Days prior to the expiry of such time limit (provided that failure to deliver such notice should not restrict the ability of the Buyer to make a claim against the Seller pursuant to this Schedule).
- 3.2 Subject to this paragraph 3.2 and 3.5 of this Part the Buyer shall or shall procure that the Target shall take such action to avoid, dispute, resist, appeal, mitigate, compromise or contest any Claim for Tax as the Seller may reasonably request in writing and the Seller may elect to have any action referred to in this paragraph 3.2 delegated to it and conducted by the Seller or professional advisers nominated by it for this purpose, in each case acting in the name of the Target, but (in the case of professional advisors) reporting to the Seller, in which event the Seller shall:
- (a) keep the Buyer fully informed of all matters relating to any action referred to in paragraph 3.2 of this Part and deliver to the Buyer copies of all material written correspondence relating to the action referred to in paragraph 3.2 of this Part;
 - (b) inform the Buyer in writing of the content of all material discussions, correspondence or other communication which it is intending to have with or submit to any Tax Authority at least 10 business days prior to the intended discussion or submission of the correspondence or other communication (in each case the “**Intended Communication**”) to allow the Buyer to comment thereon. The Seller shall take account of and reflect in the Intended Communication any reasonable comments made by the Buyer;
 - (c) not submit, make or have any Intended Communication until the Buyer has either supplied the Seller with its comments or notified the Seller that it has no comments provided that if the Buyer does not supply any comments or give any such notification within 10 business days of receipt of the Intended Communication, then the Seller shall be entitled to submit, make or have the Intended Communication.
- 3.3 The Buyer shall not be obliged to procure that the Target makes or defends any appeal against a determination by the Tax Chamber of the First-tier Tribunal unless leading Tax counsel of at least 7 years standing (“**Counsel**”) advises that the appeal or defence has more than a 50% chance of success. Counsel shall be chosen jointly by the Seller and the Buyer and shall be instructed by the Seller who shall take account of all reasonable comments made by the Buyer in preparing the instructions. The Buyer shall be entitled to attend any conference with Counsel.
- 3.4 The Buyer shall not be obliged to, or to procure the Target to, agree to the settlement or compromise of any Claim for Tax or any proposal for such settlement or compromise which, in the Buyer’s reasonable opinion is likely to have a material adverse effect on the future Tax liability of the Target;

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- 3.5 The Buyer shall not be obliged to take or procure that the Target takes any action:
- (a) where the Seller requests an appeal and the appeal cannot be made without the Tax the subject of the Claim for Tax being paid to the relevant Tax Authority, unless the Seller pays such amount to the Buyer; or
 - (b) if the Seller:
 - (i) becomes insolvent;
 - (ii) has an administrative receiver or other receiver appointed over all or any of its assets or undertaking;
 - (iii) enters into any composition or arrangement with or for the benefit of its creditors; or
 - (iv) if the equivalent of any of the events described in this clause inclusive occurs in relation to the Seller under the laws of any jurisdiction;
 - (c) which would constitute fraudulent or negligent conduct on the part of the Buyer and/or the Target; or
 - (d) which would be materially prejudicial to the Tax affairs of the Buyer, the Target or any member of the Buyer's Group.
- 3.6 The Seller shall indemnify the Buyer and the Target to their reasonable satisfaction against all reasonable costs, expenses, losses (including interest on overdue Taxation and any Tax Liability) and damages that may arise from the exercise by the Seller of its rights under this paragraph 3.
- 3.7 The Buyer shall or shall procure that the Target shall (at the Seller's cost) provide such information and assistance as the Seller may reasonably require in connection with the preparation for and conduct of such proceedings.
- 3.8 If the Seller:
- (a) does not request the Buyer to take any action pursuant to paragraph 3.2; or
 - (b) fails to indemnify the Buyer and the Target (in accordance with paragraph 3.6);
- within 15 Business Days of the giving of written notice to the Seller under paragraph 3.1, the Buyer and the Target shall be free to settle or pay the Claim for Tax on such terms as they shall in their absolute discretion think are reasonable.
- 3.9 For the avoidance of doubt it is agreed and declared that nothing contained in this paragraph 3 shall oblige the Buyer to prevent the Target from making a payment of Taxation at the time necessary to avoid incurring any fine, penalty or interest in respect of any unpaid Taxation.

4 DATE FOR PAYMENT

- 4.1 A payment to be made by the Seller under this Schedule shall be made in cleared funds on the following dates:

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- (a) in the case of an amount under paragraphs 1.1(a), 1.1(c), 1.1(e), 1.1(f), 1.1(g) or 1.1(i) of Part 3 of this Schedule on or before the later of:
 - (i) seven days after written demand for such payment; and
 - (ii) two days before the date on which the Tax is finally due to the Tax Authority demanding the same;
 - (b) in the case of an amount in respect of an Effective Tax Liability, on or before the later of:
 - (i) seven days after written demand for such payment; and
 - (ii) two days before the date on which the payment of Tax saved thereby would otherwise have become due and payable to the relevant Tax Authority;
 - (c) in the case of an amount under paragraph 1.2 of Part 3 of this Schedule within seven days of the Buyer giving written notice and evidence of the costs and expenses incurred by the Buyer or the Target to the Seller;
 - (d) in the case of an amount under paragraph 1.1(d) of Part 3 of this Schedule on or before the later of:
 - (i) seven days after written demand for such payment; and
 - (ii) two days before the date on which the Group Relief Payment is finally due and payable by the Target; and
 - (e) in the case of an amount under paragraph 1.1(h) of Part 3 of this Schedule:
 - (i) where the liability is an Actual Tax Liability on or before the later of:
 - (A) seven days after written demand for such payment; and
 - (B) two days before the date on which the Tax is finally due to the Tax Authority demanding the same; and
 - (ii) in the case of any other liability, within seven days of the Buyer giving written notice and evidence of the liability incurred by the Buyer or the Target to the Seller.

4.2 Any sum not paid by the Seller on the due date for payment as specified in clause 6.1 shall bear Interest (which shall accrue from day to day after as well as before any judgment for the same) from the due date to and including the day of actual payment, provided that no Interest shall accrue to the extent that the Seller's liability under part 3 of this Schedule extends to interest or penalties arising after the due date.

5 WITHHOLDING AND TAX

5.1 All payments made by the Seller under the Tax Covenant shall be made gross, free of any rights of counterclaim or set-off and without any deductions or withholdings of any nature save for any deductions or withholdings required to be made by law.

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- 5.2 If the Seller is required by law to make any deduction or withholding referred to in paragraph 5.1 from any payment it shall make such deduction or withholding and the sum due in respect of such payment shall be increased to the extent necessary to ensure that after the making of such deduction or withholding the Buyer receives and retains (free of any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and retained had no such deduction or withholding been required to be made.
- 5.3 If any payment under the Tax Covenant is subject to Tax in the hands of the Buyer (other than Tax attributable to the payment being properly treated as an adjustment to the consideration paid by the Buyer for the Target) the Seller shall within seven days notice in writing being served on it by the Buyer pay to the Buyer such further amount as shall ensure that the net amount received in respect of such payment after such Tax is the same as it would have been had the payment not been subject to such Tax (and after giving credit for any relief from or credit in respect of Tax available to the Buyer in respect of such payment or the matter giving rise to the payment).
- 5.4 The Seller shall not be obliged to pay any additional amount under paragraphs 5.2 or 5.3 in respect of any deduction or withholding or any Tax:
- (a) in the event that the Buyer assigns the whole or any part of the benefit of this agreement, save to the extent that the Seller would have been so liable had no such assignment occurred; or
 - (b) in the event that the Buyer is not resident in the United Kingdom for Tax purposes.

6 CHOICE OF CLAIM

Subject to paragraph 1.2 of this Part 4 to this Schedule the Buyer shall in its absolute discretion decide whether to make a claim under the Tax Covenant or the Tax Warranties.

7 SAVINGS AND REPAYMENTS

- 7.1 If the Buyer becomes aware that the Target or a member of the Buyer's Group has obtained a Repayment or Saving, the Buyer shall (or shall procure that the Target shall) as soon as reasonably practicable and in any case within 10 Business Days, inform the Seller of that fact.
- 7.2 If the Auditors are requested by either party to this Agreement to determine whether or not there has been any such Repayment or Saving the relevant party shall procure that the Auditors are instructed to give and shall (at the expense of the party requesting) give as soon as practicable such determination.
- 7.3 In carrying out the determination referred to in paragraph 7.2 the Auditors shall act as experts and not as arbitrators and (in the absence of manifest error and subject to paragraph 7.5 below) their decision shall be final and binding on the parties to this agreement.
- 7.4 If, on or before the seventh anniversary of Completion, the Auditors determine that there has been a Repayment or Saving or if the Auditors have not been asked to determine whether or not a Repayment or Saving has arisen the parties agree between themselves

that there has been a Repayment or Saving then the amount of such Repayment or Saving (the “**Relevant Amount**”) is to be dealt with in accordance with paragraph 7.4 of this Part:

- (a) the Relevant Amount shall first be set off against any payment due from the Seller under this Schedule or for breach of the Tax Warranties;
- (b) to the extent there is an excess of the Relevant Amount after any amounts have been set off under paragraph 7.4(a) of this Part, a refund shall be made to the Seller of any previous payment or payments made by the Seller under this Schedule or for breach of the Tax Warranties and not previously refunded under this paragraph 7.4(b) up to the amount of such excess; and
- (c) to the extent that the excess referred to in paragraph 7.4(b) is not exhausted under that paragraph, the remainder of that excess shall be repaid to the Seller.

7.5 After the Auditors have given their determination under this paragraph 7, the Seller or the Buyer may, at any time before the seventh anniversary of Completion, request the Auditors to review that determination in the light of all relevant circumstances, including any facts of which it was not aware, and which were not taken into account, at the time when such determination was produced, and to determine whether in their opinion the determination remains correct or whether, in light of those circumstances, it should be amended. Any such review shall be paid for by the Buyer if the Buyer requests a review and no amendment to the determination which is favourable to the Buyer proves necessary. In all other circumstances the review shall be paid for by the Seller.

7.6 If the auditors make an amendment to the earlier determination and the Relevant Amount is revised, that revised amount shall be substituted for the previous amount and any adjusting payment that is required shall be made by or to the Seller (as the case may be) as soon as practicable.

8 RECOVERY FROM OTHER PERSONS

8.1 If:

- (a) the Target or the Buyer is entitled to recover from any other person, (including a Tax Authority but excluding the Target) any sum in respect of any matter to which this Schedule applies or in respect of the Tax Warranties; and
- (b) the Seller has first agreed to indemnify the Buyer and the Target against any Tax that may be suffered on receipt of that sum and all reasonable costs, expenses and losses which the Buyer and the Target may properly incur in connection with the taking of the following action;

then the Buyer shall or shall procure that the Target shall take all reasonable steps to enforce the recovery against the person in question (keeping the Seller fully informed of the progress of any action taken).

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- 8.2 If the Target or the Buyer recovers from any third party any sum in respect of a liability for which a claim could be or has been made against the Seller pursuant to this Schedule or for breach of the Tax Warranties an amount equal to the amount so recovered together with any interest or repayment supplement thereon (less the reasonable costs incurred and an amount equal to any Taxation which arises as a direct result of such recovery and expenses paid by such person (insofar as not reimbursed by the Seller)) shall:
- (a) if the Seller has at the time of the recovery made any payment pursuant to this Schedule or to satisfy a claim for breach of the Tax Warranties, the amount shall be paid to the Seller by the Buyer within seven days of the recovery (provided that the amount paid to the Seller under this paragraph 8.2 shall not exceed the amount of the payment made by the Seller pursuant to this Schedule or to satisfy a claim for breach of the Tax Warranties (which for the avoidance of doubt will include any costs which the Seller has paid under this paragraph 8.2) in respect of the Tax Liability in question less any part of such amount previously repaid to the Seller under any provision of this Schedule or elsewhere under this agreement); or
 - (b) if any claim has been made by the Buyer pursuant to this Schedule but the Seller has not at the time of the recovery made payment in respect thereof, the amount shall be set against and reduce pro tanto the claim against the Seller.

9 GROUP RELIEF

- 9.1 The Seller may, so far as legally possible, reduce or extinguish any Tax Liability:
- (a) by reallocating for nil consideration a chargeable gain or any part of such gain to any member of the Seller's Group under the provisions of section 179A TCGA 1992 or section 792 CTA;
 - (b) by electing for nil consideration under section 171A TCGA 1992 that a disposal of an asset by the Target shall be treated as having been made by a member of the Seller's Group;
 - (c) by surrendering or procuring the surrender of Group Relief, eligible unrelieved foreign tax or advance corporation tax to the Target for nil consideration; and
 - (d) by claiming for nil consideration to roll-over or reinvest any income, profits or gains of the Target into the expenditure on replacement assets acquired by any member of the Seller's Group,
- such that the Seller has no liability under this Schedule in respect of the Tax Liability and any claim already made in respect of such Tax Liability is deemed for the purposes of this Schedule and the Agreement never to have been made.
- 9.2 The Buyer shall and shall procure that the Target shall use all reasonable endeavours to procure that all relevant claims, elections and surrenders are made and all other actions are taken as are required to give effect to the elections in paragraph 9.1.
- 9.3 The Buyer shall procure that all relevant claims, elections, surrenders and all other actions taken under paragraph 9.1 are made in priority to and given priority over any other surrenders of Group Relief or other relevant claims, elections, surrenders or actions involving the Target.

10 VAT GROUP

- 10.1 The Buyer shall procure that the Representative Member (as defined in paragraph 8 of Part 2 of this Schedule) shall as soon as reasonably practicable apply to HM Revenue & Customs to exclude the Seller from the VAT Group and the Seller shall use its reasonable endeavours to ensure its exclusion from the VAT Group with effect from Completion and in any event from the earliest date on which the HM Revenue & Customs shall allow.
- 10.2 The Seller undertakes:
- (a) to provide to the Representative Member after Completion such documents, information and assistance as it may reasonably require to enable it to comply with its obligations in the making of VAT returns and accounting for VAT to HM Revenue & Customs in respect of supplies or acquisitions made by it or any past or present member of the Seller's Group (excluding Target) for VAT purposes in each prescribed accounting period (as defined in section 25(1) VATA) where such supplies or acquisitions are, for the purposes of section 43 VATA (groups of companies), treated as made by the Representative Member ("**Relevant PAPs**"); and
 - (b) to pay to the Representative Member an amount equal to any VAT for which the Representative Member has to account to HM Revenue & Customs (or would have to account but for any input tax credit or repayment of VAT due from HM Revenue & Customs in respect of actual supplies made to the members of the VAT Group other than the Seller or members of the Seller's Group) in respect of the Relevant PAPs and which results from supplies, deemed supplies, importations or acquisitions made by the Seller or any past or present member of the Seller's Group (excluding Target) in the Relevant PAPs but treated as made by the Representative Member under section 43(1) VATA (groups of companies) not less than two Business Days before the Representative Member is required to pay such VAT to HM Revenue & Customs and, in computing such amount of VAT, credit shall be given to the Seller for any input tax to which it or any past or present member of the Seller's Group (excluding Target) are entitled under the VATA on supplies, deemed supplies made to or importations or acquisitions made by the Seller or any past or present member of the Seller's Group (excluding Target) in the Relevant PAP, but treated as made to or by the Representative Member.
- 10.3 The Buyer shall procure that the Representative Member shall properly and promptly comply with its obligations referred to in paragraph 10.2(a) of this Part and account to the HM Revenue & Customs for any amount in respect of VAT paid by the Seller or any past or present member of the Seller's Group (excluding Target) pursuant to paragraph 10.2(b) of this Part and provide to the Seller as soon as possible copies of the VAT returns referred to in paragraph 10.2(a) of this Part and any relevant correspondence or documentation sent to or received from HM Revenue & Customs in connection with any matter referred to in that paragraph.
- 10.4 The Buyer shall procure that the Representative Member claims as soon as reasonably possible and pays to the Seller an amount equal to any VAT which the Representative Member recovers (or would recover but for any payment due to HM Revenue & Customs in respect of actual supplies made by the members of the VAT Group other than the Seller or any past or present member of the Seller's Group (excluding Target)) from HM

Revenue & Customs in respect of Relevant PAPs and which results from supplies or deemed supplies made to or importations or acquisitions made by the Seller or any past or present member of the Seller's Group (excluding Target) in the Relevant PAPs but treated as made to the Representative Member under section 43(1) VATA (groups of companies).

11 BUYER'S COVENANT

- 11.1 The Buyer covenants with the Seller to pay the Seller an amount equal to:
- (a) any Tax for which the Seller or any member of the Seller's Group is or may be liable as a result of non-payment of Tax by the Target,
but only in circumstances where the Tax is directly or primarily chargeable against or attributable to the Target and arises:
 - (i) in respect of Events occurring after Completion; or
 - (ii) as a result of the failure of the Buyer or the Target to apply an amount paid by the Seller to the Buyer under this Schedule or to satisfy a claim for breach of the Tax Warranties or to discharge a liability to which the amount relates; and
 - (b) any reasonable costs and expenses properly incurred by the Seller in connection with such liability referred to in paragraph (a) or with taking any successful action under this paragraph 11.
- 11.2 For the purposes of this paragraph 11 any liability to Tax shall include any liability to make a payment of Tax which would have arisen but for the utilisation of any Relief.
- 11.3 A payment to be made by the Buyer under this Schedule shall be made in cleared funds on or before the later of:
- (a) seven days after written demand for such payment; and
 - (b) two days before the date on which the Tax is finally due to the Tax Authority demanding the same.
- 11.4 Paragraphs 3 (Conduct of Claims) and 5 (Withholding and Tax) of Part 4 of this Schedule shall apply to the covenants contained in this paragraph 11 as they apply to the covenants contained in Part 3 of this Schedule replacing references to the Seller by the Buyer (and vice versa) and making any other necessary modifications.
- 11.5 The Buyer undertakes to procure that the Target will not cease to trade and no steps will be taken to wind-up the Target within seven days of Completion.

12 ADMINISTRATION

- 12.1 If the Seller so elects the Seller or its duly authorised agents shall prepare the accounts and corporation tax returns (the "**Tax Documents**") of the Target for all accounting periods up to and including the period to 31 December 2009 and deal with all matters relating to them to the extent that the same have not been prepared before Completion (the "**Pre-Completion Tax Affairs**") and the Buyer shall procure that the Target provides

reasonable access to the Target's books, accounts and records to enable the Seller or its duly authorised agents to prepare the Tax Documents and to deal with all matters relating to them.

12.2 Without prejudice to the Buyer's rights under this Schedule, the Buyer shall:

- (a) procure that the Target shall cause the Tax Documents, so far as it is legally able to do so to be authorised, signed and submitted to the appropriate Tax Authority with such reasonable amendments, if any, as the Buyer may request, provided that the Buyer shall not be required to take any action pursuant to this paragraph 12.2 if, in relation to a Tax Document, it is reasonably likely to prejudice the amount of liability of Target in respect of Tax for which the Seller is not liable under this Agreement; and
- (b) shall give the Seller or its agents all such assistance as may be reasonably required to agree those returns with the appropriate Tax Authority provided that the Target shall not be obliged to sign and submit a return which is incorrect.

12.3 The Seller or its duly authorised agents shall:

- (a) deliver all Tax Documents which have been prepared by or on behalf of the Seller in accordance with this paragraph 12 to the Buyer in draft at least fifteen business days before their intended submission to a Tax Authority to allow the Buyer to comment on the Tax Documents in accordance with paragraph 12.4 and for authorisation and signing prior to submission to the relevant Tax Authority;
- (b) deliver a copy or a note of all correspondence or other communication which it receives from or has with a Tax Authority to the Buyer within five business days of receipt of that correspondence or communication from the Tax Authority;
- (c) inform the Buyer in writing of the content of all material discussions, correspondence or other communication which it is intending to have with or submit to any Tax Authority at least 10 business days prior to the intended discussion or submission of the correspondence or other communication (in each case the "**Intended Communication**") in order to allow the Buyer to comment on the content of the Intended Communication in accordance with paragraph 12.2; and
- (d) not submit a Tax Document to a Tax Authority which is misleading, untrue or inaccurate.

12.4 The Buyer shall be entitled to comment on all Tax Documents and Intended Communications delivered to it under paragraph 12.3. The Buyer shall take account of and reflect in the Tax Document or Intended Communication any reasonable comments made by the Buyer. The Seller shall not submit any Tax Document or submit, make or have any Intended Communication until the Buyer has either supplied the Seller with its comments or notified the Seller that it has no comments provided that if the Buyer does not supply any comments or notify the Seller that it has no comments within fifteen business days of receipt of the Tax Document or Intended Communication then the Seller shall be entitled to submit that Tax Document or Intended Communication.

12.5 If, in the Buyer's reasonable opinion, there has been an undue delay on the part of the Seller (or its agents) in dealing with the matters referred to in paragraph 12.1, then the Buyer shall be entitled to assume conduct of these matters in the place of the Seller or its agents.

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- 12.6 Upon agreement with H M Revenue & Customs or other Tax Authority of the matters conducted by the Seller or its agents under this paragraph the Seller or its agents shall deliver copies of all relevant files, documents and information to the Buyer.
 - 12.7 The Seller shall use or shall procure that its agents use all reasonable expedition to ensure that all the tax affairs of the Target conducted by the Seller or its agents under this paragraph 12 are completed as soon as reasonably possible and within the time limits prescribed by law.
 - 12.8 The reasonable costs of any professional advisers shall be borne by the Target provided that the appointment of such professional advisers is approved in advance by the Buyer and that a budget for the work is agreed by the Buyer (acting reasonably) prior to commencement of work.

