

Memorandum

Lindsay & Brownell, LLP Certified Public Accountants

To: Arena Group 2000, L.P.

From: Stephen J. Brownell, CPA

Re: Proposed AEG Transaction and related City Transfer Fee

Date: July 22, 2008

cc:

Our advice has been requested regarding the application of a transfer fee related to the San Diego *Sports Arena Retail Pads Ground Lease* (the "Ground Lease") agreement between the City of San Diego (the "City") and Arena Group 2000, L.P. ("AG 2000") as addressed in the *Consent to Assignment and Assumption Agreement* (the "Consent agreement") between the City of San Diego and Arena Group 2000, L.P. and AEG Management SD, LLC.

In the Consent agreement, item 5 references Section 4.4 of the Ground Lease agreement. Therein, the City is due additional consideration equal to 2% of the gross amount paid in connection with an approved assignment of the Ground Lease involving payment to the AG 2000. Further that the 2% shall be based on the total consideration resulting from the transaction less related costs.

As we understand, the proposed AEG transaction provides for the assignment and/or purchase of a total of 70% of the assets of AG 2000 including the Ground Lease. The total consideration is to be \$6,250,000. Therefore the total consideration will have to be allocated amongst the assets subject to the transaction to calculate the 2% fee.

The nature of the assets and the transaction is complex, and management believes that each asset cannot be valued independently as AEG is investing to leverage the entire property with their related entertainment companies. Therefore an allocation of the consideration based on relative contributions to operating results is most appropriate.

The attached analysis sets forth a calculation of the fee, including the required allocation of the consideration. The allocation has been based on the relative five year average projected cash flows of the different groups of assets subject to the transaction as provided by management: The Arena operating lease with the City, the Arena operating assets, the Sports Arena Square assets, and the Ground Lease.

We have concluded that a reasonable allocation results in consideration for the Ground Lease of \$480,000 and a fee of \$9,600.

Arena Group 2000, L.P.
 Analysis of Proposed AEG Transaction
 City Fee

Attachment to Memorandum dated July 22, 2008

Ground Lease Value	\$	683,380
Percentage Subject to Assignment		70%
Value Assigned	\$	478,366
Value Assigned Rounded	\$	480,000
Percentage Fee		2%
Amount Due on Assignment	\$	9,600

Overall Valuation		
AEG Consideration	6,250,000	
Percentage Interest	70%	
Derived Value	8,928,571	
Purchase Price Allocation		
Arena Lease	5,387,663	
Arena Operating Assets	1,700,000	
Arena Square Operations	1,157,529	
Ground Lease	683,380	
Based on relative shares of projected operating cash flow		
Average Projected Operating Cash flows		
Arena	1,582,398	79.38%
Arena Square	258,431	12.96%
Pad Sublease	152,572	7.65%
Total	1,993,401	100.00%

Phillips, Patti

From: Michelle L. Yeager [mlyeager@sandiegoarena.com]
Sent: Wednesday, July 30, 2008 2:38 PM
To: Phillips, Patti
Attachments: cash flow.xls; Arena Group 2000 Retail Pads.xls

Hi Patti~

Projected annual cash flows average approx \$2M a year based on future projections through the end of the lease

Last year rents from the retail pads were as follows:

Arco - \$100,000

Chik Fil A \$85,000

Chili's \$117,000 (includes percentage rent)

Total \$302,000

The 50% of the income that is the Arena Group's portion (\$152k) is equal to 7.65% of estimated cash flows of \$2M.

I think the only 2 numbers you need support for would be the cash flows, which i have attached, and then the rents from the pads. I also attached our last City Audit showing the rents we received to compare. The leases are 15 and 20 year leases.

Does this help?

Thank you!