13 PENSION DEDUCTION

- 13.1 The Buyer shall notify the Seller within five Business Days of the Buyer becoming aware that the Target (or a member of the Buyer's Group) will be able to obtain a Pension Deduction Saving.
- 13.2 The Buyer shall pay to the Seller by way of additional consideration for the Shares an amount equal to the amount of any Pension Deduction Saving arising in respect of the accounting period in which the relevant Pension Deduction is utilised to produce the Pension Deduction Saving within five Business Days of the date upon which any Tax would have been payable by the Target (or the member of the Buyer's Group which obtains the Pension Deduction Saving) but for the use of the Pension Deduction.
- 13.3 The Buyer will procure that the Target uses, and the Target will be deemed for the purposes of this paragraph 13 to use, any Pension Deduction available to it which would give rise to a Pension Deduction Saving in priority to all other Reliefs.
- 13.4 If a Pension Deduction Saving is disallowed or there is a successful challenge by HM Revenue and Customs in relation to a Pension Deduction Saving after the date on which payment has been made to the Seller under paragraph 13.1, the provisions of this Schedule shall apply so that the Buyer shall have a claim under paragraph 1.1 of Part 3 of this Schedule to the intent and effect that the additional consideration paid by the Buyer to the Seller under this paragraph 13.1 shall be repaid by the Seller to the Buyer in accordance with the provisions of this Schedule.
- 13.5 For the avoidance of doubt, a Pension Deduction Saving shall not be a Seller's Relief and capable of set off against a Tax liability for which the Seller is liable but shall only be dealt with under this paragraph 13.

14 GROUP PAYMENT ARRANGEMENT

- 14.1 The Buyer covenants to procure that the Target pays to the Seller an amount equal to any corporation tax which the Nominated Company is required to pay in respect of events occurring after Completion in respect of the Target pursuant to the GPA (the "Payment").

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- 14.2 The Buyer shall not be liable to make any payment under paragraph 14.1 to the extent that the corporation tax which the Nominated Company is required to pay is in respect of corporation tax allocated to the Target pursuant to the GPA in respect of events occurring before Completion.
- 14.3 The Buyer shall not be liable to make any payment under paragraph 14.1 to the extent to which it related to any corporation tax which the Seller is liable to pay under this Schedule or would have been so liable had the Target not been party to the GPA.
- 14.4 Any payment required to be made by the Buyer pursuant to paragraph 14.1 above shall be made on the later of:
- (a) 5 working days of the Buyer receiving a written demand for payment from the Seller; and
 - (b) the due date for payment to HM Revenue and Customs of the underlying corporation tax liability
- 14.5 If the Seller is obliged to pay any amount to the Buyer in respect of corporation tax under the Tax Covenant or for breach of any of the Tax Warranties such liability shall be treated as discharged on a pound for pound basis to the extent that the Nominated Company has paid (otherwise from any Payment made by the Target) an amount in respect of such corporation tax to HM Revenue and Customs.
- 14.6 No Payment shall be made to the extent that:
- (a) the Target has previously at any time satisfied its obligations under the GPA, or is obliged to make payment to any other person, in respect of the same amount;
 - (b) discharge by the Nominated Company is other than pursuant to a GPA in respect of a group of companies of which the Target was a member immediately before Completion; or
 - (c) the Buyer is not reasonably satisfied that an amount equal to that contribution has been properly apportioned to the Target pursuant to the GPA.
- 14.7 The Sellers shall:
- (a) procure that there shall be promptly paid to HM Revenue and Customs an amount equal to any Payment following receipt of it in the event that a Payment is made in respect of a liability to corporation tax which has not been discharged;
 - (b) procure that there shall be (subject to paragraph 14.7(c) below) promptly apportioned to the Target an amount equal to each Payment, such apportionment to be made by reference to the payment of corporation tax in respect of which the Payment was paid;
 - (c) not, without the Buyer's written consent (not to be unreasonably withheld), reapportion any amount previously apportioned to the Target pursuant to the GPA;
 - (d) promptly (and in any case within two days of receipt thereof from a Tax Authority) pay, or procure that there is paid, to the Target an amount equal to:
 - (i) any excess by which the amount or the aggregate amount of any Payments exceeds the amount of Tax finally apportioned to the Target in respect of which the Payments are made; and

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- (ii) interest on such excess at the rate paid from time to time by HM Revenue and Customs on overpaid corporation tax during the period from the date of the payment of the Payment to the date of payment of such excess pursuant to paragraph 14.7(d)(i); and
 - (e) procure that the Target is removed from any simplified arrangements for Group Relief under Corporation Tax (simplified Arrangements for Group Relief) Regulations 1999 with effect from Completion.

15 RELEASE

- 15.1 Any liability of the Seller under this Schedule or for breach of any of the Tax Warranties may in whole or in part be released, compounded or compromised by the Buyer in its absolute discretion or time or indulgence may be given by the Buyer in its absolute discretion as regards the Seller who is under such liability without in any way prejudicing or affecting its rights against the Seller under the same or a like liability whether joint and several or otherwise.
- 15.2 No delay or omission of the Buyer in exercising any right, power or privilege under this Schedule shall impair such right, power or privilege or be construed as waiver of such right, power or privilege and any single or partial exercise of any such right, power or privilege shall not preclude the further exercise of any right, power or privilege.

16 REDUCTION IN CONSIDERATION

Any payments made under the agreement by the Seller shall be treated as a reduction in the consideration payable under this agreement.

SCHEDULE 7

THE NET ASSET STATEMENT

The Net Assets shall comprise the Book Debts and other current assets of the Target Group (but excluding fixed assets) less current liabilities of the Target Group at the Transfer Date. A proforma of the Net Asset Statement is set out in Part 3 of this Schedule, for illustrative purposes only.

1 PART 1 – GENERAL ACCOUNTING PRINCIPLES AND POLICIES

- 1.1 The accounting principles, policies, bases, practices and methods to be used in the preparation of the Net Asset Statement are as follows:
- (a) the specific principles, policies, bases, practices and methods detailed in Part 2 of this Schedule, and subject thereto;
 - (b) the principles, policies, bases, practices and methods consistent with those used in the preparation of the last Management Accounts and subject thereto;
 - (c) GAAP in force at the time of preparation of the Net Asset Statement.
- 1.2 For the avoidance of doubt paragraph 1.1(a) of this Schedule shall take precedence over paragraph 1.1(b) of this Schedule; and

2 PART 2 – SPECIFIC ACCOUNTING PRINCIPLES AND POLICIES

- 2.1 The following specific principles, policies, bases, practices and methods shall be used in preparation of the Net Asset Statement:
- (a) events and circumstances occurring after 30 days from the Transfer Date shall not be taken into account;
 - (b) no provision shall be made for corporation tax or for deferred tax;
 - (c) the Advance Ticket Receipts shall not be included in the Net Asset Statement;
 - (d) the Free Cash and the London Show Escrow Accounts shall not be included in the Net Asset Statement;
 - (e) no provision shall be made for Property Creditors in excess of the provisions made in the Management Accounts;
 - (f) no provision shall be made for any sum arising as a result of a matter covered by an indemnity given in favour of the Buyer as set out in clause 11;
 - (g) a provision of £83,000 shall be made in respect of the Target's audit fee;

3 PART 3 - PROFORMA NET ASSET STATEMENT**Net Asset Statement as at 31 October 2009**

<u>Item</u>	<u>£</u>
Accounts Receivable	1,230,940
Prepayments	633,238
Inventory	211,302
Other Current Assets	35,000
Total Current Assets	2,110,480
Accounts Payable	(438,692)
Accrued Liabilities	(4,117,279)
Accrued Taxes	(505,155)
Deferred Revenue	(1,316,814)
Total Current Liabilities	(6,377,940)
<u>Net Working Capital Deficit</u>	<u>(4,267,459)</u>

SCHEDULE 8

ADVANCE TICKET AND FREE CASH RECONCILIATION

Part 1 – General Accounting Principles and Policies

- 1.1 The accounting principles, policies, bases, practices and methods to be used in the preparation of the Advance Ticket and Free Cash Reconciliation are as follows:
- (a) the principles, policies, bases, practices and methods consistent with those used in the preparation of the last Management Accounts and subject thereto;
 - (b) GAAP in force at the time of preparation of the Advance Ticket and Free Cash Reconciliation.
- 1.2 For the avoidance of doubt paragraph 1.1(a) of this Schedule shall take precedence over paragraph 1.1(b) of this Schedule.
A proforma of the Advance Tickets and Free Cash Reconciliation is set out at Part 2 of this Schedule, for illustrative purposes only.

Part 2 – Pro Forma For Illustration Only

Estimated Advance Ticket and Free Cash Reconciliation

<u>Account</u>	<u>Item</u>	<u>£</u>
21045	Ticket Receipts	26,112,271
21044	Settlement Due to Promoter	823,237
21025	PRS Due	62,114
12502	Ticket Advance to Promoters	(143,597)
11017	Receipts due from TM	(2,080,268)
11022	Settlement Due from Promoter	(48,055)
	Agent AR	(1,986,609)
	Advance Ticket Receipts	22,739,092
	Less : Venue Floats	(107,036)
	Less: Outstanding Bankings	(734,763)
	<u>Reconciliation</u>	<u>21,897,292</u>

Of which :

Estimated Advance Ticket and Free Cash Reconciliation

<i>London Show Escrow Accounts</i>	2,444,825
<i>Other Cash</i>	19,452,468

SIGNED and delivered as a deed by **APOLLO LEISURE GROUP LIMITED** acting by a director in the presence of: /s/ David Rogers

Signature of witness: /s/ Dawn Conquest

Name of witness: Dawn Conquest

Address: 41 Black Lane

Eynsham Witney, Oxfordshire

OX29 4QP

SIGNED and delivered as a deed by **THE AMBASSADOR THEATRE GROUP LIMITED** acting by a director in the presence of: /s/ Peter Kavanagh

Signature of witness: /s/ Andrew Hill

Name of witness: Andrew Hill

Address: One Fleet Place

London EC4M 7WS

SIGNED and delivered as a deed by **LIVE NATION, INC.** acting by John Hopmans being a person who in accordance with the laws of incorporation of Delaware is acting under the authority of the company:

/s/ John Hopmans

Authorised signatory

**SECOND AMENDMENT
TO
CONFIRMATION OF EMPLOYMENT AND COMPENSATION ARRANGEMENT**

This Second Amendment to Confirmation of Employment and Compensation Arrangement (this "Second Amendment") is effective the 22nd day of October, 2009 (the "Effective Date") by and between Live Nation Worldwide, Inc., a Delaware corporation ("Live Nation"), and Brian Capo (the "Employee").

WHEREAS, the parties entered into a Confirmation of Employment and Compensation Arrangement dated December 17, 2007, which was amended effective December 31, 2008 (the "Original Agreement").

WHEREAS, the parties desire to amend the Original Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements included in this Second Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Section 1 of the Original Agreement is hereby amended and restated in its entirety to read as follows:

"This Agreement is effective December 17, 2007 (the "Effective Date"). Your term of employment will start on the Effective Date and will end on the close of business on December 16, 2009, unless terminated earlier pursuant to the terms set forth in Section 8 below. Beginning December 17, 2008 and continuing for so long thereafter as you are employed hereunder, your employment term shall be automatically extended day-to-day so that there will always be exactly twelve (12) months remaining in the term of the Agreement, unless terminated earlier pursuant to the terms set forth in Section 8 below (collectively referred to as the "Term")."

2. The Section 8 of the Original Agreement is hereby amended and restated in its entirety to read as follows:

"Either you or Live Nation may terminate this agreement at any time with or without cause. If you experience a "separation from service" (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") due to the termination of your employment either by Live Nation without cause (as determined in the reasonable discretion of Live Nation) or by you for "good reason" (as defined below), and if within sixty (60) days of your termination date you timely execute a general release of claims in a form and manner satisfactory to Live Nation, then Live Nation will pay you a lump sum cash payment within ninety (90) days of your termination date, but in no event later than March 15 of the next calendar year, an amount equal to your monthly base salary, as in effect on your termination date, for nine (9) months, less withholdings for applicable taxes and appropriate payroll deductions. If you do not execute such release within sixty (60) days following your termination date, no severance shall be payable under this Section 8. For purposes of this Agreement, "good reason" shall mean a material reduction in your duties, responsibilities, authority or compensation.

3. The Original Agreement is and shall continue to be in full force and effect, except as amended by this Second Amendment, and except that all references in the Original Agreement to the "Agreement" or words of like import referring to the Original Agreement shall mean the Original Agreement as amended by this Second Amendment.

4. Any and all defined terms which are not explicitly defined herein shall have the meaning ascribed to them in the Original Agreement.

5. This Second Amendment may be signed in counterpart originals, which collectively shall have the same legal effect as if all signatures appeared on the same physical document. This Second Amendment may be signed and exchanged by electronic or facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Second Amendment effective as of the date first written above.

THE EMPLOYEE

Date: 12/11/09

/s/ Brian Capo
Brian Capo

LIVE NATION WORLDWIDE, INC.

Date: 12/11/09

By: /s/ Kathy Willard
Name: Kathy Willard
Title: Executive Vice President and
Chief Financial Officer

Live Nation Entertainment, Inc.
Computation of Ratio of Earnings to Fixed Charges

	Year Ended December 31,				
	2009	2008	2007	2006	2005
<i>(in thousands, except ratio)</i>					
Loss before income taxes, equity in (earnings) losses of nonconsolidated affiliated, and cumulative effect of a change in accounting principle	\$(116,529)	\$(358,577)	\$(45,844)	\$(29,956)	\$(60,717)
Dividends and other received from nonconsolidated affiliates	—	—	—	—	—
Total earnings	(116,529)	(358,577)	(45,844)	(29,956)	(60,717)
Fixed charges:					
Interest expense	66,365	70,104	64,297	36,790	51,881
Amortization of loan fees	*	*	*	*	*
Interest portion of rentals	35,583	35,048	31,393	22,926	19,254
Total fixed charges	101,948	105,152	95,690	59,716	71,135
Preferred stock dividends	—	—	—	—	—
Total fixed charges and preferred stock dividends	101,948	105,152	95,690	59,716	71,135
Total earnings available for payment of fixed charges	\$ (14,581)	\$ (253,425)	\$ 49,846	\$ 29,760	\$ 10,418
Ratio of earnings to fixed charges	(0.14)	(2.41)	0.52	0.50	0.15
Rental fees and charges	101,666	100,136	89,694	65,503	55,012
Interest rate	35%	35%	35%	35%	35%

* Amortization of loan fees is included in interest expense.

Adopted: September 12, 2006

This online version of Live Nation's Code of Business Conduct and Ethics has been modified from the original version distributed to our employees to safeguard the integrity of our internal communications.



LIVE NATION, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

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Note: This code and related policies are current as of September 12, 2006. In some respects our policies may exceed minimum legal requirements or industry practice. Nothing contained in this code should be construed as a binding definition or interpretation of a legal requirement or industry practice.

To obtain additional copies of this code, you may access it:

- from the web, at <http://www.livenation.com>;
- via the intranet, at <http://www.intranet.livenation.com/index.php>; or
- by contacting the Legal Department.

Forward

To all employees:

Our company is founded on our commitment to the highest ethical principles and standards. We value honesty and integrity above all else. Upholding these commitments is essential to our continued success.

The law and the ethical principles and standards that comprise this code of conduct must guide our actions. The code is, of course, broadly stated. Its guidelines are not intended to be a complete listing of detailed instructions for every conceivable situation. Instead, it is intended to help you develop a working knowledge of the laws and regulations that affect your job.

Adhering to this code is essential. I have personally taken the time to study it carefully and I encourage you to do the same.

Ultimately, our most valuable asset is our reputation. Complying with the principles and standards contained in this code is the starting point for protecting and enhancing that reputation. Thank you for your commitment!

Michael Rapino
President and Chief Executive Officer

Introduction

The company has created this code of conduct to ensure that our employees' business decisions follow our commitment to the highest ethical standards and the law. Adherence to this code and to our other official policies is essential to maintaining and furthering our reputation for fair and ethical practices among our customers, shareholders, employees and communities.

The code of conduct applies to all company employees, officers and members of the Board of Directors, except where superseded by specific terms of a valid contract between you and the company or a valid collective bargaining agreement. In the event that this code conflicts with the Live Nation Employee Handbook or any other company policy, the terms of this code shall control. If you have any questions regarding the interpretation of this code, or in the event you believe that an actual or apparent conflict exists between this code and the Employee Handbook or any contractual arrangement, please contact the appropriate person as described below in the section entitled "*Asking for Help and Reporting Concerns.*"

The provisions of this code are not intended to, and should not be interpreted to, prohibit activities otherwise protected by law (including legal labor organizing activity). If you have questions as to the interpretation of any provision of this code, please contact the appropriate person as described below in the section entitled "*Asking for Help and Reporting Concerns.*"

It is the responsibility of each employee covered by the code to comply with all applicable laws and regulations and all provisions of this code and the related policies and procedures. Each employee covered by the code must report any violations of the law or this code. Failure to report such violations or failure to follow the provisions of this code may have serious legal consequences and will result in disciplinary action, up to and including the termination of your employment.

This code summarizes certain laws and the ethical policies that apply to all of our employees, officers and directors. Several provisions in this code refer to more detailed policies that either (1) concern more complex company policies or legal provisions or (2) apply to select groups of individuals within our company. If these detailed policies are applicable to you, it is important that you read, understand and comply with them. If you have questions as to whether any detailed policies apply to you, please contact the appropriate person as described below in the section entitled "*Asking for Help and Reporting Concerns.*"

Situations that involve ethics, values and violations of certain laws are often very complex. No single code of conduct can cover every business situation that you will encounter. Consequently, we have implemented the compliance procedures outlined in the sections of this code entitled "*Administration of the Code*" and

“Asking for Help and Reporting Concerns.” The thrust of our procedures is ***when in doubt, ask***. If you do not understand a provision of this code, are confused as to what actions you should take in a given situation or wish to report a violation of the law or this code, you should follow those compliance procedures. Those procedures will generally direct you to talk to either your immediate supervisor, your Human Resources Representative, the Employee Service Line or the Legal Department. There are few situations that cannot be resolved if you follow these procedures.

After reading this code, you should:

- Have a thorough knowledge of the code’s terms and provisions.
- Be able to recognize situations that present legal or ethical dilemmas.
- Be able to deal effectively with questionable situations in conformity with this code.

In order to be able to accomplish these goals, we recommend that you take the following steps:

- Read this code of conduct thoroughly.
- If there are references to more detailed policies that are not contained in this code, obtain and read those policies if they apply to you.
- Think about how the provisions of this code apply to your job, and consider how you might handle situations to avoid illegal, improper or unethical actions.
- If you have questions, please contact the appropriate person as described below in the section entitled ***“Asking for Help and Reporting Concerns.”***

When you are faced with a situation and you are not clear as to what action you should take, ask yourself the following questions:

- Is the action legal?
- Does the action comply with this code?
- How will your decision affect others, including our customers, shareholders, employees and the community?
- How will your decision look to others? If your action is legal but can result in the appearance of wrongdoing, consider taking alternative steps.

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- How would you feel if your decision were made public? Could the decision be honestly explained and defended?
 - Have you followed the procedures described below in the section entitled “*Asking for Help and Reporting Concerns*” regarding the action?

To reiterate, *when in doubt, ask*.

We do not create any contractual or legal rights or guarantees by issuing this code, and we reserve the right to amend, alter and terminate this code at any time and for any reason. Please note that this code is not an employment contract and does not modify the employment relationship between us and you. You are encouraged to read the Live Nation Employee Handbook in addition to this code.

Compliance with Laws

First and foremost, our policy is to behave in an ethical manner and comply with all laws, rules and government regulations that apply to our business. Although we address several important legal topics in this code, we cannot anticipate every possible situation or cover every topic in detail. It is your responsibility to know and follow the law and conduct yourself in an ethical manner. It is also your responsibility to report any violations of the law or this code. You may report such violations by following the compliance procedures contained in the section of the code entitled “*Asking for Help and Reporting Concerns*.”

Antitrust Laws

Antitrust laws are designed to ensure a fair and competitive marketplace by prohibiting various types of anticompetitive behavior. Some of the most serious antitrust offenses occur between competitors, such as agreements to fix prices or to divide customers, territories or markets. Accordingly, it is important to avoid discussions with our competitors regarding pricing, terms and conditions, costs, marketing plans, customers or any other proprietary or confidential information. Foreign countries often have their own body of antitrust laws, so our international operations may also be subject to antitrust laws of other foreign countries.

Unlawful agreements need not be written. They can be based on informal discussions or the mere exchange of information with a competitor. If you believe that a conversation with a competitor enters an inappropriate area, end the conversation at once. Membership in trade associations (this does not include labor unions) is permissible only if approved in advance by our Legal Department.

Whenever any question arises as to the application of antitrust laws, you should consult with our Legal Department, and any agreements with possible antitrust implications should be made only with the prior approval of our Legal Department.

Anticorruption Laws

Conducting business with governments is not the same as conducting business with private parties. What may be considered an acceptable practice in the private business sector may be improper or illegal when dealing with government officials. Improper or illegal payments to government officials are prohibited. "Government officials" includes employees of any government anywhere in the world, even low-ranking employees or employees of government-controlled entities, as well as political parties and candidates for political office. If you deal with such persons or entities, you should consult with our Legal Department to be sure that you understand these laws before providing anything of value to a government official.

If you are involved in transactions with foreign government officials, you must comply not only with the laws of the country with which you are involved but also with the U.S. Foreign Corrupt Practices Act. This act makes it illegal to pay or promise to pay money or anything of value to any government official for the purpose of directly or indirectly obtaining or retaining business. This ban on illegal payments and bribes also applies to agents or intermediaries who use funds for purposes prohibited by the statute.

In some countries it is permissible to pay government employees for performing certain required duties. These facilitating payments, as they are known, are small sums paid to facilitate or expedite routine, non-discretionary government actions, such as obtaining phone service or an ordinary license. In contrast, a bribe, which is never permissible, is giving or offering to give anything of value to a government official to influence a discretionary decision. Understanding the difference between a bribe and a facilitating payment is very important. You must have approval from our Legal Department before making any payment or gift to a foreign government official.

*This discussion is not comprehensive and you are expected to familiarize yourself with all laws and regulations relevant to your position with us, as well as all our related written policies on these laws and regulations, including the Employee Handbook. To this end, your Human Resources Representative, the Employee Service Line and the Legal Department are available to answer your questions. If you have any questions concerning any possible reporting or compliance obligations, or with respect to your own duties under the law, you should not hesitate to call and seek guidance by following the compliance procedures contained in the section of the code entitled "**Asking for Help and Reporting Concerns.**"*

Conflicts of Interest

All of us must be able to perform our duties and exercise judgment on behalf of our company without influence or impairment, or the appearance of influence or impairment, due to any activity, interest or relationship that arises outside of work. Put more simply, when our loyalty to our company is affected by actual or potential benefit or influence from an outside source, a conflict of interest exists. We should all be aware of any potential influences that impact or appear to impact our loyalty to our company. In general, you should avoid situations where your personal interests conflict, or appear to conflict, with those of our company.

Any time you believe a conflict of interest may exist, you must disclose the potential conflict of interest to your immediate supervisor. Any activity that is approved, despite the actual or apparent conflict, must be documented. Any activity that could raise a potential conflict of interest that involves an executive officer must be approved by our Board of Directors or its designated committee. Any activity that could raise a potential conflict of interest involving an officer with the title of Vice President and above must be approved by our General Counsel.

It is not possible to describe every conflict of interest, but some situations that could cause a conflict of interest include:

- Doing business with family members
- Having a financial interest in another company with whom we do business
- Taking a second job
- Managing your own business
- Serving as a director of another business
- Being a leader in some organizations
- Diverting a business opportunity from our company to yourself or to another company

Doing Business with Family Members

A conflict of interest may arise if family members work for a supplier, customer or other third party with whom we do business. It also may be a conflict if a family member has a significant financial interest in a supplier, customer or other third party with whom we do business. A “significant financial interest” is defined below. Before doing business on our behalf with an organization in which a family member works or has a significant financial interest, you must disclose the situation and obtain approval from your immediate supervisor. Document the approval if it is granted. You do not need to disclose the relationship or obtain prior approval unless you deal with the customer or supplier.

“Family members” include your:

- Spouse
- Parents
- Children
- Siblings
- In-laws
- Life partner

Employing relatives or close friends who report directly to you may also be a conflict of interest. Although our company encourages employees to refer candidates for job openings, employees who may influence a hiring decision must avoid giving an unfair advantage to anyone with whom they have a personal relationship. In particular, supervisors should not hire relatives or attempt to influence any decisions about the employment or advancement of people related to or otherwise close to them, unless they have disclosed the relationship and obtained the approval of their immediate supervisor.

Ownership in Other Businesses

Any direct or indirect significant financial interest in one of our competitors, suppliers, customers or other third parties with whom we do business creates a potential conflict of interest. You should not allow your investments to influence, or appear to influence, your independent judgment. In general, you should not own, directly or indirectly, a significant financial interest in any company that competes with our company or that does, or seeks to do, business with us.

Two tests determine if a “significant financial interest” exists:

- You or a family member owns more than 5% of the outstanding stock of a business or you or a family member has or shares discretionary authority with respect to the decisions made by that business, or
- the investment represents more than 5% of your total assets or of your family member’s total assets.

If you or a family member has a significant financial interest in a company with whom we do business or propose to do business, that interest must be approved by your immediate supervisor prior to the transaction.

Notwithstanding the foregoing, non-employee directors of our company and their family members may have significant financial interests in, or be affiliates of, suppliers, customers, competitors and third parties with whom we do business or propose to do business. However, a director must:

- disclose any such relationship promptly after the director becomes aware of it,
- remove himself or herself from any Board activity that directly impacts the relationship between our company and any such company with respect to which the director has a significant financial interest or is an affiliate, and
- obtain prior approval of the Board of Directors or its designated committee for any transaction of which the director is aware between our company and any such company.

Outside Employment

Sometimes our employees desire to take additional part-time jobs or do other work after hours, such as consulting or other fee-earning services. This kind of work does not in and of itself violate our code. However, the second job must be strictly separated from your job with us, and must not interfere with your ability to devote the time and effort needed to fulfill your duties to us as our employee. Full-time employees of the company cannot engage in any outside activity that causes competition with us or provides assistance to our competitors or other parties (such as suppliers) with whom we regularly do business. You should avoid outside activities that embarrass or discredit us. Outside work may never be done on company time and must not involve the use of our supplies or equipment. Additionally, you should not attempt to sell services or products from your second job to us.

Before engaging in a second line of work, full-time employees of the company should disclose any plans to your business unit head to confirm that the proposed activity is not contrary to our best interests. You may also contact our Human Resources Department for more information about our policies concerning outside employment.

Service on Boards

Serving as a director of another corporation may create a conflict of interest. Being a director or serving on a standing committee of some organizations, including government agencies, also may create a conflict.

Before accepting an appointment to the board or a committee of any organization whose interests may conflict with our company's interests, you must discuss it with our Legal Department and obtain approval. This rule does not apply to non-employee directors of our company.

Business Opportunities

Business opportunities relating to the kinds of products and services we usually sell or the activities we typically pursue that arise during the course of your employment or through the use of our property or information belong to our company. Similarly, other business opportunities that fit into our strategic plans or satisfy our commercial objectives that arise under similar conditions also belong to us. You may not direct these kinds of business opportunities to our competitors, to other third parties or to other businesses that you own or are affiliated with.

Loans

Unlawful extensions of credit by our company in the form of personal loans to our executive officers and directors are prohibited. All other loans by our company to, or guarantees by our company of obligations of, officers with the title of Vice President or above must be made in accordance with established company policies approved by our Board of Directors or its designated committee.

If you have any questions concerning a potential conflict of interest, contact the Employee Service Line or the Legal Department.

Policy on Related-Person Transactions

Our executive officers and directors should report any "related-person transaction" (as defined below), or proposed related-person transaction, to our General Counsel promptly after becoming aware of it. It is the responsibility of the individual executive officer and director to inform the General Counsel and obtain the requisite approval described below prior to entering into any related-person transaction.

Any proposed related-person transaction involving our company or its affiliates and one of our executive officers must be pre-approved by the audit committee of our Board of Directors.

Any proposed related-person transaction involving our company or its affiliates and one of our non-employee directors must be pre-approved by the audit committee of our Board of Directors.

All related-person transactions that commenced during a fiscal quarter shall be reviewed by the audit committee of our Board of Directors after the close of the quarter. If the audit committee determines that additional procedures relating to such transactions are necessary or appropriate, it may change this policy accordingly.

For purposes of this policy, a “related-person transaction” is defined by reference to Item 404 of the Securities and Exchange Commission’s Regulation S-K. Generally, Item 404 requires public disclosure of any transaction since the beginning of our last fiscal year, or any proposed transaction, in which the company was, or will be, a participant, the amount involved exceeds \$120,000 and any “related person” (as defined below) had, or will have, a direct or indirect material interest in the transaction. “Related person” includes, generally, any (1) director or executive officer of the company, (2) nominee for director, (3) stockholder who beneficially owns more than 5% of any class of the company’s voting securities and (4) family members of any of the persons set forth in (1) through (3) above. All related-person transactions must be publicly disclosed.

Gifts and Entertainment

We are dedicated to treating fairly and impartially all persons and firms with whom we do business. Therefore, our employees must not give or receive gifts, entertainment or gratuities that could influence or be perceived to influence business decisions. Misunderstandings can usually be avoided by conduct that makes clear that our company conducts business on an ethical basis and will not seek or grant special considerations.

Accepting Gifts and Entertainment

You should never solicit a gift or favor from those with whom we do business. You may not accept gifts of cash or cash equivalents.

You may accept novelty or promotional items (such as inexpensive pens, mugs and calendars that bear a company’s name) or modest gifts of limited value (under \$500) related to commonly recognized occasions, such as a promotion, holiday, wedding or retirement, if:

- this happens only occasionally,

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- the gift was not solicited, and
 - disclosure of the gift would not embarrass our company or the people involved or appear to compromise our ability to make objective business decisions.

If you wish to accept a gift with a value in excess of \$500, you must get the approval of your Division Head.

Giving Gifts and Entertaining

Gifts of nominal value (under \$500) and reasonable entertainment for customers, potential customers and other third parties with whom we do business are permitted. However, any gift or entertainment must:

- support our company's legitimate business interests,
- be reasonable and customary, not lavish or extravagant, and
- not be likely to embarrass our company or the recipient if publicly disclosed.

Under no circumstances can any bribe, kickback or illegal payment or gift of cash or cash equivalents be made. Also, special rules apply when dealing with government employees, as discussed in this code under "***Compliance with Laws – Anticorruption Laws.***"

If you are not sure whether a specific gift or entertainment is permissible, contact your immediate supervisor. If you propose to give a gift with a value in excess of \$500, you must get the approval of your Division Head.

Fair Dealing

We have built a reputation as a trustworthy and ethical member of our community and our industry. We are committed to maintaining the highest levels of integrity and fairness within our company. When we fail to negotiate, perform or market in good faith, we may seriously damage our reputation and lose the loyalty of our customers. You must conduct business honestly and fairly and not take unfair advantage of anyone through any misrepresentation of material facts, manipulation, concealment, abuse of privileged information, fraud or other unfair business practice.

Securities Laws and Insider Trading

Because we are a public company, we are subject to a number of laws concerning the purchase and sale of our stock and other publicly traded securities. Regardless of your position with us, if you are aware of what is known as “material inside information” regarding our company, business, affairs or prospects, you may not disclose that information to anyone outside our company, and you are not allowed to buy or sell our stock or other publicly-traded securities until the material inside information is known not only by other individuals within our company, but also by the general public. The improper use of material inside information is known as insider trading. Insider trading is a criminal offense and is strictly prohibited.

“Material inside information” is any information concerning us that is not available to the general public and which an investor would likely consider to be important in making a decision whether to buy, sell or hold our stock or other securities. A good rule of thumb to determine whether information about us is material inside information is whether or not the release of that information to the public would be likely to have an effect on the price of our stock. Examples of material inside information include information concerning earnings estimates, changes in previously released earnings estimates, a pending stock split, dividend changes, significant merger, acquisition or disposition proposals, major litigation, the loss or acquisition of a major contract and major changes in our management. Material inside information is no longer deemed “inside” information once it is publicly disclosed and the market has had sufficient time to absorb the information. Examples of effective public disclosure are the filing of such inside information with the Securities and Exchange Commission, the printing of such information in *The Wall Street Journal* or other publications of general circulation or the release of such information through a major news wire service, in each case giving the investing public a fair amount of time to absorb and understand our disclosures.

In addition to being prohibited from buying or selling our stock or other publicly-traded securities when you are in possession of material inside information, you are also prohibited from disclosing such information to anyone else (including friends and family members) in order to enable them to trade on the information. In addition, if you acquire material inside information about another company due to your relationship with us, you may not buy or sell that other company's stock or other securities until such information is publicly disclosed and sufficiently disseminated into the marketplace.

The following are general guidelines to help you comply with this policy:

- Do not share material inside information with people within our company whose jobs do not require them to have the information.
- Do not disclose any non-public information, material or otherwise, concerning our company to anyone outside our company unless required as part of your duties and the person receiving the information has a reason to know the information for company business purposes.
- If you have material inside information regarding us, or regarding any other publicly traded company that you obtained from your employment or relationship with us, you must not buy or sell, or advise anyone else to buy or sell, our securities or that other company's securities, until such information is publicly disclosed and sufficiently disseminated into the marketplace.

Penalties for trading on or communicating material inside information are severe. If you are found guilty of an insider trading violation, you can be subject to civil and even criminal liability. In addition to being illegal, we believe that insider trading is unethical and will be dealt with firmly, which may include terminating your employment with us and reporting violations to appropriate authorities.

If you have any questions concerning the securities laws or about our policies with regard to those laws, or regarding the correct ethical and legal action to take in a situation involving material inside information, please review our Insider Trading Policy or contact our General Counsel.

Responding to Inquiries from the Press and Others

Our company is subject to laws that govern the timing of our disclosures of material information to the public and others. Only certain designated employees may discuss our company with securities analysts, investors or the news media.

All inquiries from securities analysts or investors regarding financial or other information about our company should be referred to our Investor Relations Department. All inquiries from the media and general inquiries from third parties should be referred to our Communications Department.

Political Activity

We will fully comply with all political contribution laws. Our funds may not be used for contributions of any kind to any political party or committee or to any candidate or holder of any government position (national, state or local) unless such contribution is permitted by law and complies with our company policy. Please contact our Legal Department to determine whether a specific company contribution is permitted.

It is against our policy for you to lobby our other employees on behalf of a political candidate during the work day. It is also against our policy to reimburse an employee for any political contributions or expenditures. Outside normal office hours, you are free to participate in political campaigns on behalf of candidates or issues of your choosing, as well as make personal political contributions.

Safeguarding Corporate Assets

We have a responsibility to protect company assets entrusted to us from loss, theft, misuse and waste. Company assets and funds may be used only for business purposes and may never be used for illegal purposes. Incidental personal use of telephones, fax machines, copy machines, personal computers, e-mail and similar equipment is generally allowed if it is occasional, there is no significant added cost to us, it does not interfere with your work responsibilities and is not related to an illegal activity or outside business. If you become aware of theft, waste or misuse of our assets or funds or have any questions about your proper use of them, you should speak immediately with your immediate supervisor.

It is also important that you protect the confidentiality of company information. Confidential or proprietary information includes all information that is not generally known to the public and is helpful to the company, or would be helpful to competitors. Proprietary information should be marked accordingly, kept secure and access limited to those who have a need to know in order to do their jobs.

Our business relations are built on trust, and our customers and suppliers count on that trust. If you learn information from them that is not otherwise public, you should keep that information confidential also.

We must all be sensitive to the impact of comments made over the Internet through public forums such as chat rooms and bulletin boards. In such forums, you may not post any information about the company including comments about our products, stock performance, operational strategies, financial results, customers or competitors, even in response to a false statement or question. This applies whether you are at work or away from the office. Our company owns all e-mail messages that are sent from or received through the company's systems. We may monitor your messages and may be required to disclose them in the case of litigation or governmental inquiry.

Equal Employment Opportunity and Anti-Harassment

We are committed to providing equal employment opportunities for all our employees and will not tolerate any speech or conduct that is intended to, or has the effect of, discriminating against or harassing any qualified applicant or employee because of his or her race, color, religion, sex (including pregnancy, childbirth or related medical conditions), national origin, age, physical or mental disability, veteran status or any characteristic protected by law. We will not tolerate discrimination or harassment by anyone – managers, supervisors, co-workers, vendors or our customers. This policy extends to every phase of the employment process, including: recruiting, hiring, training, promotion, compensation, benefits, transfers, discipline and termination, layoffs, recalls, and company-sponsored educational, social and recreational programs, as applicable. If you observe conduct that you believe is discriminatory or harassing, or if you feel you have been the victim of discrimination or harassment, you should notify your immediate supervisor, your Human Resources Representative or the Employee Service Line immediately.

Not only do we forbid unlawful discrimination, we take affirmative action to ensure that applicants are employed, and employees are treated during employment, without regard to their race, color, religion, sex (including pregnancy, childbirth or related medical conditions), national origin, age, physical or mental disability, veteran status or any characteristic protected by law.

The Human Resources Department has been assigned specific responsibilities for implementing and monitoring affirmative action and other equal opportunity programs. One of the tenants of this code, however, is that all employees are accountable for promoting equal opportunity practices within our company. We must do this not just because it is the law, but because it is the right thing to do.

For more information concerning our anti-discrimination and anti-harassment policies, you should refer to our Employee Handbook. We will not retaliate against any employee for filing a good faith complaint under our anti-discrimination and anti-harassment policies or for cooperating in an investigation and will not tolerate or permit retaliation by management, employees or co-workers. To the fullest extent possible, the company will keep complaints and the terms of their resolution confidential. If an investigation confirms harassment or discrimination has occurred, the company will take corrective action against the offending individual, including discipline up to and including immediate termination of employment, as appropriate.

Health, Safety and the Environment

We are committed to providing safe and healthy working conditions by following all occupational health and safety laws governing our activities.

We believe that management and each and every employee have a shared responsibility in the promotion of health and safety in the workplace. You should follow all safety laws and regulations, as well as company safety policies and procedures. You should immediately report any accident, injury or unsafe equipment, practices or conditions.

You also have an obligation to carry out company activities in ways that preserve and promote a clean, safe and healthy environment. You must strictly comply with the letter and spirit of applicable environmental laws and the public policies they represent.

The consequences of failing to adhere to environmental laws and policies can be serious. Our company, as well as individuals, may be liable not only for the costs of cleaning up pollution, but also for significant civil and criminal penalties. You should make every effort to prevent violations from occurring and report any violations to your immediate supervisor, our General Counsel or our Vice President of Risk Management.

Accuracy of Company Records

All information you record or report on our behalf, whether for our purposes or for third parties, must be done accurately and honestly. All of our records (including accounts and financial statements) must be maintained in reasonable and appropriate detail, must be kept in a timely fashion, and must appropriately reflect our transactions. Falsifying records or keeping unrecorded funds and assets is a severe offense and may result in prosecution or loss of employment. When a payment is made, it can only be used for the purpose spelled out in the supporting document.

Information derived from our records is provided to our shareholders and investors, as well as government agencies. Thus, our accounting records must conform not only to our internal control and disclosure procedures but also to generally accepted accounting principles and other laws and regulations, such as those of the Internal Revenue Service and the Securities and Exchange Commission. Our public communications and the reports we file with the Securities and Exchange Commission and other government agencies should contain information that is full, fair, accurate, timely and understandable in light of the circumstances surrounding disclosure.

Our internal and external auditing functions help ensure that our financial books, records and accounts are accurate. Therefore, you should provide our accounting department, internal auditing staff, audit committee and independent public accountants with all pertinent information that they may request. We encourage open lines of communication with our audit committee, accountants and auditors and require that all our personnel cooperate with them to the maximum extent possible. It is unlawful for you to fraudulently influence, induce, coerce, manipulate or mislead our independent public accountants for the purpose of making our financial statements misleading.

If you are unsure about the accounting treatment of a transaction, believe that a transaction has been improperly recorded or otherwise have a concern or complaint regarding an accounting matter, our internal accounting controls or an audit matter, you should confer with your immediate supervisor, the controller associated with your business unit or our Chief Financial Officer, or you may report your concern to either our Business Integrity Hotline or our Business Integrity e-mail address. Any reports made to either the hotline or the e-mail address are transmitted directly to both our General Counsel and the head of our Internal Audit Department, and those involving accounting, auditing or internal auditing controls will be reviewed under the direction of the audit committee of our Board of Directors. If you report via the hotline, you may report anonymously if you wish, although we encourage you to leave a detailed message that will permit us to thoroughly investigate your concerns.

Record Retention

Our records should be retained or discarded in accordance with our record retention policies and all applicable laws and regulations. From time to time we are involved in legal proceedings that may require us to make some of our records available to third parties. Our legal counsel will assist us in releasing appropriate information to third parties and provide you (or your immediate supervisor) with specific instructions. It is a crime to alter, destroy, modify or conceal documentation or other objects that are relevant to a government investigation or otherwise obstruct, influence or impede an official proceeding. The law applies equally to all of our records, including formal reports as well as informal data such as e-mail, expense reports and internal memos. If the existence of a subpoena or a pending government investigation is known or reported to you, you should immediately contact our Legal Department and you must retain all records that may pertain to the investigation or be responsive to the subpoena.

Administration of the Code

Distribution

All of our directors, officers and employees will receive a copy of this code when they join our company. Updates of the code will be distributed to all directors, officers and employees and are available on the company's intranet at <http://intranet.livenation.com/index.php>.

Role of Supervisors and Officers

Supervisors and officers have important roles under this code and are expected to demonstrate their personal commitment to this code by fostering a workplace environment that promotes compliance with the code and by ensuring that employees under their supervision participate in our company's compliance training programs.

Reporting Violations

All employees are obliged to report violations of this code or the law and to cooperate in any investigations into such violations. We prefer that you give your identity when reporting violations, to allow the company to contact you in the event further information is needed to pursue an investigation, and your identity will be maintained in confidence to the extent practicable under the circumstances and consistent with enforcing this code. However, you may anonymously report violations.

Investigations

We will initiate a prompt investigation following any credible indication that a breach of law or this code may have occurred. We will also initiate appropriate corrective action as we deem necessary, which may include notifying appropriate authorities. For more information about our procedures in dealing with violations or suspected violations of this code, you should refer to our Employee Handbook.

Disciplinary Action

If you violate any provision of this code, you may be subject to disciplinary action, up to and including discharge. Please be aware that we may seek civil remedies from you and if your violation results in monetary loss to us, you may be required to reimburse us for that loss. If you are involved in a violation, the fact that you reported the violation, together with the degree of cooperation displayed by you and whether the violation is intentional or unintentional, will be given consideration in our investigation and any resulting disciplinary action.

No Retaliation

We will not retaliate against anyone who, in good faith, notifies us of a possible violation of law or this code, nor will we tolerate any harassment or intimidation of any employee who reports a suspected violation. In addition, there are federal “whistleblower” laws that are designed to protect employees from discrimination or harassment for providing information to us or governmental authorities, under certain circumstances, with respect to certain laws such as those governing workplace safety, the environment, securities fraud and federal law relating to fraud against shareholders.

Approvals

Approvals required under this code should be documented.

Waivers

Any request for a waiver of this code must be submitted in writing to our General Counsel who has authority to decide whether to grant a waiver. However, a waiver of any provision of this code for a director or an executive officer must be approved by our Board of Directors or its designated committee and will be promptly disclosed to the extent required by law or regulation.

Certifications

All new employees (and, periodically, existing employees) must affirmatively acknowledge that they have read and understand this code. However, failure to read or acknowledge the code does not excuse you from complying with this code.