**Michelle L. Yeager, VP Finance
San Diego Sports Arena
3500 Sports Arena Blvd
San Diego, CA 92110**

**619-224-4171 x 301
619-224-3010 fax**

Arena Group 2000

Exhibit A

Db: ipayOne Center (Retail Pads)

Summary of Audit Findings

For the Audit Period of 09/01/02 through 04/30/06

L I N E	(1)	(2)	(3)	(4)	(5)	(6)
				RENT RECEIVED		
	Sublessee	2003 Lease Year	2004 Lease Year	2005 Lease Year	2006 Lease Year	TOTAL

(Col.2 thru 5)

1	Krispie Kreme Flat Rent	\$55,533.33	\$84,000.00	\$84,000.00	\$84,000.00	\$307,533.33
2						
3	Chili's Flat Rent	0.00	35,080.65	90,000.00	90,000.00	215,080.65
4	Chili's Percentage Rent	0.00	2,869.36	22,985.82	25,203.33	51,058.51
5	Subtotal	\$0.00	\$37,950.01	\$112,985.82	\$115,203.33	\$266,139.16
6						
7	ARCO Flat Rent	\$0.00	\$13,663.89	\$99,999.96	\$99,999.96	\$213,663.81
8	ARCO Percentage Rent	0.00	0.00	0.00	0.00	0.00
9	Subtotal	\$0.00	\$13,663.89	\$99,999.96	\$99,999.96	\$213,663.81
10						
11	Less:					
12	Approved Hard Const. Costs	0.00	(47,500.02)	(95,000.04)	(95,000.04)	(237,500.10)
13						
14						
15	REPORTABLE REVENUE	\$55,533.33	\$88,113.88	\$201,985.74	\$204,203.25	\$549,836.20
16	RENT RATE	50%	50%	50%	50%	
17						
18	CITY RENT DUE	\$27,766.67	\$44,056.94	\$100,992.87	\$102,101.63	\$274,918.11
19	RENT PAID	27,766.67	44,056.98	89,499.96	89,499.96	250,823.57
20						
21	UNDERPAID RENT	\$0.00	(\$0.04)	\$11,492.91	\$12,601.67	\$24,094.54
22						2,409.45
23						10% Audit Fee
						\$26,503.99
						TOTAL DUE

Note: Lease agreement section 3.8 states a 10% audit fee is due on the underpaid amount per audit if it is in excess of 5% of the total rent due during an audit period.

\$24,094.54 8.76%
\$274,918.11

Arena Group 2000
10 Year Cash Flow Projection
Years Ending 2008 through 2017

	1	2	3	4	5	6	7	8	9	10
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Inflows										
Arena Rent	\$ 6,000,000	6,180,000	6,365,400	6,556,362	6,753,053	6,955,644	7,164,314	7,379,243	7,600,620	5,016,410
Concessions	900,000	927,000	954,810	983,454	1,012,958	1,043,347	1,074,647	1,106,886	1,140,093	752,461
Parking	2,000,000	2,060,000	2,121,800	2,185,454	2,251,018	2,318,548	2,388,105	2,459,748	2,533,540	1,672,137
Programs and Novelties	1,700,000	1,751,000	1,803,530	1,857,636	1,913,365	1,970,766	2,029,889	2,090,786	2,153,509	1,421,316
Advertising and Sponsorships	700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,122,000
Other	600,000	618,000	636,540	655,636	675,305	695,564	716,431	737,924	760,062	501,641
Total Inflows	11,900,000	13,236,000	13,582,080	13,938,542	14,305,699	14,683,870	15,073,386	15,474,587	15,887,825	10,485,964
Operating Outflows										
Building and Event Operations	7,880,000	8,195,200	8,523,008	8,863,928	9,218,485	9,587,225	9,970,714	10,369,542	10,784,324	7,117,654
Administration	1,600,000	1,664,000	1,730,560	1,799,782	1,871,774	1,946,645	2,024,510	2,105,491	2,189,710	1,445,209
Ticket Office	145,000	150,800	156,832	163,105	169,629	176,415	183,471	190,810	198,443	130,972
Marketing and Public Relations	150,000	156,000	162,240	168,730	175,479	182,498	189,798	197,390	205,285	135,488
City Rent	684,179	804,704	828,845	853,710	879,322	905,701	932,872	960,859	989,684	653,192
Total Operating Outflows	10,459,179	10,970,704	11,401,485	11,849,256	12,314,689	12,798,484	13,301,366	13,824,092	14,367,447	9,482,515
Cash Flows	\$ 1,440,821	2,265,296	2,180,595	2,089,286	1,991,009	1,885,386	1,772,020	1,650,495	1,520,378	1,003,449
Cash, BOY	30,000	1,470,821	3,736,117	5,916,712	8,005,999	9,997,008	11,882,394	13,654,414	15,304,909	16,825,287
Cash Flows	1,440,821	2,265,296	2,180,595	2,089,286	1,991,009	1,885,386	1,772,020	1,650,495	1,520,378	1,003,449
Cash, EOY	1,470,821	3,736,117	5,916,712	8,005,999	9,997,008	11,882,394	13,654,414	15,304,909	16,825,287	17,828,737