Non-retaliation Policy for Employees Who Report Violations of Law

We are committed to providing a workplace conducive to open discussion of our business practices. It is our policy to comply with all applicable laws that protect employees against unlawful discrimination or retaliation by their employer as a result of their lawfully reporting information regarding, or their participating in, investigations involving corporate fraud or other violations by us or our agents of federal or state law. Specifically, our policy prevents you from being subject to disciplinary or retaliatory action by us or any of our employees or agents as a result of your complaint about corporate fraud (such as falsifying financial records, providing false information to shareholders, and hiding or stealing corporate assets) to any of the following:

- a federal regulatory or law enforcement agency;
- a member or committee of Congress;
- your supervisor;
- our Vice President of Human Resources;
- our Employee Service Line;
- your Human Resources Representative or our corporate Human Resources Department;
- our Business Integrity Hotline or Business Integrity e-mail address;
- our Chief Financial Officer; or
- our General Counsel or our Legal Department.

You are also protected from retaliation due to your assisting in any investigation of any alleged violation or participating in any lawsuit arising from a complaint or investigation. However, if you file reports or provide evidence which you know to be false or where you do not have a reasonable belief in the truth and accuracy of such information, you will not be protected by the above policy statement and may be subject to disciplinary action, up to and including termination of your employment.

Our Vice President of Human Resources is responsible for administering Non-retaliation Policy for Employees Who Report Violations of Law policy. Our Vice President of Human Resources is responsible for receiving, collecting, reviewing, processing and resolving concerns and reports by employees and others on the matters described above and other similar matters. You are encouraged to discuss issues and concerns of the type covered by this policy with your immediate supervisor, who is in turn responsible for informing our Vice President of Human Resources of any concerns raised. If you prefer not to discuss these sensitive matters with your immediate supervisor, you may instead discuss such matters directly with the corporate Human Resources Department through the Employee Service Line. Our Vice President of Human Resources will refer complaints submitted, as he or she determines to be appropriate or as required under the directives of our Board of Directors, to our Board of Directors or its designated committee.

If you believe you have been subjected to any action that violates this policy, you may file a complaint with your immediate supervisor, your Human Resources Representative or the Employee Service Line. If it is determined that you have experienced any improper employment action in violation of this policy, you will be entitled to appropriate corrective action.

Description of Responsibilities of our Vice President of Human Resources

We have appointed our Vice President of Human Resources as the individual who is responsible for administering our Non-retaliation Policy for Employees Who Report Violations of Law. Our Vice President of Human Resources will report directly to the audit committee of our Board of Directors on matters arising under this policy.

Our Vice President of Human Resources' responsibilities under this policy include:

- Administering, implementing and overseeing ongoing compliance under the policy.
- Establishing and administering procedures to assure that employee complaints will be collected, reviewed promptly, resolved in an appropriate manner and retained.
- Making his or her staff available to discuss with employees any complaints raised or reports filed.
- Administering and overseeing our training and educational programs designed to ensure that our employees with supervisory authority with respect to other employees, or who are otherwise involved in the administration of our policies, are aware of this policy, know to involve our

Vice President of Human Resources in any matters that may arise involving this policy (including informing our Vice President of Human Resources of every complaint that arises) and are trained in the proper handling of employee complaints covered by this policy.

Asking for Help and Reporting Concerns

We take this code seriously and consider its enforcement to be among our highest priorities, but we also acknowledge that it is sometimes difficult to know right from wrong. That's why we encourage open communication. ***When in doubt, ask.*** Whenever you have a question or concern, are unsure about what the appropriate course of action is, or if you believe that a violation of the law or this code has occurred:

- You should talk with your immediate supervisor. He or she may have the information you need, or may be able to refer the matter to an appropriate source, including our Legal Department as circumstances warrant.
- If you are uncomfortable talking with your immediate supervisor, you may also contact any manager in our company with whom you feel comfortable, your Human Resources Representative, our corporate Human Resources Department, the Employee Service Line or our Legal Department.
- In addition, if you have concerns or complaints about accounting or audit matters or our internal accounting controls, you may confer with your immediate supervisor, the controller associated with your business unit or our Chief Financial Officer, or you may submit your concern or complaint, on a confidential basis to either our Business Integrity Hotline or our Business Integrity e-mail address. You may report anonymously via the hotline, although we prefer that you give your identity when reporting violations to allow the company to contact you in the event further information is needed to pursue an investigation. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review. Any reports made to either the hotline or the e-mail address are transmitted directly to both our General Counsel and the head of our Internal Audit Department, and those involving our accounting, auditing or internal auditing controls will be reviewed under the direction of the audit committee of our Board of Directors.

Subsidiaries of Live Nation Entertainment, Inc.

<u>Domestic</u>	<u>State or Jurisdiction of Incorporation or Organization</u>
Bamboozle Festival, LLC	Delaware
Bill Graham Enterprises, Inc.	California
Cellar Door Venues, Inc.	Florida
Chastain Ventures JV	Georgia
Cobb's Comedy, Inc.	California
Connecticut Amphitheater Development Corporation	Connecticut
Connecticut Performing Arts Partners	Connecticut
Connecticut Performing Arts, Inc.	Connecticut
Electric Factory Concerts, Inc.	Pennsylvania
Evening Star Productions, Inc.	Arizona
Event Merchandising, Inc.	California
Fillmore Theatrical Services	California
Hilltop/Nederlander LLC	Delaware
HOB Boardwalk, Inc.	Delaware
HOB Chicago, Inc.	Delaware
HOB Entertainment, Inc.	Delaware
HOB Marina City Partners, L.P.	Delaware
HOB Marina City, Inc.	Delaware
House of Blues Anaheim Restaurant Corp.	Delaware
House of Blues Cleveland, LLC	Delaware
House of Blues Concerts, Inc.	California
House of Blues Dallas Restaurant Corp.	Delaware
House of Blues Houston Restaurant Corp.	Delaware
House of Blues Las Vegas Restaurant Corp.	Delaware
House of Blues Los Angeles Restaurant Corp.	Delaware
House of Blues Myrtle Beach Restaurant Corp.	Delaware
House of Blues New Orleans Restaurant Corp.	Delaware
House of Blues Orlando Restaurant Corp.	Delaware
House of Blues Restaurant Holding Corp.	Delaware
House of Blues San Diego Restaurant Corp.	Delaware
House of Blues San Diego, LLC	Delaware
Lansdowne Boston Restaurant Corp., Inc.	Delaware

International

King Tut's Recordings Limited
Santa's Kingdom (Scotland) Limited
Unholy Alliance Limited
Tecjet Limited
ABC3 Limited
Live Nation Italia S.r.l.
Get Live 2 S.r.l.
Parcolimpico S.r.l.
Consozio get live in liquidazione
Live Nation Ireland Holdings Limited
Amphitheatre Ireland Limited
Point Presentations Limited
Point Promotions Limited
Live Nation Sp. z.o.o.
Music Marketing Sp. z.o.o.
Live Nation Central & Eastern Europe Kft
Live Nation Hungary Kft
Live Nation Czech Republic Sro
Live Nation Germany GmbH
MFMP Festivals & Events GmbH
Marek Lieberberg Konzertagentur Holding GmbH
Marek Lieberberg Konzertagentur GmbH & Co Kg
Live Nation Holding Nordic AB
Live Nation Nordic AB
Live Nation Sweden AB
Moondog Entertainment AB
Lugerinc AB
Arena Grande AB
Cirkus Arena & Restaurant pa Djurgarden AB
Forvaltningsbolaget Cirkus pa Kungliga Djurgården HB
EMA Telstar Management AB
Eventum AB
Live Nation Denmark Management Holding Aps
Live Nation Denmark Management Aps
Live Nation Denmark Aps

Jurisdiction of
Incorporation or Organization

Scotland
Scotland
Scotland
Scotland
Italy
Italy
Italy
Italy
Ireland
Ireland
Ireland
Ireland
Poland
Poland
Hungary
Hungary
Czech Republic
Germany
Germany
Germany
Germany
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Sweden
Denmark
Denmark
Denmark

International

Holland Event Marketing BV
Live Nation Venues (Netherlands) BV
Amsterdam Music Dome Exploitatie BV
Brand New Live BV
Anti-Concerts Investments NV
Live Nation Middle East FZ-LLC
Live Nation (HK) Limited
Live Nation (Singapore) Pte Ltd
Beijing Gehua Live Nation Entertainment and Sports Company Ltd
Live Nation Culture & Information Consultancy (Shanghai) Limited

**Jurisdiction of
Incorporation or Organization**

Netherlands
Netherlands
Netherlands
Netherlands
Netherland Antilles
UAE
Hong Kong
Singapore
China
China

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-164507) pertaining to the Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan;
- (2) Registration Statement (Form S-8 No. 333-164494) pertaining to the Amended and Restated Live Nation, Inc. Stock Bonus Plan;
- (3) Registration Statement (Form S-8 No. 333-164302) pertaining to the 2005 Stock Incentive Plan of Live Nation, Inc.;
- (4) Registration Statement (Form S-4 No. 333-159991) of Live Nation, Inc.;
- (5) Registration Statement (Form S-8 No. 333-157664) pertaining to the Employee Stock Bonus Plan of Live Nation, Inc.;
- (6) Registration Statement (Form S-8 No. 333-149901) pertaining to the Employee Stock Bonus Plan of Live Nation, Inc.;
- (7) Registration Statement (Form S-8 No. 333-139178) pertaining to the Nonqualified Deferred Compensation Plan of Live Nation, Inc.;
- (8) Registration Statement (Form S-8 No. 333-132949) pertaining to the 2005 Stock Incentive Plan of Live Nation, Inc.;

of our reports dated February 25, 2010, with respect to the consolidated financial statements and schedule of Live Nation Entertainment, Inc., and the effectiveness of internal control over financial reporting of Live Nation Entertainment, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2009.

/s/ Ernst & Young LLP

Los Angeles, California
February 25, 2010

CERTIFICATION

I, Michael Rapino, certify that:

1. I have reviewed this Annual Report on Form 10-K of Live Nation Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2010

By: /s/ Michael Rapino

Michael Rapino
President and Chief Executive Officer

CERTIFICATION

I, Kathy Willard, certify that:

1. I have reviewed this Annual Report on Form 10-K of Live Nation Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2010

By: /s/ Kathy Willard

Kathy Willard
Chief Financial Officer

EXHIBIT 32.1 – SECTION 1350 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

In connection with this Annual Report of Live Nation Entertainment, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Rapino, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2010

By: /s/ Michael Rapino
Michael Rapino
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2 – SECTION 1350 CERTIFICATION OF CHIEF FINANCIAL OFFICER

In connection with this Annual Report of Live Nation Entertainment, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kathy Willard, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2010

By: /s/ Kathy Willard
Kathy Willard
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

In addition, in the event that the Merger Agreement is terminated due to the Live Nation board of directors or the Ticketmaster Entertainment board of directors adversely modifying its recommendation regarding the Merger or failing to hold a meeting of its respective stockholders to vote to obtain the respective approvals necessary for the completion of the Merger (as the case may be), the other party will be entitled to collect a termination fee of \$15 million from that party as well as the reimbursement of certain reasonable, out-of-pocket transaction expenses. Further, if a third party makes an alternative acquisition proposal for either Live Nation or Ticketmaster Entertainment under certain circumstances, the Merger Agreement is terminated for certain reasons specified in the Merger Agreement and the third party enters into an agreement with Live Nation or Ticketmaster Entertainment (as the case may be) to consummate an alternative acquisition proposal involving 40% or more of its assets or stock within a year after termination, that party will be required to pay the other party a termination fee of \$15 million in addition to reimbursing the other party for certain reasonable, out-of-pocket transaction expenses.

These provisions could discourage other potential acquirers of either company even if those parties might be willing to offer a greater amount of consideration than that proposed to be paid in the Merger, or may result in a potential competing acquirer proposing to pay a lower per share price than it may otherwise have proposed to pay because of the added expense of the termination fee.

Failure to complete the Merger may negatively impact Live Nation's and Ticketmaster Entertainment's respective businesses, financial results, financial condition and stock prices.

The Merger is subject to a number of closing conditions and there can be no assurance that the conditions to the completion of the Merger will be satisfied. If the Merger is not completed, Live Nation and Ticketmaster Entertainment will be subject to several risks, including:

- the current market prices of the companies' common stock may reflect a market assumption that the Merger will occur and a failure to complete the Merger could result in a negative perception of either or both companies by equity investors and a resulting decline in the respective market prices of the common stock of that company;
- Live Nation or Ticketmaster Entertainment, as the case may be, may be required to pay a termination fee of \$15 million to the other party, in addition to the reimbursement of certain reasonable, out-of-pocket transaction expenses, if the Merger Agreement is terminated under certain circumstances;
- Live Nation and Ticketmaster Entertainment are expected to incur substantial transaction costs in connection with the Merger; and
- neither Live Nation nor Ticketmaster Entertainment would realize any of the anticipated benefits of having completed the Merger.

If the Merger is not completed, these risks may materialize and materially adversely affect either or both companies' respective businesses, financial results, financial condition and stock prices.

Risks Related to the Combined Company if the Merger Is Completed

If the Merger is completed, Live Nation and Ticketmaster Entertainment will operate as a combined company in a market environment that is difficult to predict and involves significant risks, many of which will be beyond the control of the combined company. In determining whether you should vote to approve the share issuance proposal, in the case of Live Nation stockholders, or the Merger proposal, in the case of Ticketmaster Entertainment stockholders, you should carefully read and consider the following risk factors. If any of the events, contingencies, circumstances or conditions described in the following risks actually occur, the combined company's business, financial condition or results of operations could be adversely affected.

The combined company may not fully realize the anticipated synergies and related benefits of the Merger or do so within the anticipated timeframe.

Currently, Live Nation and Ticketmaster Entertainment operate as two independent companies. Achieving the anticipated benefits of the Merger will depend in large part upon how successfully the two companies are able to integrate their businesses in an efficient and effective manner. Due to legal restrictions, Live Nation and Ticketmaster Entertainment have been able to conduct only limited planning regarding the integration of the two companies after the completion of the Merger and have not yet determined the exact nature of how the businesses and operations of the two companies will be combined thereafter. The actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized in whole or in part. The companies may not be able to accomplish the integration process smoothly, successfully or on a timely basis. The companies may have to address potential differences in business backgrounds, corporate cultures and management philosophies to accomplish successful integration. Employee uncertainty during the integration process may also disrupt the business of the combined company. Regulatory agencies may impose terms and conditions on their approvals that would adversely impact the ability of the combined company to realize the synergies that are projected to occur in connection with the Merger. In addition, the combined company's plan to operate under separate credit facilities following the completion of the Merger may also limit the combined company's ability to realize the full benefits of synergies, cost savings, growth and operational efficiencies that may be otherwise obtained through the Merger. Any inability of management to successfully and timely integrate the operations of the two companies could have an adverse effect on the business, results of operations and the stock price of the combined company. Even if Live Nation and Ticketmaster Entertainment are able to integrate their business operations successfully, there can be no assurance that this integration will result in the realization of the full benefits of synergies, cost savings, growth and operational efficiencies that may be possible from this integration, or that these benefits will be achieved within a reasonable period of time.

The trading price of shares of Live Nation common stock after the Merger may be affected by factors different from those affecting the price of shares of Live Nation common stock before the Merger.

If the Merger is completed, holders of Ticketmaster Entertainment common stock will become holders of a majority of the outstanding shares of Live Nation common stock. The results of operations of Live Nation, as well as the trading price of Live Nation common stock, after the Merger may be affected by factors different from those currently affecting Live Nation's or Ticketmaster Entertainment's results of operations and the trading price of Live Nation common stock. These factors include:

- a greater number of shares outstanding;
- different stockholders;
- different businesses; and
- different assets and capitalizations.

Accordingly, the historical trading prices and financial results of Live Nation and Ticketmaster Entertainment may not be indicative of these matters for the combined company after the Merger. For a discussion of the business of Live Nation and of certain factors to consider in connection with that business, see the documents incorporated by reference by Live Nation into this joint proxy statement/prospectus referred to under "Where You Can Find More Information" beginning on page 353. For a discussion of the business of Ticketmaster Entertainment and of certain factors to consider in connection with that business, see "Information About Ticketmaster Entertainment's Business" beginning on page 240.

The Merger is subject to the receipt of consents, approvals and non-objections from antitrust regulators, which may impose conditions on, jeopardize or delay the completion of the Merger, result in additional expenditures of money and resources or reduce the anticipated benefits of the Merger; alternatively, antitrust regulators may preclude the completion of the Merger altogether.

The completion of the Merger is conditioned upon filings with, and the receipt of required consents, orders, approvals, non-objections or clearances from antitrust regulators, including the Antitrust Division of the U.S.

Department of Justice under the HSR Act. Live Nation and Ticketmaster Entertainment intend to pursue, and have agreed to use reasonable best efforts to obtain from all governmental authorities, including antitrust regulators, these consents, orders, approvals, non-objections and clearances in accordance with the Merger Agreement. There can be no assurance, however, that these consents, orders, approvals, non-objections and clearances will be obtained or, if they are obtained, that they will not impose conditions on, or require divestitures relating to, the divisions, operations or assets of Live Nation or Ticketmaster Entertainment. These conditions or divestitures may jeopardize or delay the completion of the Merger, result in additional expenditures of money and resources or reduce the anticipated benefits of the Merger, including depleting or eliminating the value of the synergies anticipated to be achieved in the Merger. See “The Merger—Regulatory Approvals Required for the Merger” beginning on page 120. The Merger Agreement requires Live Nation and Ticketmaster Entertainment to satisfy any conditions imposed upon them unless the conditions individually or in the aggregate would reasonably be expected to materially impair the business operations of the combined company. In this regard, Live Nation and Ticketmaster Entertainment have agreed that the failure to realize financial benefits and synergies anticipated to be received in the Merger would not, by itself, materially impair the business operations of the combined company.

The combined company will have substantial indebtedness after the completion of the Merger and is expected to operate under two separate financing structures, each of which may limit its financial flexibility.

After the completion of the Merger, the combined company is expected to have approximately \$1.6 billion in total debt outstanding and \$1.4 billion of stockholders’ equity. This amount of indebtedness may limit the combined company’s flexibility as a result of its debt service requirements, and may limit the combined company’s ability to access additional capital and make capital expenditures and other investments in its business, to withstand economic downturns and interest rate increases, to plan for or react to changes in its business and its industry and to comply with financial and other restrictive covenants in its indebtedness.

The combined company is expected to operate under two separate financing structures, including two separate credit facilities, each with its own restrictive covenants. Live Nation Worldwide, Inc., Live Nation’s principal operating company, will continue to be the principal borrower under the Live Nation credit facility, which will continue to apply to substantially all of its subsidiaries. Ticketmaster Entertainment, which will not be a subsidiary of Live Nation Worldwide, Inc., will continue to be the principal borrower under the Ticketmaster Entertainment credit facility, the covenants of which will apply to all of its subsidiaries. This will limit the combined company’s ability to enter into intercompany business and financial transactions and therefore may prevent the combined company from fully realizing the potential benefits of the Merger.

The amendment to the Ticketmaster Entertainment credit facility to permit the Merger would also increase the interest spreads under each of the Term Loan A, Term Loan B and revolving credit facility by 1.25% following the effectiveness of the amendment immediately prior to the completion of the Merger (for a description of interest rates payable under the Ticketmaster Entertainment credit facility following the effectiveness of the amendment, see “Unaudited Pro Forma Condensed Combined Financial Statements—Notes to Unaudited Pro Forma Condensed Combined Financial Statements—Note 2: Pro Forma Adjustments—footnote (u)” beginning on page 332). The amendment to the Ticketmaster Entertainment credit facility would also make the restricted payments covenant more restrictive, and would provide that, in the event there is a default under certain debt of Live Nation, Ticketmaster Entertainment will be prohibited from providing capital to Live Nation, either through dividends or other distributions or in the form of investments.

Additionally, the combined company’s ability to comply with the financial and other covenants contained in its debt instruments may be affected by changes in economic or business conditions or other events beyond its control. If the combined company does not comply with these covenants and restrictions, it may be required to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing all or part of its existing debt, or seeking additional equity capital.

If the Merger is completed, the terms of Live Nation Worldwide's agreement with CTS will cause Live Nation Worldwide to incur ongoing costs and could reduce operational efficiencies that the combined company might otherwise obtain through the Merger.

Live Nation Worldwide, Inc., which is referred to as Live Nation Worldwide, and CTS Eventim AG, which is referred to as CTS, are parties to an agreement, which is referred to as the CTS agreement, pursuant to which CTS licenses intellectual property to Live Nation Worldwide that is core to Live Nation's current ticketing platform. Under the terms of the CTS agreement, Live Nation Worldwide will be required to take actions and incur expenses, and may be limited in actions it can take, which could limit the ability of Live Nation and Ticketmaster Entertainment to fully integrate their ticketing platforms successfully and realize the full operational efficiencies that the combined company might otherwise obtain through the Merger. For events in North America, CTS will be generally entitled to receive, during the 10-year term of the agreement, a per ticket license fee upon the sale of certain tickets that Live Nation Worldwide or any of substantially all of its subsidiaries, which are collectively referred to as the Live Nation Worldwide entities, have the right to distribute. This per ticket fee for events in North America will be payable to CTS regardless of whether the combined company chooses to use the CTS ticketing platform, Ticketmaster Entertainment's ticketing platform or another ticketing platform for the sale of tickets that the Live Nation Worldwide entities have the right to distribute. In addition, for events in certain European countries outside of the United Kingdom, Live Nation Worldwide generally will be required, during a 10-year term, to exclusively book on the CTS ticketing platform all tickets that the Live Nation Worldwide entities have the right to distribute (or, to the extent other ticketing platforms are used, Live Nation Worldwide will generally be required to pay to CTS the same fee that would have been payable had the CTS platform been used). For events in the United Kingdom, Live Nation Worldwide will be required, provided that CTS first satisfies a significant threshold commitment, to offer for sale on the CTS UK website and pay a corresponding fee for a portion of the tickets that the Live Nation Worldwide entities have the right to distribute for events promoted by the Live Nation Worldwide entities for a 10-year term commencing on January 1, 2010. Finally, the Live Nation Worldwide entities may be precluded from offering ticketing services to third parties in certain European countries during the term of the CTS agreement. In addition, should the Merger be completed, for a period of two years thereafter, CTS will have the right to terminate the CTS agreement upon six month's advance notice.

The Merger could cause the Ticketmaster Entertainment spin-off to become a taxable transaction, which would result in material indemnification obligations on the part of Ticketmaster Entertainment (and as a result, the combined company).

Current U.S. federal income tax law creates a presumption that the Ticketmaster Entertainment spin-off would be taxable to IAC (but not its stockholders) if the Ticketmaster Entertainment spin-off is 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, by vote or value, in IAC or Ticketmaster Entertainment. Because the Merger would occur before the second anniversary of the Ticketmaster Entertainment spin-off, the acquisition by Live Nation of Ticketmaster Entertainment common stock in the Merger is presumed to occur pursuant to a plan or series of related transactions unless it is established that the acquisition is not pursuant to a plan or series of transactions that includes the Ticketmaster Entertainment spin-off. U.S. Treasury regulations currently in effect generally provide that whether an acquisition and a spin-off are part of a plan is determined based on all of the facts and circumstances, including, but not limited to, specific factors described in the Treasury regulations. In addition, the Treasury regulations provide several "safe harbors" for acquisitions that are not considered to be part of a plan.

The tax sharing agreement that IAC, Ticketmaster Entertainment and certain other parties entered into in connection with the Ticketmaster Entertainment spin-off requires Ticketmaster Entertainment to indemnify IAC and the other parties for any taxes resulting from the Ticketmaster Entertainment spin-off (and any related interest, penalties, legal and professional fees and certain other amounts) to the extent these amounts result, among other things, from an acquisition of equity securities of Ticketmaster Entertainment. In addition, the tax sharing agreement prohibits Ticketmaster Entertainment from entering into or consummating certain

transactions, such as the Merger, for a period of 25 months following the Ticketmaster Entertainment spin-off, unless it obtains IAC's prior written consent or provides IAC with an Internal Revenue Service, which is referred to as the IRS, private letter ruling or an unqualified opinion of tax counsel to the effect that such actions will not affect the tax-free nature of the Ticketmaster Entertainment spin-off, in each case satisfactory to IAC in its sole discretion.

Before entering into the Merger Agreement, Ticketmaster Entertainment provided IAC with such an unqualified opinion of tax counsel and IAC confirmed that the opinion was satisfactory to IAC. Moreover, the closing of the Merger is conditioned on Ticketmaster Entertainment having received another such unqualified opinion of tax counsel, dated as of the closing date of the Merger, and IAC's written acknowledgement that the opinion is in form and substance satisfactory to IAC. These opinions are based on, among other things, a number of assumptions as well as the accuracy of the representations that Ticketmaster Entertainment, Live Nation and other persons make to tax counsel. If any of these representations are, or become, inaccurate or incomplete, the opinions may be invalid. Live Nation and Ticketmaster Entertainment are not seeking a ruling from the IRS regarding the U.S. federal income tax consequences of the Merger, and an opinion of counsel is not binding on the IRS or any court. Accordingly, there can be no assurance that the IRS will not disagree with or challenge any of the conclusions in the opinions of counsel.

If the IRS were to take the position that the Merger caused the Ticketmaster Entertainment spin-off to be taxable to IAC and that position were sustained, IAC would incur material tax liabilities for which Ticketmaster Entertainment (and as a result, the combined company) would have an indemnification obligation under the tax sharing agreement. The tax liabilities of IAC for which Ticketmaster Entertainment (and, as a result, the combined company) would be responsible include taxes imposed with respect to income or gain recognized by IAC by reason of the failure of the Ticketmaster Entertainment spin-off or any of the related restructuring steps to qualify as tax-free transactions, together with any applicable interest, penalties and related losses. In the event the Ticketmaster Entertainment spin-off failed to qualify as a tax-free transaction, the taxable gain recognized by IAC with respect to such spin-off would be based on the excess of (i) the aggregate fair market value of the Ticketmaster Entertainment stock on the date of the Ticketmaster Entertainment spin-off over (ii) IAC's tax basis in such stock, which basis Ticketmaster Entertainment believes was minimal. Although the issue is not free from doubt, the IRS could assert that the fair market value of the Ticketmaster Entertainment stock on the date of the Ticketmaster Entertainment spin-off was equal to the product of the number of shares of Ticketmaster Entertainment common stock outstanding immediately following the Ticketmaster Entertainment spin-off and the average of the high and low trading prices of Ticketmaster Entertainment stock on the day following the Ticketmaster Entertainment spin-off.

The issuance of shares of Live Nation common stock to Ticketmaster Entertainment stockholders in the Merger will substantially dilute the ownership of current Live Nation stockholders, and certain other factors may affect the relative percentage ownership of individual Live Nation and Ticketmaster Entertainment stockholders in the combined company.

If the Merger is completed, it is currently estimated that Live Nation will issue or reserve for issuance approximately 100 million shares of Live Nation common stock in connection with the Merger, including common stock issuable pursuant to outstanding Ticketmaster Entertainment options and other equity-based awards, although Live Nation may issue or reserve for issuance up to 120 million shares of Live Nation common stock pursuant to this joint proxy statement/prospectus. Pursuant to the terms of the Merger Agreement, Ticketmaster Entertainment stockholders immediately prior to the Merger will own, in the aggregate, 50.01% of the voting power of the equity interests of the combined company immediately after the completion of the Merger, which voting equity interests are expected to consist solely of Live Nation common stock. Accordingly, the issuance of shares of Live Nation common stock to Ticketmaster Entertainment stockholders in the Merger will reduce the relative voting power of each share of Live Nation common stock outstanding prior to the Merger and the aggregate relative voting power of all Live Nation stockholders immediately prior to the Merger.

The exchange ratio will be adjusted prior to the completion of the Merger to preserve the percentage ownership of the combined company described above, and therefore, any issuances of voting securities by Live Nation prior to the completion of the Merger, including issuances under Live Nation's employee incentive plans,

will dilute the relative ownership interest of each Live Nation stockholder in the combined company as compared to the ownership interest of individual Ticketmaster Entertainment stockholders in the combined company. Similarly, any issuances of voting securities by Ticketmaster Entertainment prior to the completion of the Merger, including issuances under Ticketmaster Entertainment's employee incentive plans, will dilute the relative ownership interest of each Ticketmaster Entertainment stockholder in the combined company as compared to the ownership interest of individual Live Nation stockholders in the combined company. In addition, the relative ownership interests of Live Nation stockholders and Ticketmaster Entertainment stockholders in the combined company may be affected by convertible securities, which are not taken into consideration in the calculation of the exchange ratio.

The Merger will result in changes to the Live Nation board of directors and management that may affect the combined company's strategy.

If the parties complete the Merger, the composition of the Live Nation board of directors and management team will change in accordance with the Merger Agreement with the Live Nation board of directors consisting of 14 members with seven members being designated by each of Live Nation and Ticketmaster Entertainment. In addition, Liberty Holdings is expected to become the combined company's largest stockholder, and Liberty Media will be entitled to certain board designation rights that may be transferred to another stockholder under certain circumstances. Following completion of the Merger, the combined company will have a chairman of the board of directors that is different than the current chairman of the board of directors of Live Nation. This new composition of the board of directors and management may affect the business strategy and operating decisions of the combined company upon the completion of the Merger.

The loss of key personnel could have a material adverse effect on the combined company's financial condition, results of operations and growth prospects.

The success of the Merger will depend in part on the combined company's ability to retain key Live Nation and Ticketmaster Entertainment employees who continue employment with the combined company after the Merger. It is possible that these employees might decide not to remain with the combined company after the Merger is completed. If these key employees terminate their employment, the combined company's sales, marketing or development activities might be adversely affected, management's attention might be diverted from successfully integrating Ticketmaster Entertainment's operations to recruiting suitable replacements and the combined company's financial condition, results of operation and growth prospects could be adversely affected. In addition, the combined company might not be able to locate suitable replacements for any such key employees who leave the combined company or offer employment to potential replacements on reasonable terms.

The continued turbulence in the U.S. and global economies and the financial markets may lead to a decrease in discretionary consumer spending and could adversely impact the combined company's business and results of operations.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies continuing into 2009. Continued concerns about the systemic impact of potential long-term and widespread recession, energy costs, geopolitical issues, the availability and cost of credit and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. Added concerns fueled by the U.S. government conservatorship of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, the declared bankruptcy of Lehman Brothers Holdings Inc., the U.S. government financial assistance to various financial institutions and other federal government interventions in the U.S. financial system led to increased market uncertainty and instability in both U.S. and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit have been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. This turbulence in the U.S. and international markets and economies may lead to reduced consumer confidence and a decrease in spending in the entertainment industry, which may be particularly vulnerable to deterioration in economic conditions. The combined company's business depends significantly on discretionary consumer and corporate spending. Economic conditions affecting disposable consumer income such as employment, fuel prices, interest and tax rates and inflation may significantly impact the operating results of the combined company. Business conditions, as well as various industry conditions, including corporate marketing and promotional spending and interest levels, can also significantly impact the combined company's operating results. Any material decline in the amount of discretionary or corporate spending could hurt the combined company's revenues, results of operations, business and financial condition. Continued turbulence in the U.S. and international markets and economies and prolonged declines in consumer and corporate spending may adversely affect the combined company's liquidity and financial condition, and the liquidity and financial condition of its clients and customers, including its ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of credit.

The success of the combined company will depend, in significant part, on factors affecting the live entertainment industry and consumer demand and spending for entertainment, sporting and leisure events. Factors adversely affecting such events could have a material adverse effect on the combined company's business, financial condition and results of operations.

In addition to the global economic crisis referenced above, consumer trends, work stoppages, natural disaster and terrorism could cause consumer demand and spending for music, sporting and other entertainment and leisure events to decline significantly, and may have a material adverse effect on the combined company's business, financial condition and results of operations.

The success of the combined company will also depend upon relationships with third parties and pre-existing clients of Live Nation and Ticketmaster Entertainment, which relationships may be affected by consumer preferences or public attitudes about the Merger. Any adverse changes in these relationships could adversely affect the combined company's business, financial condition and results of operations.

The combined company's success will be dependent on the ability to maintain and renew relationships with pre-existing partners, venue operators, promoters, artists and other clients of both Live Nation and Ticketmaster Entertainment and to establish new client relationships. There can be no assurance that the business of the combined company will continue to be able to maintain these pre-existing client contracts and other business relationships, or enter into or maintain new client contracts and other business relationships, on acceptable terms, if at all. CTS may seek to terminate the CTS agreement should the Merger be completed, or Live Nation may be required under its agreement with CTS to take actions or incur expenses following the completion of the Merger, which, if so required, could have an adverse effect on the business, financial condition and results of operations of the combined company. In addition, at least one significant Ticketmaster Entertainment client, Anschutz Entertainment Group, has indicated its belief that any transaction involving Live Nation and Ticketmaster Entertainment would permit it to unilaterally terminate the ticketing agreement under which Ticketmaster Entertainment and its subsidiaries provide primary ticketing services to it. Revenues from this ticketing agreement represented less than 10% of Ticketmaster Entertainment's consolidated revenues for the fiscal year ended December 31, 2008. There can be no assurance that the combined company will be able to maintain important client relationships such as this after the completion of the Merger. The failure to do so could have a material adverse effect on the business, financial condition and results of operations of the combined company.

Future results of the combined company may differ materially from the unaudited pro forma financial statements presented in this joint proxy statement/prospectus and the financial forecasts provided to Live Nation's and Ticketmaster Entertainment's financial advisors in connection with discussions concerning the Merger.

The future results of the combined company may be materially different from those shown in the unaudited pro forma financial statements presented in this joint proxy statement/prospectus—which show only a combination of the historical results of Live Nation and Ticketmaster Entertainment—and the financial forecasts provided to Live Nation's and Ticketmaster Entertainment's financial advisors in connection with discussions concerning the Merger. Live Nation expects to incur significant costs associated with the completion of the Merger and combining the operations of the two companies, the exact magnitude of which is not yet known. Furthermore, these costs may decrease the capital that the combined company could use for revenue-generating investments in the future.

Currently pending or future litigation or governmental proceedings could result in material adverse consequences, including injunctions, judgments or settlements.

Live Nation and Ticketmaster Entertainment are and from time to time become involved in lawsuits, regulatory inquiries and governmental and other legal proceedings arising out of the ordinary course of their businesses. Many of these matters raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. The timing of the final resolutions to these types of matters is often uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting the combined company's results of operations and liquidity.

A consolidated lawsuit is pending against Ticketmaster Entertainment, the members of the Ticketmaster Entertainment board of directors and Live Nation challenging the Merger, and an adverse judgment in that lawsuit may prevent the Merger from becoming effective or from becoming effective within the expected timeframe.

Ticketmaster Entertainment, the members of the Ticketmaster Entertainment board of directors and Live Nation have each been named as defendants in a consolidated lawsuit brought by Ticketmaster Entertainment stockholders challenging the Merger, seeking to rescind the Merger Agreement, and seeking an injunction preventing the completion of the Merger. If the plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the Merger on the agreed upon terms, the injunction may prevent the completion of the Merger in the expected timeframe (if at all). For more information about litigation related to the Merger, see "Litigation Relating to the Merger" beginning on page 122.

The shares of Live Nation common stock to be received by Ticketmaster Entertainment stockholders as a result of the Merger will have different rights from the shares of Ticketmaster Entertainment common stock.

Upon completion of the Merger, Ticketmaster Entertainment stockholders will become Live Nation stockholders, and their rights as stockholders will be governed by Live Nation's certificate of incorporation and bylaws. The rights associated with Ticketmaster Entertainment common stock are different from the rights associated with Live Nation common stock. For a discussion of these different rights, see "Comparison of Rights of Live Nation Stockholders and Ticketmaster Entertainment Stockholders" beginning on page 341.

Risks Relating to the Ticketmaster Entertainment Spin-Off

If the Ticketmaster Entertainment spin-off, or one or more of the other IAC spin-offs, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, Ticketmaster Entertainment (and, following the completion of the Merger, the combined company) may be subject to significant tax liabilities.

In connection with IAC's spin-off of each of Ticketmaster Entertainment and certain other former businesses of IAC, each of which is referred to as a Spinco, IAC received a private letter ruling from the IRS regarding the qualification of these spin-offs as transactions that are generally tax-free for U.S. federal income tax purposes. IAC's spin-off of each of the Spincos are referred to collectively as the IAC spin-offs. IAC also received an opinion of counsel regarding certain aspects of the transaction that were not covered by the private letter ruling. Notwithstanding the IRS private letter ruling and opinion of counsel, the IRS could determine that one or more of the IAC spin-offs should be treated as a taxable distribution if it determines that any of the representations, statements or assumptions or undertakings that were included in the request for the IRS private letter ruling are false or have been violated or if it disagrees with the conclusions in the opinion of counsel that are not covered by the IRS ruling. In addition, if any of the representations, statements or assumptions upon which the opinion of counsel was based were or become inaccurate, the opinion may be invalid.

If any of the IAC spin-offs were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, then IAC would incur material income tax liabilities for which Ticketmaster Entertainment (and, following the completion of the Merger, the combined company) could be liable. Under applicable federal income tax rules, Ticketmaster Entertainment is severally liable for any federal income taxes imposed on IAC with respect to taxable periods during which Ticketmaster Entertainment was a member of IAC's consolidated federal income tax return group, including the period in which the IAC spin-offs were consummated. Under the Tax Sharing Agreement that Ticketmaster Entertainment entered into with IAC and the other Spincos, Ticketmaster Entertainment generally is required to indemnify IAC and the other Spincos for any taxes resulting from the Ticketmaster Entertainment spin-off to the extent such amounts resulted from (i) any act or failure to act by Ticketmaster Entertainment described in the covenants in the Tax Sharing Agreement, (ii) any acquisition of equity securities or assets of Ticketmaster Entertainment, or (iii) any breach by Ticketmaster Entertainment of any representation or covenant contained in the separation documents or in the documents relating to the IRS private letter ruling and/or tax opinions. Corresponding indemnification provisions also apply to the other Spincos. Ticketmaster Entertainment is entitled to indemnification from IAC, among other things, if, Ticketmaster Entertainment is liable for, or otherwise required to make a payment in respect of, a Ticketmaster Entertainment spin-off tax liability for which Ticketmaster Entertainment is not responsible under the Tax Sharing Agreement and, if applicable, is unable to collect from the Spinco responsible for such liability under the Tax Sharing Agreement. Ticketmaster Entertainment's ability to collect under these indemnity provisions would depend on the financial position of the indemnifying party.

Certain transactions in IAC, Ticketmaster Entertainment, or other Spinco equity securities could cause one or more of the IAC spin-offs to be taxable to IAC and may give rise to indemnification obligations of Ticketmaster Entertainment under the Tax Sharing Agreement.

Current U.S. federal income tax law creates a presumption that any of the IAC spin-offs would be taxable to IAC if it is 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 (by vote or value) in IAC or a Spinco (including Ticketmaster Entertainment). Acquisitions that occur during the four-year period that begins two years before the date of a spin-off are presumed to occur pursuant to a plan or series of related transactions, unless it is established that the acquisition is not pursuant to a plan or series of transactions that includes the spin-off.

These rules limit Ticketmaster Entertainment's ability during the two-year period following the Ticketmaster Entertainment spin-off to enter into certain transactions that might be advantageous to Ticketmaster Entertainment and its stockholders, particularly issuing equity securities to satisfy financing needs, repurchasing

equity securities, and, under certain circumstances, acquiring businesses or assets with equity securities or agreeing to be acquired. Under the Tax Sharing Agreement, there are restrictions on Ticketmaster Entertainment's ability to take such actions for a period of 25 months from the day after the date of the Ticketmaster Entertainment spin-off. Entering into the Merger Agreement did not violate these restrictions because, prior to entering into the agreement, Ticketmaster Entertainment provided IAC with an unqualified opinion of tax counsel contemplated by the Tax Sharing Agreement and IAC confirmed that the opinion was satisfactory to IAC. For a further discussion, see "*Risks Related to the Combined Company if the Merger Is Completed—The Merger could cause the Ticketmaster Entertainment spin-off to become a taxable transaction, which would result in material indemnification obligations on the part of Ticketmaster Entertainment (and as a result, the combined company)*" beginning on page 39.

In addition to actions of IAC and the Spincos (including Ticketmaster Entertainment), certain transactions that are outside their control and therefore not subject to the restrictive covenants contained in the Tax Sharing Agreement, such as a sale or disposition of the stock of IAC or the stock of a Spinco by certain persons that own five percent or more of any class of stock of IAC or a Spinco could have a similar effect on the tax-free status of a spin-off as transactions to which IAC or a Spinco is a party. As of the date of the Ticketmaster Entertainment spin-off, Liberty Media and certain of its affiliates, in the aggregate, owned IAC stock representing approximately 61.6% by vote and 29.9% by value and, immediately subsequent to the Ticketmaster Entertainment spin-off, owned stock of each Spinco representing approximately 29.9% by vote and value. Accordingly, in evaluating Ticketmaster Entertainment's ability to engage in certain transactions involving its equity securities, Ticketmaster Entertainment will need to take into account the activities of Liberty Media and its affiliates.

As a result of these rules, even if each IAC spin-off otherwise qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, transactions involving Spinco or IAC equity securities (including transactions by certain significant stockholders) could cause IAC to recognize taxable gain with respect to the stock of the Spinco as described above. Although the restrictive covenants and indemnification provisions contained in the Tax Sharing Agreement are intended to minimize the likelihood that such an event will occur, one or more of the IAC spin-offs may become taxable to IAC as a result of transactions in IAC or Spinco equity securities. As discussed previously, Ticketmaster Entertainment could be liable for such taxes under the Tax Sharing Agreement or under applicable federal income tax rules.

In connection with the Merger Agreement, Ticketmaster Entertainment has received an unqualified opinion of tax counsel that the transaction as contemplated in the Merger Agreement will not have an adverse tax effect on the Ticketmaster Entertainment spin-off. Moreover, the closing of the Merger is conditioned on Ticketmaster Entertainment having received another such unqualified opinion of tax counsel, dated as of the closing date of the Merger, and IAC's written acknowledgement that the opinion is in form and substance satisfactory to IAC. However, the IRS may disagree with the conclusions in these opinions of counsel and determine that the Merger causes the Ticketmaster Entertainment spin-off to be taxable to IAC. Were this to occur and that position were sustained, Ticketmaster Entertainment would be required to make material indemnification payments to IAC. For a further discussion regarding these potential indemnification obligations, see "*Risks Related to the Combined Company if the Merger Is Completed—The Merger could cause the Ticketmaster Entertainment spin-off to become a taxable transaction, which would result in material indemnification obligations on the part of Ticketmaster Entertainment (and as a result, the combined company)*" beginning on page 39.

The spin-off agreements were not the result of arm's length negotiations.

The agreements that Ticketmaster Entertainment entered into with IAC and the other Spincos in connection with the IAC spin-offs, including the Separation and Distribution Agreement, Tax Sharing Agreement, Employee Matters Agreement and Transition Services Agreement, were established by IAC, in consultation with the Spincos, with the intention of maximizing the value to current IAC's shareholders. Accordingly, the terms for Ticketmaster Entertainment (and, following the completion of the Merger, the combined company) may not be as favorable as would have resulted from negotiations among unrelated third parties.

Risks Relating to Ticketmaster Entertainment's Business (and, Following the Completion of the Merger, the Combined Company)

Live Entertainment Industry and General Economic Trends—Ticketmaster Entertainment's success depends, in significant part, on entertainment, sporting and leisure events and factors adversely affecting such events could have a material adverse effect on business, financial condition and results of operations.

Through its Ticketing segment, Ticketmaster Entertainment sells tickets to live entertainment, sporting and leisure events at arenas, stadiums, theaters and other facilities. Through its Artist Services segment, Ticketmaster Entertainment provides artist management services to nearly 200 clients, and derives significant revenues from touring and live concerts by these clients. Accordingly, Ticketmaster Entertainment's business, financial condition and results of operations are directly affected by the popularity, frequency and location of such events. Ticket sales are sensitive to fluctuations in the number and pricing of entertainment, sporting and leisure events and activities offered by promoters, teams and facilities, and adverse trends in the entertainment, sporting and leisure event industries could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations. The Ticketing segment relies on third parties to create and perform live entertainment, sporting and leisure events and to price tickets to such events. Accordingly, Ticketmaster Entertainment's success depends, in part, upon the ability of these third parties to correctly anticipate public demand for particular events and the prices that the public is willing to pay to attend such events, as well as the availability of popular artists, entertainers and teams. Similarly, the Artist Services segment could be adversely affected if the artists it represents do not tour or perform as frequently as anticipated, or if such tours or performances are not as widely attended by fans as anticipated due to changing tastes, general economic conditions or otherwise.