READ No. _____ (Original Request) _____ (Resubmitted) _____ (Resubmitted)

City Atty LE No. _____

OFFICE OF THE CITY ATTORNEY
Legal Services Request Form

To: City Attorney (MS-59) Attention: Brock Ladewig Deputy City Attorney

From: GARY JONES [Signature] 6-23-08
Signature of Supervising Agent Authorizing Legal Request Date of Original Request

Re: Sports Arena - Various Properties [SPA] Reg. for Followup Action
Location/Identification of Property Initials

Arena Group 2000 []
Name of Lessee, Permittee or Third Party Date
Consent to Assignment and Assumption Agreement Date
Type of Legal Document (e.g., Lease Amendment, ROE Permit, Easement, etc...)

This is a request for legal services. Please establish an assignment based upon the following information:

- A. Property Agent (please print): Patti Phillip Telephone: 236.6766
- B. Requested Response Date: 6/26/08 (If response needed in less than 10 working days from the date of your request, please state specific reasons, including reference to any legal deadlines)
Tenant is planning to close transaction 6/30/08

Requested response for Followup Action(s):

- C. Requested form of response (please check one): ☒ Written ☒ Oral ☐ Attend Mtg/Hearing
☒ Edit Document ☐ Sign as to Form and Legality ☐ Other:
- D. Subject Matter of Legal Request:
- ☐ Please provide an e-mail response acknowledging receipt of this Request for Legal Services.
- ☐ Follow-up action required: ☐ Review second draft ☐ Execute document ☐ Other

(PLEASE SEE PAGE 2 FOR DESCRIPTION OF LEGAL REQUEST)

ATTORNEY TRANSMISSION RECORD

- Date Received: _____ ☐ Sent Acknowledgment Email on _____
- ☐ Returned for additional information on _____ Information needed: _____
- ☐ Returned for further drafting on _____ ☐ PLEASE RETURN FOR FURTHER REVIEW
- ☐ Assignment completed and returned on _____
- ☐ Signed as to form and legality on _____

Description of Legal Request (Please provide a detailed statement of the question or issue, including all necessary background information. Copies of background documents should be attached.):

Arena Group 2000, L.P., a California limited partnership (AG2) has 3 agreements with the City for the Sports Arena and surrounding properties which include the Operating Sublease (sports arena, parking lot and Kobey's swap meet) the Sports Arena Retail Pad Ground Lease and the Crake Parcel Lease (Sports Arena Square). AG2 also entered into an MOU with the City originally relating to development of a new sports arena to replace the existing sports arena. The MOU was amended to provide for the City and AG2 to assess the feasibility of development of new sports arena and for AG2 and/or City to negotiate with an NBA or NHL franchise. The MOU expired March 28, 1997 with surviving provisions.

AG2 is requesting the City's consent to an Assignment and Assumption of Lease Agreement of the above agreements to AEG Management SD, LLC, a Delaware limited liability company (AMSD). AMSD is comprised of AEG Facilities a subsidiary of Anschutz Entertainment Group, Inc. (AEG), (70%) and AG2 (30%). AEG owns and operates sports and entertainment venues around the world including the Staples Center in Los Angeles. AEG also owns numerous sports teams including the Los Angeles Kings.

Three agreements have a standard assignment clause with no consideration, however the Retail Pad lease Section 4.4 Additional Consideration to the City - requires Lessee pay City 2% of gross amount paid for the leasehold but does not apply if the transfer is to and "Affiliate". Our question is whether AMSD with AG2 holding 30% constitutes an affiliate.