In addition, general economic conditions, consumer trends, work stoppages, natural disasters and terrorism could have a material adverse effect on Ticketmaster Entertainment's business, financial condition and results of operations. Entertainment-related expenditures are particularly sensitive to business and personal discretionary spending levels, which tend to decline during general economic downturns. Recent market conditions have been extremely volatile and unemployment rates have risen in recent months. As a result of these macroeconomic factors, it is reasonably possible that a continued worsening of Ticketmaster Entertainment's results or domestic and global economic conditions could change certain estimates and assumptions that are significant to the underlying amounts included in Ticketmaster Entertainment's Consolidated Financial Statements and the notes thereto included in its Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2008 and in this joint proxy statement/prospectus. A protracted global recession could have a significant negative impact on Ticketmaster Entertainment's business, financial condition and results of operations. Similarly, public health issues or a health epidemic could result in the cancellation of live entertainment events or in lower attendance and ticket sales if fans choose to not attend events they would otherwise attend out of health concerns. Recently, human cases of swine flu virus infection have been identified in the United States and internationally. If public health issues such as the swine flu were to result in the cancellation of live entertainment events or diminished ticket sales, Ticketmaster Entertainment's business, financial condition and results of operations could be negatively impacted.

Third Party Relationships—Ticketmaster Entertainment depends on relationships with clients and any adverse changes in these relationships could adversely affect its business, financial condition and results of operations.

Ticketmaster Entertainment's success is dependent, in significant part, on the ability of Ticketmaster Entertainment's businesses to maintain and renew relationships with existing clients and to establish new client relationships. Ticketmaster Entertainment anticipates that for the foreseeable future, the substantial majority of its revenues from the Ticketing segment will be derived from online and offline sales of tickets. Ticketmaster Entertainment also expects that revenues from primary ticketing services, which consist primarily of per ticket convenience charges and per order "order processing" fees, will continue to comprise the substantial majority of its consolidated revenues for the Ticketing segment.

Securing the right to sell tickets depends, in substantial part, on the ability of Ticketmaster Entertainment's businesses to enter into, maintain and renew client contracts on favorable terms. In light of the fact that the Merger ultimately may not be completed, it is important to note that revenue attributable to Ticketmaster Entertainment's largest client, Live Nation (including its subsidiary, House of Blues), represented approximately 13% of Ticketmaster Entertainment's total revenue in 2008. This client relationship consisted of four agreements, two with Live Nation (a worldwide agreement (other than England, Scotland and Wales) that expired without renewal on December 31, 2008, and an agreement covering England, Scotland and Wales that expires on December 31, 2009) and two with House of Blues (a U.S. agreement that expires on December 31, 2009, and a Canadian agreement that expires on March 1, 2010). Revenue attributable to the worldwide agreement and the agreement covering England, Scotland and Wales represented approximately 9% and 2%, respectively, of Ticketmaster Entertainment's total revenues in 2008. The worldwide agreement expired on December 31, 2008, and Ticketmaster Entertainment anticipates that none of the other agreements will be renewed. Live Nation launched its own ticketing business in 2009 to ticket Live Nation events and has publicly announced that it intends to use its ticketing system to distribute tickets for third-party live events. In addition, as is typical of the artist management industry, certain of Ticketmaster Entertainment's arrangements with clients of the Artist Services segment are terminable at will by either party. The loss of key artists could negatively impact Ticketmaster Entertainment's business.

While fees from management services represent slightly less than half the revenue of Ticketmaster Entertainment's Artist Service segment, and no individual client represents more than 10% of revenue from management services, the loss of a number of key artists could negatively impact Ticketmaster Entertainment's business. In addition, as the relationship between a manager and artist is highly personalized, the loss of a manager may also result in a loss in the artist represented by the manager, which could negatively impact Ticketmaster Entertainment's business.

Ticketmaster Entertainment cannot provide assurances that its businesses will be able to maintain other existing client contracts, or enter into or maintain new client contracts, on acceptable terms, if at all, and the failure to do so could have a material adverse effect on its business, financial condition and results of operations. As explained above and in the below risk factor, the ticketing business is highly competitive. A number of competing national, regional, and local ticketing service providers are aggressively seeking to secure ticketing contracts from existing and potential Ticketmaster Entertainment clients. In addition, facilities, promoters and other potential clients are increasingly electing to self-ticket and/or distribute a growing number of tickets through client direct or other new channels, which could adversely impact the ability of Ticketmaster Entertainment's businesses to secure renewals and new client contracts. The non-renewal or termination of an agreement with a major client or multiple agreements with a combination of smaller clients could have a material adverse effect on Ticketmaster Entertainment's business, financial condition and results of operations.

Another important component of Ticketmaster Entertainment's success is the ability of Ticketmaster Entertainment's businesses to maintain existing and build new relationships with third party distribution channels and service providers, including providers of credit card processing and delivery services, as well as advertisers, among other parties. Any adverse changes in these relationships, including the inability of these parties to fulfill their obligations to Ticketmaster Entertainment's businesses for any reason, could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

Competition—The ticketing and artist services industries are highly competitive and competitors may win business away from Ticketmaster Entertainment, which could adversely affect Ticketmaster Entertainment's financial performance.

The ticketing industry is highly competitive. Ticketmaster Entertainment faces significant competition from other national, regional and local primary ticketing service providers to secure new and retain existing clients on a continuous basis. Additionally, Ticketmaster Entertainment faces significant and increasing challenges from companies that sell self-ticketing systems and from clients who are increasingly choosing to self-ticket, through

the integration of self-ticketing systems into their existing operations or the acquisition of primary ticket services providers and by increasing sales through facility box offices and season, subscription or group sales. Ticketmaster Entertainment also faces competition in the resale of tickets from online auction websites and resale marketplaces and from other ticket resellers with online distribution capabilities. The intense competition that Ticketmaster Entertainment faces in the ticketing industry could cause the volume of its ticketing services business to decline. There can be no assurance that Ticketmaster Entertainment will be able to compete successfully in the future with existing or potential competitors or that competition will not have an adverse effect on its business and financial condition. Moreover, as Ticketmaster Entertainment expands into new lines of businesses (including in connection with the Merger), Ticketmaster Entertainment may face direct competition, in the live music industry, with its prospective or current primary ticketing clients, who primarily include live event content providers (such as owners or operators of live event venues, promoters of concerts and sports teams, among others). This direct competition with Ticketmaster Entertainment's prospective or current primary ticketing clients could result in a decline in the number of clients Ticketmaster Entertainment has and a decline in the volume of its ticketing services business, which could adversely affect its business and financial condition.

The artist services industry is also a highly competitive industry. There are numerous other music management companies and individual managers in the United States alone. Ticketmaster Entertainment competes with these companies and individuals to discover new and emerging artists and to represent established acts. In addition, certain of Ticketmaster Entertainment's arrangements with clients of Ticketmaster Entertainment's Artist Services business are terminable at will by either party, leading to competition to retain those artists as clients. Competition is intense and may contribute to a decline in the volume of Ticketmaster Entertainment's Artist Services business, which could adversely affect Ticketmaster Entertainment's business and financial condition.

Covenants in Ticketmaster Entertainment's debt agreements restrict Ticketmaster Entertainment's business in many ways and if Ticketmaster Entertainment does not effectively manage its business to comply with these covenants, its financial condition and results of operations could be adversely affected.

Ticketmaster Entertainment's senior secured credit facilities and/or the indenture governing the Ticketmaster Entertainment 10.75% senior notes due 2016, which are referred to as the Ticketmaster Entertainment Senior Notes, contain various covenants that limit Ticketmaster Entertainment's ability and/or Ticketmaster Entertainment's restricted subsidiaries' ability to, among other things:

- incur or assume liens or additional debt or provide guarantees in respect of obligations of other persons;
- issue redeemable stock and preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans and investments;
- enter into agreements that restrict distributions from Ticketmaster Entertainment's subsidiaries;
- sell assets and capital stock of Ticketmaster Entertainment's subsidiaries;
- enter into certain transactions with affiliates; and
- consolidate or merge with or into, or sell substantially all of Ticketmaster Entertainment's assets to, another person, subject to the exception for the Merger as described in "The Merger—Consents and Amendments Under Ticketmaster Entertainment Credit Facility" beginning on page 117.

In addition, Ticketmaster Entertainment's senior secured credit facilities require it to maintain specified financial ratios. Ticketmaster Entertainment's ability to meet those financial ratios can be affected by events

beyond Ticketmaster Entertainment's control, and Ticketmaster Entertainment may be unable to meet those tests. Among other things, certain adjustments required in connection with the Merger as a result of Ticketmaster Entertainment's status as the deemed accounting acquired company may make it more difficult for Ticketmaster Entertainment to comply with these financial ratios. In addition, a failure on Ticketmaster Entertainment's part to maintain effective internal controls to measure compliance with these covenants could affect its ability to take corrective actions on a timely basis, and could result in its being in breach. A breach of any of these covenants could result in a default under Ticketmaster Entertainment's senior secured credit facilities and/or Ticketmaster Entertainment's other indebtedness. Upon the occurrence of an event of default under Ticketmaster Entertainment's senior secured credit facilities, the lenders could elect to declare all amounts outstanding under the senior secured credit facilities to be immediately due and payable. If Ticketmaster Entertainment were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness, which constitutes a significant portion of Ticketmaster Entertainment's assets. If the lenders under Ticketmaster Entertainment's senior secured credit facilities accelerate the repayment of borrowings, Ticketmaster Entertainment may not have sufficient assets to repay its senior secured credit facilities and its other indebtedness.

Ticketmaster Entertainment's borrowings under its senior secured credit facilities are, and are expected to continue to be, at variable rates of interest and expose it to interest rate risk. If interest rates increase, Ticketmaster Entertainment's debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and Ticketmaster Entertainment's net income would decrease.

International Presence and Expansion—Ticketmaster Entertainment's businesses operate in international markets in which Ticketmaster Entertainment has limited experience. Ticketmaster Entertainment's businesses may not be able to successfully expand into new, or further into existing, international markets.

Ticketmaster Entertainment provides services in various jurisdictions abroad through a number of brands and businesses that it owns and operates, as well as through joint ventures, and expects to continue to expand its international presence. Ticketmaster Entertainment faces, and expects to continue to face, additional risks in the case of its existing and future international operations, including:

- political instability and unfavorable economic conditions in the markets in which Ticketmaster Entertainment currently has international operations or into which its brands and businesses may expand;
- more restrictive or otherwise unfavorable government regulation of the live entertainment and ticketing industries, including the regulation of the provision of primary ticketing and ticket resale services, as well as promotional, marketing and other related services, which could result in increased compliance costs and/or otherwise restrict the manner in which Ticketmaster Entertainment's businesses provide services and the amount of related fees charged for such services;
- limitations on the enforcement of intellectual property rights, which would preclude Ticketmaster Entertainment from building the brand recognition upon which it has come to rely in many jurisdictions;
- limitations on the ability of foreign subsidiaries to repatriate profits or otherwise remit earnings to Ticketmaster Entertainment;
- adverse tax consequences;
- limitations on technology infrastructure, which could limit Ticketmaster Entertainment's ability to migrate international operations to the Ticketmaster System, which would result in increased costs;
- lower levels of Internet usage, credit card usage and consumer spending in comparison to those in the United States; and

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- difficulties in managing operations and adapting to consumer desires due to distance, language and cultural differences, including issues associated with (i) business practices and customs that are common in certain foreign countries but might be prohibited by United States law and Ticketmaster Entertainment's internal policies and procedures, and (ii) management and operational systems and infrastructures, including internal financial control and reporting systems and functions, staffing and managing foreign operations, which Ticketmaster Entertainment might not be able to do effectively, or if so, on a cost-effective basis.

Ticketmaster Entertainment's ability to expand its international operations into new jurisdictions, or further into existing, jurisdictions will depend, in significant part, on its ability to identify potential acquisition candidates, joint venture or other partners, and enter into arrangements with these parties on favorable terms, as well as Ticketmaster Entertainment's ability to make continued investments to maintain and grow existing international operations. If the revenues generated by international operations are insufficient to offset expenses incurred in connection with the maintenance and growth of these operations, Ticketmaster Entertainment's business, financial condition and results of operations could be materially and adversely affected. In addition, in an effort to make international operations in one or more given jurisdictions profitable over the long term, significant additional investments that are not profitable over the short term could be required over a prolonged period.

In addition, the ticketing industry in many jurisdictions abroad is more fragmented and local than it is in the United States. Ticketmaster Entertainment's success in these markets will depend on the ability of Ticketmaster Entertainment's businesses to create economies of scale by consolidating within each market geographically, which would most likely occur over a prolonged period, during which significant investments in technology and infrastructure would be required. In the case of expansion through organic growth, Ticketmaster Entertainment could face substantial barriers to entry in new markets, and barriers impeding expansion within existing markets, due primarily to the risks and concerns discussed above, among others.

Foreign Currency Risks—Ticketmaster Entertainment faces risks and uncertainties related to foreign currency exchange rate fluctuations.

To the extent that costs and prices for services are established in local currencies and adjusted to U.S. dollars based on then-current exchange rates, Ticketmaster Entertainment will be exposed to foreign exchange rate fluctuations. After accounting for such fluctuations, Ticketmaster Entertainment may be required to record significant gains or losses, the amount of which will vary based on then current exchange rates, which could cause its results to differ materially from expectations. As Ticketmaster Entertainment continues to expand its international presence, its exposure to exchange rate fluctuations will increase, which may have a negative impact on its financial results.

Changing Customer Requirements and Industry Standards—Ticketmaster Entertainment's businesses may not be able to adapt quickly enough to changing customer requirements and industry standards.

The e-commerce industry is characterized by evolving industry standards, frequent new service and product introductions and enhancements and changing customer demands. Ticketmaster Entertainment's businesses may not be able to adapt quickly enough and/or in a cost-effective manner to changes in industry standards and customer requirements and preferences, and their failure to do so could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations. In addition, the continued widespread adoption of new Internet or telecommunications technologies and devices or other technological changes could require Ticketmaster Entertainment's businesses to modify or adapt their respective services or infrastructures. The failure of Ticketmaster Entertainment's businesses to modify or adapt their respective services or infrastructures in response to these trends could render their existing websites, services and proprietary technologies obsolete, which could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

In addition, Ticketmaster Entertainment is currently in the process of migrating its international brands and businesses to the Ticketmaster System in an attempt to provide consistent and state-of-the-art services across its

businesses and to reduce the cost and expense of maintaining multiple systems, which Ticketmaster Entertainment may not be able to complete in a timely or cost-effective manner. Delays or difficulties in implementing the Ticketmaster System, as well as any new or enhanced systems, may limit Ticketmaster Entertainment's ability to achieve the desired results in a timely manner. Also, Ticketmaster Entertainment may be unable to devote financial resources to new technologies and systems in the future, which could adversely affect its business, financial condition and results of operations.

Compliance with Laws, Rules and Regulations—Ticketmaster Entertainment's failure to comply with existing laws, rules and regulations as well as changing laws, rules and regulations and other legal uncertainties, could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

Since Ticketmaster Entertainment's businesses sell tickets and provide related services to consumers through a number of different online and offline channels, they are subject to a wide variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States and abroad, which are subject to change at any time. For example, Ticketmaster Entertainment's businesses conduct marketing activities via the telephone and/or through online marketing channels, which activities are governed by numerous federal and state regulations, such as the Telemarketing Sales Rule, state telemarketing laws and the CAN-SPAM Act, among others. Ticketmaster Entertainment's businesses are also subject to laws, rules and regulations applicable to providers of primary ticketing and ticket resale services, which in some cases regulate the amount of transaction and other fees that they may be charged in connection with primary ticketing sales and/or the ticket prices that may be charged in the case of ticket resale services. New legislation of this nature is introduced from time to time in various (and is pending in certain) jurisdictions in which Ticketmaster Entertainment's businesses sell tickets and provide services. For example, several U.S. states and cities, Canadian provinces, the United Kingdom and European countries prohibit the resale of tickets at prices greater than the original face price (in the case of certain jurisdictions, without the consent of the venue) and/or prohibit the resale of tickets to certain types of events. Ticketmaster Entertainment's various businesses have recently been named as defendants in several purported class action lawsuits and other actions and investigations alleging violations of these types of laws. The failure of Ticketmaster Entertainment's businesses to comply with these laws and regulations could result in fines and/or proceedings against Ticketmaster Entertainment by governmental agencies and/or consumers, which if material, could adversely affect its business, financial condition and results of operations. In addition, the promulgation of new laws, rules and regulations that restrict or otherwise unfavorably impact the ability or manner in which Ticketmaster Entertainment's businesses provide primary ticketing and ticket resale services would require Ticketmaster Entertainment's businesses to change certain aspects of their business, operations and client relationships to ensure compliance, which could decrease demand for services, reduce revenues, increase costs and/or subject Ticketmaster Entertainment to additional liabilities.

In addition, the application of various domestic and international sales, use, value-added and other tax laws, rules and regulations to Ticketmaster Entertainment's historical and new products and services is subject to interpretation by applicable taxing authorities. While Ticketmaster Entertainment believes that it is compliant with current tax provisions, taxing authorities may take a contrary position and such positions may adversely affect its business, financial condition and results of operations. From time to time, federal, state and local authorities and/or consumers commence investigations, inquiries or litigation with respect to compliance by Ticketmaster Entertainment and its businesses with applicable consumer protection, advertising, unfair business practice, antitrust (and similar or related laws) and other laws. Ticketmaster Entertainment's businesses have historically cooperated with authorities in connection with these investigations and have satisfactorily resolved each such material investigation, inquiry or litigation. Recently, several states and Canadian provinces have commenced investigations or inquiries regarding the relationship between Ticketmaster Entertainment and TicketsNow. Ticketmaster Entertainment has incurred significant legal expenses in connection with the defense of governmental investigations and litigation in the past and will be required to incur additional expenses in the future regarding such investigations and litigation. In the case of antitrust (and similar or related) matters, any adverse outcome could limit or prevent Ticketmaster Entertainment's businesses from engaging in the ticketing business generally (or in a particular market thereof) or subject them to potential damage assessments, all of

which could have a material adverse effect on Ticketmaster Entertainment's business, financial condition and results of operations. See "Information About Ticketmaster Entertainment's Business—Legal Proceedings" beginning on page 248 for a description of certain current legal proceedings involving Ticketmaster Entertainment.

Maintenance of Systems and Infrastructure—Ticketmaster Entertainment's success depends, in part, on the integrity of Ticketmaster Entertainment's systems and infrastructures. System interruption and the lack of integration and redundancy in these systems and infrastructures may have an adverse impact on Ticketmaster Entertainment's business, financial conditions and results of operations.

Ticketmaster Entertainment's success depends, in part, on Ticketmaster Entertainment's ability to maintain the integrity of Ticketmaster Entertainment's systems and infrastructure, including websites, information and related systems, call centers and distribution and fulfillment facilities. System interruption and the lack of integration and redundancy in Ticketmaster Entertainment's information systems and infrastructures may adversely affect Ticketmaster Entertainment's ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. Ticketmaster Entertainment may experience occasional system interruptions that make some or all systems or data unavailable or prevent its businesses from efficiently providing services or fulfilling orders. Ticketmaster Entertainment also relies on affiliate and third-party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in its systems and infrastructures, its businesses, its affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair the ability of Ticketmaster Entertainment's businesses to provide services, fulfill orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent Ticketmaster Entertainment's businesses from providing services, fulfilling orders and/or processing transactions. While Ticketmaster Entertainment's businesses have backup systems for certain aspects of their operations, disaster recovery planning by its nature cannot be sufficient for all eventualities. In addition, Ticketmaster Entertainment may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these adverse events were to occur, it could adversely affect Ticketmaster Entertainment's business, financial conditions and results of operations.

In addition, any penetration of network security or other misappropriation or misuse of personal consumer information could cause interruptions in the operations of Ticketmaster Entertainment's businesses and subject Ticketmaster Entertainment to increased costs, litigation and other liabilities. Network security issues could lead to claims against Ticketmaster Entertainment for other misuse of personal information, such as for unauthorized purposes or identity theft, which could result in litigation and financial liabilities, as well as administrative action from governmental authorities. Security breaches could also significantly damage Ticketmaster Entertainment's reputation with consumers and third parties with whom Ticketmaster Entertainment does business. It is possible that advances in computer capabilities, new discoveries, undetected fraud, inadvertent violations of company policies or procedures or other developments could result in a compromise of information or a breach of the technology and security processes that are used to protect consumer transaction data. As a result, current security measures may not prevent any or all security breaches. Ticketmaster Entertainment may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. Ticketmaster Entertainment also faces risks associated with security breaches affecting third parties with which it is affiliated or otherwise conducts business online. Consumers are generally concerned with security and privacy of the Internet, and any publicized security problems affecting Ticketmaster Entertainment's businesses and/or those of third parties may discourage consumers from doing business with Ticketmaster Entertainment, which could have an adverse effect on Ticketmaster Entertainment's business, financial condition and results of operations.

Privacy—The processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.

In the processing of consumer transactions, Ticketmaster Entertainment's businesses receive, transmit and store a large volume of personally identifiable information and other user data. The sharing, use, disclosure and protection of this information are governed by the privacy and data security policies maintained by Ticketmaster Entertainment and its businesses. Moreover, there are federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. Ticketmaster Entertainment could be adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect its business, financial condition and results of operations.