Attached is a Draft Consent to Assignment and Assumption of Lease Agreement for your review and approval. Also enclosed are the following:

- 1) Assignment and Assumption Agreement between AG2 and AMSD
- 2) Contribution Agreement between AEG Facilities, Inc., AMSD and AG2
- 3) Draft Limited Liability Company Agreement for AMSD
- 4) AEG brochure and promotional disc
- 5) Sports Arena agreements on disc

Please call Patti Phillips ext. 26766 if you have any questions.

Attorney

Notes/Response:

Phillips, Patti

From: Michelle L. Yeager [mlyeager@sandiegoarena.com]**Sent:** Monday, June 30, 2008 10:33 AM**To:** Phillips, Patti**Subject:** Financials**AEG Management SD, LLC**(with Arena Group 2000 LP and AEG Facilities, Inc
as sole shareholders)

Projected Financial Statements

At 2009**BALANCE SHEET**

Cash	1,523,496
Fixed Assets	1,765,000
Leasehold Interest	<u>10,017,871</u>
	13,306,367

Accounts Payable	200,000
Debt	4,000,000
Equity	<u>9,106,367</u>
	13,306,367

**For the Year
Ending 2009****STATEMENT OF OPERATIONS**

Revenue	
Arena Rent	6,180,000
Concessions	927,000
Parking	2,060,000
Programs and Novelties	1,751,000
Advertising and Sponsorships	1,700,000
Other	<u>618,000</u>
	13,236,000

Expenses	
Building and Event Operations	8,195,200
Administration	1,664,000

6/30/2008

Ticket Office	150,800
Marketing and Public Relations	156,000
City Rent	804,704
Depreciation	235,000
Amortization	1,335,700
Interest	503,000
Taxes	<u>13,800</u>
	13,058,204
Net Income	177,796

Michelle L. Yeager, VP Finance
San Diego Sports Arena
3500 Sports Arena Blvd
San Diego, CA 92110

619-224-4171 x 301
619-224-3010 fax

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT

This Consent to Assignment and Assumption Agreement ("Consent") is made as of September 4, 2008 by The City of San Diego ("CITY"), as ("LESSOR") under agreements with

ARENA GROUP 2000, L.P., a California limited partnership
("LESSEE"/"ASSIGNOR")

and

AEG MANAGEMENT SD, LLC, a Delaware limited liability company
("ASSIGNEE")

This Consent to Assignment and Assumption Agreement ("Consent") is made with regard to the following facts:

A. CITY owns the real property located at and around the San Diego Sports Arena currently leased under Agreements to Arena Group 2000, L.P. (AG2) as more particularly described in Exhibit A attached hereto ("Agreements").

B. Pursuant to the Operating Sublease dated August 6, 1971 among the CITY, SDALC, and San Diego Entertainment, Inc., a California corporation ("SDE") and a wholly-owned subsidiary of AG 2000 (the "Original Operating Sublease"), as amended by (i) that Amendment to Operating Sublease dated December 1, 1987 among the CITY, SDALC, and SDE (the "First Amendment"); (ii) by Second Amendment to Operating Sublease dated March 29, 1993 by between the CITY and SDE (the "Second Amendment") pursuant to which the Ground Lease was terminated and SDALC's entire right, title and interest in the Original Operating Sublease was transferred to the CITY and the Original Operating Sublease was agreed to continue in full force and effect as a direct lease between CITY and SDE; (iii) by Third Amendment to Operating Sublease dated September 30, 1997 between the CITY and AG 2000, (the "Third Amendment"); and (iv) by Fourth Amendment to Operating (Sublease) Agreement, dated April 2, 2002 between CITY and AG 2000 (the "Fourth Amendment"), the CITY leases the Premises to AG 2000. The Original Operating Sublease together with the First Amendment, Second Amendment, Third Amendment, and Fourth Amendment are collectively referred to herein as (the "Operating Sublease").

C. Pursuant to the lease dated February 20, 1996 between the CITY and Katherine Crake Huntington (AG 2000's predecessor in interest), AG 2000 leases the real property described as the "Sports Arena Square Property" which is adjacent to the Premises (the "Crake Parcel Lease").