Ticketmaster Entertainment's businesses may also become exposed to potential liabilities as a result of differing views on the privacy of consumer and other user data collected by these businesses. Ticketmaster Entertainment's failure, and/or the failure by the various third party vendors and service providers with which Ticketmaster Entertainment does business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage the reputation of these businesses, discourage potential users from trying Ticketmaster Entertainment's products and services and/or result in fines and/or proceedings by governmental agencies and/or consumers, one or all of which could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

Intellectual Property—Ticketmaster Entertainment may fail to adequately protect its intellectual property rights or may be accused of infringing intellectual property rights of third parties.

Ticketmaster Entertainment may fail to adequately protect its intellectual property rights or may be accused of infringing intellectual property rights of third parties. Ticketmaster Entertainment regards its intellectual property rights, including patents, service marks, trademarks and domain names, copyrights, trade secrets and similar intellectual property (as applicable) as critical to its success. Ticketmaster Entertainment's businesses also rely heavily upon software codes, informational databases and other components that make up their products and services.

Ticketmaster Entertainment relies on a combination of laws and contractual restrictions with employees, customers, suppliers, affiliates and others to establish and protect these proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use trade secret or copyrighted intellectual property without authorization which, if discovered, might require legal action to correct. In addition, third parties may independently and lawfully develop substantially similar intellectual properties.

Ticketmaster Entertainment has generally registered and continues to apply to register, or secure by contract when appropriate, its trademarks and service marks as they are developed and used, and reserves and registers domain names as it deems appropriate. Ticketmaster Entertainment generally considers the protection of its trademarks to be important for purposes of brand maintenance and reputation. While Ticketmaster Entertainment vigorously protects its trademarks, service marks and domain names, effective trademark protection may not be available or may not be sought in every country in which products and services are made available, and contractual disputes may affect the use of marks governed by private contract. Similarly, not every variation of a domain name may be available or be registered, even if available. The failure of Ticketmaster Entertainment to protect its intellectual property rights in a meaningful manner or challenges to related contractual rights could result in erosion of brand names and limit its ability to control marketing on or through the Internet using its various domain names or otherwise, which could adversely affect its business, financial condition and results of operations.

Some of Ticketmaster Entertainment's businesses have been granted patents and/or have patent applications pending with the United States Patent and Trademark Office and/or various foreign patent authorities for various proprietary technologies and other inventions. Ticketmaster Entertainment considers applying for patents or for other appropriate statutory protection when it develops valuable new or improved proprietary technologies or identifies inventions, and will continue to consider the appropriateness of filing for patents to protect future proprietary technologies and inventions as circumstances may warrant. The status of any patent involves complex legal and factual questions, and the breadth of claims allowed is uncertain. Accordingly, any patent application filed may not result in a patent being issued or existing or future patents may not be adjudicated valid by a court or be afforded adequate protection against competitors with similar technology. In addition, third parties may create new products or methods that achieve similar results without infringing upon patents that Ticketmaster Entertainment owns. Likewise, the issuance of a patent to Ticketmaster Entertainment does not mean that its processes or inventions will not be found to infringe upon patents or other rights previously issued to third parties.

From time to time, Ticketmaster Entertainment is subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of the trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce Ticketmaster Entertainment's intellectual property rights, protect trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations. Patent litigation tends to be particularly protracted and expensive.

Key Employees—Failure to attract and retain key employees could adversely impact Ticketmaster Entertainment's business, including prior to the completion of the Merger.

In order to be successful, Ticketmaster Entertainment must attract and retain talented executives and other key employees, including those in managerial, technical, sales, marketing, and support positions, including prior to the completion of the Merger. Ticketmaster Entertainment's businesses require individuals with relevant experience and diverse skill sets, and the market for these personnel is highly competitive. The failure to attract employees with the requisite skills and abilities to Ticketmaster Entertainment, or the loss of key employees, such as Ticketmaster Entertainment's Chief Executive Officer, Mr. Azoff, who not only has a leadership role for Ticketmaster Entertainment as a whole but also is critical to the success of its Artist Services business, could adversely impact Ticketmaster Entertainment's ability to meet key objectives, such as the timely and effective development and delivery of products and services, and could otherwise have a significant impact on Ticketmaster Entertainment's operations. For a discussion as to how the loss of key employees may affect the combined company, see "*—Risks Related to the Combined Company if the Merger Is Completed—The loss of key personnel could have a material adverse effect on the combined company's financial condition, results of operations and growth prospects,*" beginning on page 41.

Ticketmaster Entertainment may be unable to make the changes necessary to comply with the internal control over financial reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

Ticketmaster Entertainment is required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 by the end of its fiscal year ending December 31, 2009 for the first time as a newly established public company, and, accordingly, its Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2008 does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of its independent registered public accounting firm due to a transition period established by the SEC. If Ticketmaster Entertainment's management is unable to conclude that Ticketmaster Entertainment maintains effective internal control over financial reporting as of December 31, 2009 and future periods, or if Ticketmaster Entertainment's independent registered public accounting firm is unable to deliver an attestation report opining

that Ticketmaster Entertainment maintains effective internal control over financial reporting as of December 31, 2009 and future periods, Ticketmaster Entertainment's business, financial condition and results of operations could be adversely affected.

Risks Relating to Ticketmaster Entertainment's Business Prior to the Completion of the Merger

Ticketmaster Entertainment may be unable to make the changes necessary to operate effectively as a separate public entity (prior to the completion of the Merger) and has incurred and will incur additional costs related to operating as an independent company.

As a result of the Ticketmaster Entertainment spin-off, IAC no longer has any obligation to provide financial, operational or organizational assistance to Ticketmaster Entertainment, other than limited services pursuant to a Transition Services Agreement that Ticketmaster Entertainment entered into in connection with the Ticketmaster Entertainment spin-off with IAC and the Spincos. As a separate public entity (which Ticketmaster Entertainment will remain until the completion of the Merger), Ticketmaster Entertainment is subject to, and responsible for, regulatory compliance, including periodic public filings with the SEC and compliance with NASDAQ's continued listing requirements, as well as generally applicable tax and accounting rules. The obligations of being a public company, including substantial public reporting and investor relations obligations, have required and will require additional expenditures, place new demands on Ticketmaster Entertainment's management and have required and will require the hiring of additional personnel. Ticketmaster Entertainment may need to implement additional systems that require new expenditures in order to adequately function as a public company. Ticketmaster Entertainment has endeavored to make the changes necessary to successfully operate as an independent public entity; however, this is an ongoing process that may present unanticipated challenges and costs that could have an adverse effect on Ticketmaster Entertainment.

Brand Recognition—Failure to maintain brand recognition and attract and retain customers in a cost-effective manner could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

Maintaining and promoting the Ticketmaster and *www.ticketmaster.com* (and related international) brand names and, to a lesser extent, the *www.ticketsnow.com*, *www.ticketweb.com*, *www.museumtix.com* and *www.tmvista.com* (and related international) brand names, is critical to the ability of Ticketmaster Entertainment's businesses to attract consumers and business customers to their respective websites and other distribution channels. Ticketmaster Entertainment believes that the importance of brand recognition will increase, given the growing number of online ticketing services due to relatively low barriers to entry to providing online content and services. Accordingly, Ticketmaster Entertainment has spent, and expects to continue to spend, increasing amounts of money on, and devote greater resources to, branding and other marketing initiatives, including search engine optimization techniques and paid search engine marketing, neither of which may be successful or cost-effective. The failure of Ticketmaster Entertainment's businesses to maintain the recognition of their respective brands and to attract and retain consumers in a cost-effective manner could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

Acquisitions—Ticketmaster Entertainment may experience operational and financial risks in connection with acquisitions. In addition, some of the businesses acquired by Ticketmaster Entertainment may incur significant losses from operations or experience impairment of carrying value.

Ticketmaster Entertainment's growth may depend upon future acquisitions and depends, in part, on Ticketmaster Entertainment's ability to successfully integrate historical acquisitions. Ticketmaster Entertainment may experience operational and financial risks in connection with acquisitions. To the extent that Ticketmaster Entertainment continues to grow through acquisitions, it will need to:

- successfully integrate the operations, as well as the accounting, financial controls, management information, technology, human resources and other administrative systems, of acquired businesses with existing operations and systems;

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- retain the clients of the acquired businesses;
 - retain and integrate key personnel at acquired businesses; and
 - successfully manage acquisition-related resource demands on its management, operations and financial resources and/or those of acquired businesses.

Ticketmaster Entertainment may not be successful in addressing these challenges or any others encountered in connection with recent and future acquisitions and the failure to do so could adversely affect its business, financial condition and results of operations. The anticipated benefits of one or more acquisitions may not be realized and future acquisitions could result in potentially dilutive issuances of equity securities and/or contingent liabilities. Also, the value of goodwill and other intangible assets acquired could be impacted by one or more unfavorable events or trends, which could result in impairment charges, in addition to the \$1.1 billion charge recorded in the fourth quarter of 2008 related to the impairment of goodwill. The occurrence of any of these events could adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

Through certain acquisitions (all of which were completed prior to February 8, 2009), such as the acquisitions of TicketsNow, Emma Entertainment, Echo, GET ME IN! and Front Line, Ticketmaster Entertainment entered into aspects, and through future acquisitions may enter into aspects, of the ticketing and/or entertainment industries in which it had not previously participated directly. Acquisitions of this nature could adversely affect relationships with new and potential clients to the extent that clients view the interests of acquired businesses, or those of Ticketmaster Entertainment overall following the completion of any such acquisitions, as competing with or diverging from their own, which could adversely impact Ticketmaster Entertainment's relationships with its clients and its ability to attract new clients. This would adversely affect Ticketmaster Entertainment's business, financial condition and results of operations.

Future Capital Needs—Ticketmaster Entertainment may have future capital needs and may not be able to obtain additional financing on acceptable terms.

In connection with the Ticketmaster Entertainment spin-off, Ticketmaster Entertainment incurred indebtedness of approximately \$765 million and has since drawn down an additional \$100 million from its revolving credit facility, which is referred to as the revolver. Ticketmaster Entertainment's future capital needs may include funds necessary to develop new services or to enhance its existing services, to complete acquisitions or to otherwise take advantage of business opportunities or respond to competitive pressures.

These arrangements and current market conditions may limit Ticketmaster Entertainment's ability to secure additional financing in the future on favorable terms or at all. Ticketmaster Entertainment's ability to secure additional financing and satisfy Ticketmaster Entertainment's financial obligations under indebtedness outstanding from time to time will depend upon Ticketmaster Entertainment's future operating performance, which is subject to then prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond Ticketmaster Entertainment's control. The prolonged continuation or worsening of current credit market conditions would have a material adverse effect on Ticketmaster Entertainment's ability to secure financing on favorable terms, if at all.

Ticketmaster Entertainment may be unable to secure additional financing or financing on favorable terms or its operating cash flow may be insufficient to satisfy its financial obligations under indebtedness outstanding from time to time (if any). Furthermore, if financing is not available when needed, or is available on unfavorable terms, Ticketmaster Entertainment may be unable to develop new services or enhance its existing services, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on its business, financial condition and results of operations. If the Merger is not completed and additional funds are raised through the issuance of equity securities,

Ticketmaster Entertainment stockholders may experience significant dilution. Also, in the event that the Merger is not completed, it should be noted that Ticketmaster Entertainment's ability to engage in significant equity issuances is limited in order to preserve the tax-free nature of the Ticketmaster Entertainment spin-off.

Volatile Stock Price—Ticketmaster Entertainment's stock price has been, and until the completion of the Merger, may continue to be, volatile.

Shares of Ticketmaster Entertainment common stock began trading on NASDAQ on August 21, 2008 upon completion of the Ticketmaster Entertainment spin-off (and for a short period prior to that were listed on a "when-issued" basis). Since this time, the market price of Ticketmaster Entertainment common stock has been volatile. It is likely that the market price of Ticketmaster Entertainment common stock will continue to be subject to significant fluctuations until the Merger is completed. Ticketmaster Entertainment believes that future announcements concerning it, its competitors or its principal customers, including technological innovations, new product and service introductions, governmental regulations, litigation or changes in earnings estimated by it or analysts may cause the market price of Ticketmaster Entertainment common stock to fluctuate substantially in the future. Prior to the completion of the Merger, sales of substantial amounts of outstanding Ticketmaster Entertainment common stock in the public market could materially and adversely affect the market price of Ticketmaster Entertainment common stock. Further, in recent months, the stock market has experienced extreme price fluctuations in equity securities of listed companies. These price and volume fluctuations often have been unrelated to the operating performance of those companies. These fluctuations, as well as general economic, political and market conditions, such as armed hostilities, acts of terrorism, civil disturbances, recessions, international currency fluctuations or tariffs and other trade barriers, may materially and adversely affect the market price of Ticketmaster Entertainment common stock. For further discussion regarding the effect that fluctuations in the price of Ticketmaster Entertainment common stock and/or future issuances of Ticketmaster Entertainment common stock prior to the completion of the Merger may have on the exchange ratio, see "—Risks Related to the Pending Merger—The exchange ratio is subject to adjustment prior to the completion of the Merger in order to ensure that Ticketmaster Entertainment stockholders immediately prior to the Merger receive 50.01% of the voting power of all Live Nation equity interests immediately after the completion of the Merger. The price of Live Nation common stock and Ticketmaster Entertainment common stock will fluctuate during the pendency of the Merger," beginning on page 33.

Goodwill Impairment—A significant portion of Ticketmaster Entertainment's goodwill recently became impaired and may suffer further impairment in the future in the event that the Merger is not completed. Any future impairment could negatively affect Ticketmaster Entertainment's financial results and financial condition.

In accordance with GAAP, Ticketmaster Entertainment tests goodwill and indefinite-lived intangible assets for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. If the carrying amount of Ticketmaster Entertainment's goodwill exceeds its implied fair value, an impairment loss equal to the excess is recorded. During the year ended December 31, 2008, Ticketmaster Entertainment recognized a total non-cash charge of \$1.1 billion related to the impairment of goodwill of its Ticketing reporting unit. As of December 31, 2008, after giving effect to the impairment charge, Ticketmaster Entertainment had goodwill of approximately \$455.8 million, which constituted approximately 27% of its total assets at that date. Due to the volatile stock market, the current economic uncertainty and other factors, if the Merger is not completed, Ticketmaster Entertainment cannot assure investors that remaining goodwill will not be further impaired in future periods. Impairment may result from, among other things, a significant and sustained decline in its stock prices and market capitalization, a significant decline in its expected cash flows, an adverse change in the business climate and slower growth rates in its industry. If the Merger is not completed and Ticketmaster Entertainment is required to record an impairment charge for its goodwill in the future, this would adversely impact its financial condition and financial results.

INFORMATION ABOUT TICKETMASTER ENTERTAINMENT'S BUSINESS

Overview of Ticketmaster Entertainment's Business

Overview

Ticketmaster Entertainment connects the world to live entertainment as the world's leading live entertainment ticketing and marketing company based on the number of tickets sold. Ticketmaster Entertainment operates in 20 global markets, providing ticket sales, ticket resale services, marketing and distribution through *www.ticketmaster.com*, one of the largest e-commerce sites on the Internet, approximately 7,100 retail outlets and 17 call centers worldwide. Established in 1976, Ticketmaster Entertainment serves more than 10,000 clients worldwide across multiple event categories, providing exclusive ticketing services for leading arenas, stadiums, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters. In 2008, Ticketmaster Entertainment sold more than 141 million tickets valued at over \$8.9 billion on behalf of its clients.

In addition, Ticketmaster Entertainment owns a controlling interest in Front Line, a leading artist management company. Front Line manages musical artists and acts primarily in rock, classic rock, pop and country music. As of December 31, 2008, Front Line had almost 200 artists on its rosters and approximately 80 managers performing services to artists.

History

Ticketmaster Entertainment's predecessor companies, Ticketmaster Group, Inc. and its subsidiaries, were organized for the primary purpose of developing stand-alone automated ticketing systems for license to individual facilities. Since then, Ticketmaster Entertainment's business has grown through continued improvements in its technology, the continued expansion of its service and product offerings, as well as its client base, and the acquisition of and investment in ticketing and technology companies, as well as a number of entertainment-related businesses, both in the United States and abroad. In January 2003, IAC, at that time Ticketmaster Entertainment's majority owner, acquired the outstanding shares of Ticketmaster Entertainment that it did not previously own, as a result of which Ticketmaster Entertainment became a wholly-owned subsidiary of IAC. In August 2008, Ticketmaster Entertainment was spun-off from IAC in the Ticketmaster Entertainment spin-off and became a separate publicly-traded company. In October 2008, Ticketmaster Entertainment acquired an additional equity interest in Front Line, giving it a controlling interest in Front Line.

Summary of the Ticketmaster Entertainment Spin-Off

On July 1, 2008, the IAC board of directors approved a plan to separate IAC into the five Spincos, including Ticketmaster Entertainment (which at that time was known as Ticketmaster), via the IAC spin-offs.

On August 20, 2008, IAC distributed to its stockholders all of the outstanding shares of Ticketmaster Entertainment common stock. Following the Ticketmaster Entertainment spin-off, Ticketmaster Entertainment's businesses included the businesses that formerly comprised IAC's Ticketmaster segment, which consisted of IAC's domestic and international ticketing and ticketing related businesses, subsidiaries and investments, as well as IAC's investment in Front Line, and excluded Ticketmaster Entertainment's former Reserve America subsidiary and its investment in Active.com, which were transferred to IAC.

Upon completion of the Ticketmaster Entertainment spin-off (and for a short period prior to that, on a "when-issued" basis), shares of Ticketmaster Entertainment common stock began trading on NASDAQ under the symbol "TKTM." In conjunction with the Ticketmaster Entertainment spin-off, Ticketmaster Entertainment

completed the following transactions: (1) extinguished all intercompany receivable balances due from IAC and its subsidiaries, which totaled \$604.4 million by recording a non-cash distribution to IAC, (2) recapitalized the invested equity balance with common stock, whereby holders of IAC stock received one fifth of a share of Ticketmaster Entertainment common stock for each share of common and class B common stock of IAC held as described in Ticketmaster Entertainment's Post Effective Amendment No. 1 to Form S-1 (Commission File Number 333-152702) filed with the SEC on August 20, 2008, and (3) distributed \$752.9 million in cash to IAC in connection with Ticketmaster Entertainment's separation from IAC, which included the net proceeds of \$723.6 million from Ticketmaster Entertainment's financings through a combination of privately issued debt securities and bank borrowings.

Front Line

Front Line was formed in January 2005 when it acquired the music management businesses of Mr. Azoff and Mr. Kaufman and their respective associates, funded by the private equity groups TH Lee and Bain Capital, together with the Warner Music Group. Front Line subsequently secured additional financing from IAC. In June 2007, IAC and Warner Music Group acquired the interests formerly held by the private equity groups and certain individual investors, following which Front Line was owned by a combination of IAC, Warner Music Group and the Azoff Family Trust. In June 2008, Madison Square Garden acquired a combined 10% interest in Front Line by acquiring interests from both IAC and Warner Music Group. As part of the Ticketmaster Entertainment spin-off, IAC's investment in Front Line was transferred to Ticketmaster Entertainment. On October 29, 2008, Ticketmaster Entertainment acquired additional equity interests in Front Line, giving Ticketmaster Entertainment a controlling interest in Front Line. As a result, Ticketmaster Entertainment has consolidated the results of Front Line from the acquisition date.

Business Segments

Ticketmaster Entertainment operates in two reportable segments—Ticketing and Artist Services. In addition, Ticketmaster Entertainment also has corporate and other expenses, which are managed on a total company basis.

Ticketing

Ticketmaster Entertainment's ticketing operations are primarily an agency business that sells tickets for events on behalf of Ticketmaster Entertainment's clients and retains a convenience charge and order processing fee for Ticketmaster Entertainment's services. Ticketmaster Entertainment sells tickets through a combination of websites, telephone services and ticket outlets. Ticketmaster Entertainment's ticketing sales are impacted by fluctuations in the availability of events for sale to the public, which may vary depending upon scheduling by its clients. Generally, the second and third quarters of the year experience the highest domestic ticketing revenue, earned primarily in the concert and sports categories. Generally, international revenues are the highest in the fourth quarter of the year, earned primarily in the concert category.

Primary (Initial Sale) Ticketing Services

Overview. "Primary" sales of tickets refers to the original sale of tickets to an event by or on behalf of an event presenter. For the year ended December 31, 2008, the substantial majority of Ticketmaster Entertainment's revenues were attributable to primary ticket sale services. Ticketmaster Entertainment provides primary ticket sale services to the following types of clients:

- *Venues*—including arenas, stadiums, theaters, universities, colleges, clubs and festivals in the United States and abroad, ranging in size from 100,000+ seat stadiums to small clubs, including Madison Square Garden (New York City), Staples Center (Los Angeles), The O₂ (London), the University of Michigan and the University of California, Los Angeles;

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- *Promoters*—promoters of live events, from worldwide concert tours to single, local events, including AEG Live, Jam Productions and MCD Productions;
 - *Sports Leagues, Teams and Events*—professional sports teams, leagues, franchises and clubs and special sporting events, including Major League Baseball Advanced Media and many Major League Baseball, National Football League, National Basketball Association, National Hockey League, Rugby Football Union and Premier League teams; and
 - *Museums, Cultural Institutions and Historic Sites*—including the Guggenheim Museum (New York City) and the Getty Museum and Getty Villa (Los Angeles).

When providing primary ticket sale services to clients in the U.S. and abroad (other than in the United Kingdom), Ticketmaster Entertainment generally serves as the exclusive ticket sales agent for individual tickets sold to the general public outside of facility box offices. In the United Kingdom, Ticketmaster Entertainment is typically a non-exclusive ticket sales agent for its clients and instead is guaranteed a certain minimum allocation of the tickets for each event. For any particular event, Ticketmaster Entertainment works with clients to identify those tickets that will be made available for sale through Ticketmaster Entertainment's various distribution channels (see "—Distribution" below) as well as facility box offices. To enable most or all tickets for a given event to be offered for sale simultaneously and sold through these channels, Ticketmaster Entertainment licenses its core proprietary operating system and software, which is referred to as the Ticketmaster System, and related equipment to clients and installs this system at their facility box offices. The provision of primary ticket sale services to clients is generally governed by individual, multi-year agreements between Ticketmaster Entertainment and its clients.

Consumers who purchase tickets through Ticketmaster Entertainment pay an amount equal to the ticket face price, plus a per ticket convenience charge, a per order "order processing" fee and, if applicable, a premium delivery charge. Ticketmaster Entertainment remits the entire face value of the ticket to the client. In addition, in most cases, Ticketmaster Entertainment remits royalties as specified in the written agreement between Ticketmaster Entertainment and the client.

Client Relationships. Ticketmaster Entertainment generally enters into written agreements with individual clients to provide primary ticket sale services for specified multi-year periods, typically ranging from 3 to 5 years. Pursuant to these agreements, clients generally determine what tickets will be available for sale, when such tickets will go on sale to the public and what the ticket face price will be. Agreements with venue clients generally grant Ticketmaster Entertainment the right to sell tickets for all events presented at the relevant venue for which tickets are made available to the general public. Agreements with promoter clients generally grant Ticketmaster Entertainment the right to sell tickets for all events presented by a given promoter at any venue, unless that venue is already covered by an existing exclusive agreement with Ticketmaster Entertainment or another ticketing service provider. Under Ticketmaster Entertainment's exclusive contracts, clients may not utilize, authorize or promote the services of third party ticketing companies or technologies while under contract with Ticketmaster Entertainment. While Ticketmaster Entertainment generally has the right to sell a substantial portion of its clients' tickets, venue and promoter clients often sell and distribute group sales and season tickets in-house. In addition, under many written agreements between promoters and Ticketmaster Entertainment's clients, Ticketmaster Entertainment's clients often allocate certain tickets for artist, promoter, agent and venue use and do not make those tickets available for sale by Ticketmaster Entertainment. Ticketmaster Entertainment also generally allows clients to make a certain limited number of tickets available for sale through fan or other similar clubs, from which Ticketmaster Entertainment generally derives no revenues unless selected by the club to facilitate the sales. As a result, Ticketmaster Entertainment does not sell all of its clients' tickets and the amount of tickets that it sells varies from client to client and from event to event, and varies as to any single client from year to year.

Pursuant to its agreements with certain clients, sales of premium primary tickets, often under high demand, are offered for sale through Ticketmaster Entertainment's TicketExchange service, which is accessible to

consumers through *www.ticketmaster.com*. Such tickets are referred to as “Platinum” tickets and are frequently priced by Ticketmaster Entertainment’s clients at prices that are meant to reflect their market value.

Convenience charges, which are heavily negotiated, mutually agreed upon and set forth in written agreements between Ticketmaster Entertainment and its clients, vary based upon numerous factors, including: the scope and nature of the services to be rendered, the amount and cost of equipment to be installed at the client’s venue location, the amount of advertising and/or promotional allowances to be provided, the type of event and the distribution channel in which the ticket is to be sold and the face price of the ticket. Client agreements also provide how and when, and by how much and with what frequency, changes may be made to per ticket convenience charges and per order “order processing” fees during the term. During the year ended December 31, 2008, per ticket convenience charges generally ranged from \$2.50 to \$15.00 and average revenue per ticket (which primarily includes per ticket convenience charges and per order “order processing” fees, as well as certain other revenue sources directly related to the sale of tickets) was \$7.84.

Most written agreements provide for the payment to clients of royalties, which are heavily negotiated, in an amount equal to a mutually agreed upon portion of related per ticket convenience charges on all tickets sold through all Ticketmaster Entertainment distribution channels and per order “order processing” fees on all tickets sold online or by telephone. In many cases, written agreements also require Ticketmaster Entertainment to advance royalties to clients, which advances are usually recoupable by Ticketmaster Entertainment out of the future client royalty payments. In limited instances, clients have the right to receive an upfront, non-recoupable payment from Ticketmaster Entertainment as an incentive to enter into the ticketing service agreement. Written agreements also specify the additional ticketing systems, if any, that may be used and purchased by clients during their relationship with Ticketmaster Entertainment.

Ticketmaster Entertainment generally does not buy tickets from its clients for sale or resale to the public and typically assumes no financial risk for unsold tickets, other than indirect risk associated with its ability to recoup advances made to clients. If an event is canceled, Ticketmaster Entertainment refunds the per ticket convenience charges to customers (but not the per order “order processing” fees), except in certain European jurisdictions, where Ticketmaster Entertainment is required by law to do so. Refunds of ticket prices for canceled events are funded by clients, which have historically fulfilled these obligations on a timely basis with few exceptions.

Clients routinely agree by contract to include Ticketmaster Entertainment’s name, logos and the applicable Ticketmaster Entertainment website address and charge-by-phone number in advertisements in all forms of media promoting the availability of their tickets. Ticketmaster Entertainment brand names and logos are also prominently displayed on printed tickets, ticket envelopes and e-mail alerts about upcoming events that Ticketmaster Entertainment sends to its customers. Ticketmaster Entertainment also provides primary ticketing solutions for clients who wish to perform ticketing functions in-house on a private label or other basis through its Paciolan Inc. (“Paciolan”) and Ticketmaster VISTA brands and businesses, which license the requisite software or other rights to clients for license and per transaction fees in the case of Paciolan and for per ticket fees in the case of Ticketmaster VISTA. Ticketmaster Entertainment also currently licenses its name and technology exclusively to a third party that provides primary ticketing services to clients in the Washington, D.C./Baltimore area, as well as to third parties and joint ventures in certain jurisdictions abroad.

Ticket Resale Services

The “resale” of tickets refers to the sale of tickets by a holder who originally purchased the tickets from a venue, promoter or other entity, or a ticketing services provider selling on behalf of a venue, promoter or other entity. Ticketmaster Entertainment currently offers ticket resale services through The V.I.P. Tour Company, which is referred to as TicketsNow, which Ticketmaster Entertainment acquired in February 2008, its TicketExchange service, which Ticketmaster Entertainment launched in January 2002, and GET ME IN!, which Ticketmaster Entertainment acquired in February 2008.

TicketsNow is a leading consumer marketplace for the resale of event tickets in the United States and Canada. TicketsNow enters into listing agreements with licensed ticket resellers to post ticket inventory for sale through TicketsNow at a purchase price equal to a ticket resale price determined by the relevant ticket resellers, plus an amount equal to a percentage of the ticket resale price and a pre-determined service fee. TicketsNow remits the reseller-determined ticket resale price to the ticket resellers and retains the remainder of the purchase price. TicketsNow also licenses point-of-sale business management software to ticket resellers for a fee, which allows the resellers to manage their ticket inventory and operate their businesses. While TicketsNow does not generally acquire tickets for sale on its own behalf, it may do so from time to time on a limited basis. TicketsNow also operates a wholesale ticket brokerage business that sells its own inventory of tickets through TicketsNow.com and other retail resellers nationwide.

In addition to enabling Platinum primary ticket sales, the TicketExchange service allows consumers to resell and purchase tickets online for certain events that were initially sold for Ticketmaster Entertainment clients in the United States, Europe and Canada who elect to participate in the TicketExchange service. Sellers and buyers each pay Ticketmaster Entertainment a fee that has been negotiated with the relevant client, a portion of which is shared with the client. Consumers in the United Kingdom, Germany and the Netherlands may buy and sell tickets to live entertainment events through GET ME IN!, which charges sellers a commission and buyers a processing fee.

Marketing, Promotional and Related Services

Ticketmaster Entertainment is a leading marketer of live entertainment to fans in the markets in which it operates. For example, Ticketmaster Entertainment informs fans about upcoming live events for which tickets will be available through Ticketmaster Entertainment in their area through its Ticket Alert email service. Fans can customize TicketAlerts to inform them about upcoming events for particular performers, teams or venues, as well as events in specified categories (music, sports, theater and family entertainment). Ticketmaster Entertainment sent approximately 1.6 billion TicketAlert e-mails in 2008, reaching an average of approximately 31 million consumers per week. Ticketmaster Entertainment also provides rich content on its various websites to promote events that it tickets, including artist pages that feature video content and biographical material.

Ticketmaster Entertainment continues to develop and introduce new initiatives, as well as enter into new relationships, in an effort to help its clients sell more tickets in more markets. For example, Ticketmaster Entertainment acquired a 25% interest in Evolution Artists Inc. (“iLike.com”) in December 2006 (which does business under the brand name “iLike”), a leading, online social music discovery service that facilitates the sharing of playlists, new music and concerts, and has entered into arrangements with iLike.com to provide features designed to enhance the overall consumer experience on *www.ticketmaster.com*. Ticketmaster Entertainment also offers a suite of dynamic pricing tools, such as online auctions, pursuant to which consumers bid on tickets being sold by Ticketmaster Entertainment and purchases them at a price equal to the highest winning bid. For auction sales, in addition to per order “order processing” fees, Ticketmaster Entertainment typically receives fees based on a percentage of the prices at which tickets are ultimately sold.

Ticketmaster Entertainment provides promotional and other related services to artists, such as the sale of tickets to members of artist fan clubs and the sale of artist fan club memberships, through its Echo business. Ticketmaster Entertainment is also seeking to secure and strengthen its relationships with promoters. Ticketmaster Entertainment has also established a presence as a promoter in China through its Emma Entertainment business, a ticketing company and promoter of live entertainment events in China.

Distribution. Ticketmaster Entertainment sells tickets online, through independent sales outlets, and via call centers. During the year ended December 31, 2008, 73%, 16%, and 11% of primary ticket sales were transacted through these channels, respectively.

Online. Ticketmaster Entertainment owns and operates various branded websites, both in the United States and abroad, which are customized to reflect services offered in each jurisdiction. Ticketmaster Entertainment’s

primary online ticketing website, *www.ticketmaster.com*, together with its other branded ticketing websites, are designed to promote ticket sales for live events and disseminate event and related merchandise information online. Consumers can access *www.ticketmaster.com* directly, from affiliated websites and through numerous direct links from banners and event profiles hosted by approved third party websites.

Independent Sales Outlets. As of December 31, 2008, Ticketmaster Entertainment had approximately 7,100 “Ticket Center” independent sales outlets worldwide, approximately 2,000 of which were in the United States and approximately 5,100 of which were in various jurisdictions abroad. The majority of these independent sales outlets are located in major department, grocery and music stores, malls and, in Europe, post offices. While Ticketmaster Entertainment installs and maintains the hardware and software necessary for these independent sales outlets to sell tickets, it is not generally responsible for staffing, daily operations and related costs. Ticketmaster Entertainment pays independent sales outlets a commission, the amount of which ranged from approximately 17% to 25% of Ticketmaster Entertainment’s convenience charge in 2008.

Call Centers. As of December 31, 2008, Ticketmaster Entertainment operated 17 call centers worldwide, through which consumers can generally purchase tickets by speaking to an operator or by way of an interactive voice response system, seven days a week, for at least 20 hours per day. Ticketmaster Entertainment’s domestic telephone system can channel all or a portion of incoming calls from any city to a selected call center in another city or region to accommodate the commencement of sales activity for a major event in a given region, as well as provide back-up capabilities in the event a call center experiences operating difficulties.

Artist Services

The Artist Services segment primarily provides management services to music recording artists in exchange for a commission on the earnings of these artists. Artist Services also sells merchandise associated with musical artists at live musical performances, to retailers, and directly to consumers via the Internet. As of December 31, 2008, the Artist Services segment was entirely comprised of the business of Front Line. The Artist Services segment is highly seasonal, with profitability related to the timing of tours and merchandise sales. Peak seasons are typically in the summer and, increasingly, in the fall leading up to the holiday season.

The fundamental strategy, both at the inception of Front Line and currently, is to build a substantial presence in the music management and allied music services businesses through acquisition and organic growth. Through its brand “I Love All Access” Ticketmaster Entertainment operates a successful “VIP” ticketing fan experience program. The program covers both Front Line and third party clients, and provides fans with a range of added value to the concert ticket, including possible meet and greet or photo opportunities with the artist, attending sound checks, back stage passes, meals and refreshments, merchandise items and venue parking.

Ticketmaster Entertainment also operates a merchandise business selling t-shirts and other apparel at concerts and through retail outlets. Other activities produce income from services provided for various marketing and sponsorship activities for artists.

International Operations

Ticketmaster Entertainment provides primary ticket sale services in Australia, Canada, Ireland, New Zealand and the United Kingdom, primarily under the Ticketmaster brand name, and through other brand names in various other jurisdictions abroad, including China (Emma Entertainment), Denmark (BILLETNet), Finland (Lippupalvelu), Germany (Kartenhaus), the Netherlands (Ticket Service), Norway (billettservice.no), Spain (Tic Tack Ticket), Sweden (Ticnet) and Turkey (Biletix). Ticketmaster Entertainment also provides resale ticket services in Canada through TicketsNow and in the United Kingdom, Germany and the Netherlands through GET ME IN!

Ticketmaster Entertainment also is a party to joint ventures with third parties that provide ticket distribution services in Mexico and supplied ticketing services for the 2008 Beijing Olympic Games. In the case of the 2008 Beijing Olympic Games joint venture, Ticketmaster Entertainment licensed the Ticketmaster System to the joint

venture and received a fee based on the number of tickets the joint venture sold or distributed through the system. Ticketmaster Entertainment also licenses its technology in Brazil, Argentina and Chile.

Ticket sales and revenues attributable to international operations represented approximately 42% and 31%, respectively, of total ticket sales and revenues in 2008.

Client Concentration

Ticketmaster Entertainment's largest client, Live Nation (including its subsidiary House of Blues), represented approximately 13%, 17% and 20% of its consolidated revenue for the years ended December 31, 2008, 2007 and 2006, respectively. See "Ticketmaster Entertainment's Management's Discussion and Analysis of Financial Condition and Results of Operations—Access to Supply" beginning on page 255 for a description of Ticketmaster Entertainment's client relationship with Live Nation, including the termination of certain client agreements as of December 31, 2008.

Intellectual Property

The Ticketmaster System is designed for scalability, can be customized to satisfy a full range of client requirements and its capacity can be increased through investment in additional hardware. The entire Ticketmaster Entertainment distribution network, including the Ticketmaster System, provides a single, centralized inventory control and management system capable of tracking total ticket inventory for all events, whether sales are made on a season, subscription, group or individual ticket basis. Ticketmaster Entertainment believes that the Ticketmaster System enables clients to sell tickets and adapt to emerging and changing trends in the live entertainment industry in a more efficient and cost-effective manner than they could achieve on their own.

In areas of Europe outside of the United Kingdom and Ireland, Ticketmaster Entertainment's operating businesses generally use localized versions of Ticketmaster Entertainment's software or their own software, all of which are also proprietary to Ticketmaster Entertainment. In limited cases abroad, Ticketmaster Entertainment licenses ticketing systems from third parties. Ticketmaster Entertainment has migrated certain of its international brands and businesses to the Ticketmaster System and intends to continue to do so over the next several years.

The Ticketmaster System, which includes both hardware and software, is typically located in one of the multiple data centers managed by Ticketmaster Entertainment staff, with the hardware and software required for use being installed at all points of sale. Ticketmaster Entertainment takes significant measures to prevent outages with respect to the Ticketmaster System and related systems.

Industry Overview

Ticketing

The ticketing services industry has experienced significant changes over the past decade due to the advent of online commerce. As consumers increasingly choose to purchase tickets online and through mobile channels, sales through phone, outlet and box office channels have diminished in relative importance. As online ticket purchases increase, related ticketing costs generally decrease, which has made it easier for clients to manage and facilitate ticket sales in-house, as well as for technology-based companies to offer primary ticketing services and stand-alone, automated ticketing systems that enable clients to perform their own ticketing or utilize self-ticketing systems. The advent of online commerce has also contributed to the growth of resale ticketing services and the consolidation of the resale industry, which historically has been more fragmented, consisting of a significant number of local resellers with limited inventory selling through traditional storefronts. The Internet has allowed fans and other ticket resellers to reach a vastly larger audience through the aggregation of inventory on online resale websites and marketplaces, and has provided consumers with more convenient access to tickets

for a larger number and greater variety of events. These changes have significantly altered the competitive landscape in which Ticketmaster Entertainment operates, in that they have resulted in a broader and more differentiated group of industry participants offering increasingly more innovative ticketing products and services.

Artist Services

The artist services industry has historically been extremely fragmented, with numerous music management companies in the United States alone. Ticketmaster Entertainment believes that a key component of the business is the highly personal nature of the relationship between the artist and his or her manager, which in many cases lasts for several years. The manager, together with the artist's lawyer and business manager, guides the career of the artists through both the creative process and the business process in dealing with the artist's rights through music companies, agents, tour promoters, distributors and other commercial organizations.

Competition

Live event content providers (such as owners or operators of live event venues, promoters of concerts and sports teams, among others) generally contract directly with primary ticketing service providers to sell tickets. Ticketmaster Entertainment continuously experiences substantial competition from other national, regional and local primary ticketing service providers to secure new and retain existing clients. Ticketmaster Entertainment also faces significant and increasing competition from companies that sell self-ticketing systems, as well as from clients, who are increasingly choosing to self-ticket through the integration of self-ticketing systems into their existing operations or the acquisition of primary ticket service providers, and by increasing ticket sales through the client's own box offices and season, subscription or group sales channels. Ticketmaster Entertainment also faces competition in the resale of tickets from online auction websites and marketplaces, as well as from other ticket resellers with online distribution capabilities. Ticketmaster Entertainment believes that it competes on the basis of the breadth and quality of the products and services it provides, as well as the tickets it makes available for sale, the capabilities of the Ticketmaster System and related systems and its distribution network, reliability and price.

In its Artist Services business, Ticketmaster Entertainment competes with numerous other music management companies and individual managers in the United States alone. There is competition both to find or discover new and emerging artists as well as to represent established acts. The relationship between a manager and artist is highly personalized, and establishing and maintaining this relationship is critical to success in the industry. Ticketmaster Entertainment believes that it competes on the basis of the quality of the services its managers provide to clients, its reputation in the industry, and the expertise and talents its managers utilize on behalf of their clients.

Employees

As of December 31, 2008, Ticketmaster Entertainment employed approximately 3,900 full-time and 1,900 part-time employees worldwide. Ticketmaster Entertainment believes that it generally has good employee relationships, including those with employees represented by unions or other similar organizations. Collective bargaining agreements, whether individualized or statutory, cover all or a portion of Ticketmaster Entertainment's employees in Canada, Denmark, the Netherlands, Sweden, Norway, Spain and Finland.

Properties

Ticketmaster Entertainment's corporate offices are located at 8800 W. Sunset Blvd., West Hollywood, California, where Ticketmaster Entertainment currently leases approximately 70,000 square feet from IAC. Ticketmaster Entertainment also leases office space in various cities throughout the United States and in the various jurisdictions abroad in which it has operations pursuant to short- and long-term leases of adequate

duration. In addition, Ticketmaster Entertainment owns a small office in Vancouver, Canada and a small plot of land outside of Albuquerque, New Mexico. Ticketmaster Entertainment believes that its facilities are adequate in the locations where it currently does business.

The following table shows the location, approximate square footage, use and related business segment of each of the material principal properties used by Ticketmaster Entertainment. All such properties are leased.

<u>Location</u>	<u>State (U.S.) or Country</u>	<u>Approximate Square Footage</u>	<u>Use</u>	<u>Segment</u>
Chandler	Arizona	4,333	Data Center	Ticketing
El Segundo	California	7,956	Data Center	Ticketing
Los Angeles	California	54,532	Office Building	Artist Services
West Hollywood	California	68,127	Office Building	Corporate
Pharr	Texas	41,736	Office Building, Call Center	Ticketing
Ashburn	Virginia	5,300	Data Center	Ticketing
Charleston	West Virginia	24,941	Office Building, Call Center	Ticketing

Legal Proceedings

UPS Consumer Class Action Litigation

On October 21, 2003, a purported representative action was filed in California state court, challenging Ticketmaster Entertainment's charges to online customers for UPS ticket delivery. The complaint alleged in essence that it is unlawful for Ticketmaster Entertainment not to disclose on its website that the fee it charges to online customers to have their tickets delivered by UPS contains a profit component. The complaint asserted a claim for violation of California's Unfair Competition Law, which is referred to as the UCL, codified at California Business and Professions Code section 17200 *et seq.*, and sought restitution or disgorgement of the difference between (i) the total UPS delivery fees charged by Ticketmaster Entertainment in connection with online ticket sales during the applicable statute of limitations period, and (ii) the amount Ticketmaster Entertainment paid to UPS for that service.

On July 20, 2004, Ticketmaster Entertainment filed a motion for summary judgment. The Court heard the motion on December 20, 2004, and denied Ticketmaster Entertainment's motion, in part, based on plaintiffs' arguments that they were not challenging Ticketmaster Entertainment's rights to make a profit, but instead were only challenging Ticketmaster's UPS delivery charges based on plaintiffs' "misleading pass-through" theory of liability.

On December 7, 2004, Ticketmaster Entertainment filed its first motion for judgment on the pleadings based on the passage of Proposition 64, which became effective in November 2004. Plaintiffs opposed the motion. The court heard the motion on April 1, 2005, and explained that plaintiffs could not proceed with a representative action without amending the complaint to comply with class action procedures.

On August 31, 2005, the plaintiffs filed their first amended complaint, for the first time pleading this case as a putative class action. The first amended complaint alleged (i) as before, that Ticketmaster Entertainment's website disclosures in respect of its charges for UPS ticket delivery violate the UCL, and (ii) for the first time, that Ticketmaster Entertainment's website disclosures in respect of its ticket order-processing fees constitute false advertising in violation of California's False Advertising Law, which is referred to as the FAL, codified at California Business and Professions Code sections 17500 *et seq.* On this latter claim, the amended complaint seeks restitution or disgorgement of the entire amount of order-processing fees charged by Ticketmaster Entertainment during the applicable statute of limitations period.

On September 25, 2006, Ticketmaster Entertainment filed its second motion for judgment on the pleadings, which the plaintiffs opposed. On November 21, 2006, Ticketmaster Entertainment requested that the court stay