D. Pursuant to the Ground Lease Agreement filed as Document No. RR-296247 (the "Sports Arena Retail Pad Ground Lease"), AG 2000 acquired the right to develop a portion of land adjacent to the Premises (the "Retail Pad Area").

E. Pursuant to the Second Amended and Restated Memorandum of Understanding ("Amended M.O.U.") dated July 24, 1995 between the CITY and AG2 which contemplated development of a new sports arena, expired March 28, 1997 subject to surviving provisions.

F. ASSIGNOR desires to assign to ASSIGNEE "Agreements" pursuant to Assignment of Lease and Assumption Agreement ("Assignment"), dated Sept. 3, 2008 and attached as Exhibit "B" to the Consent.

G. ASSIGNEE agrees to assume all rights and obligations of the "Agreements" pursuant to Assignment.

H. ASSIGNOR and ASSIGNEE desire to obtain LESSOR'S/CITY'S Consent to the Assignment and LESSOR/CITY is willing to consent to the Assignment on the following terms and conditions:

I. This Consent does not release LESSEE/ASSIGNOR of any prior agreements between LESSEE/ASSIGNOR and LESSOR/CITY except for the Sports Arena Retail Pad Ground Lease.

NOW THEREFORE, the parties agree as follows.

1. Assumption. ASSIGNEE additionally assumes and agrees for the benefit of the LESSOR/CITY to be bound by, and to conform and comply with, every obligation of LESSEE under the Agreements.
2. Assignments; Recapture. This Consent does not constitute a consent to any subsequent subletting or assignment or any existing subletting or assignment not approved by LESSOR/CITY in writing under the terms of the Agreements and does not relieve ASSIGNOR or ASSIGNEE or any person claiming under or through ASSIGNEE of the obligation to obtain the consent of the LESSOR/CITY pursuant to Section 11 of the Operating Sublease, Section 4.2 of the Crake Parcel Lease, Section 4.2 of the Retail Pad Ground Lease and Section 9 of the Amended M.O.U.
3. Default Under the Agreements. In the event of any default of ASSIGNEE under the Agreements, LESSOR/CITY may proceed directly against ASSIGNEE, ASSIGNOR, any guarantors, or anyone else liable under the Agreements without first exhausting LESSOR'S/CITY'S remedies against any other person or entity liable under the Agreements to LESSOR/CITY pursuant to Section 16 of the Operating Sublease and Amended by Section 10 of the Second Amendment to Operating Sublease and Section 4.4 of the Crake Parcel Lease and Section 5.1 of the Retail Pad Ground Lease.
4. Rent Deferral. Pursuant to Section 9 (5) (Rent) of Operating Sublease, all remaining unpaid deferred rent and associated interest are immediately due and payable to the LESSOR/CITY upon assignment.
5. Additional Consideration to City. Pursuant to Section 4.4 (Additional Consideration to City), of the Sports Arena Retail Pad Ground Lease, LESSEE shall pay to CITY two

percent (2%) of the gross amount paid for the leasehold in connection with an approved assignment of the lease involving payment to LESSEE.

6 General Provisions.

- 6.1 Consideration for Assignment. ASSIGNOR and ASSIGNEE represent and warrant that there are no payments of rent which has been paid or is payable by ASSIGNEE to ASSIGNOR in connection with the Assignment or the Agreements.
- 6.2 Brokerage Commission. ASSIGNOR and ASSIGNEE agree that LESSOR/CITY will not be liable for any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent. ASSIGNOR and ASSIGNEE will protect, indemnify and hold LESSOR/CITY harmless from any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent, and from any cost or expense (including attorney's fees) incurred by LESSOR/CITY in resisting any claim for any such brokerage commission or finders fee. The provisions of this Section 6.2 shall survive the expiration or earliest termination of both the Assignment and this Consent.
- 6.3 Controlling Law. The terms and provisions of this Consent will be construed in accordance with and will be governed by the laws of the State of California.
- 6.4 Captions. Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.
- 6.5 Entire Agreement; Waiver. This Consent constitutes the final, complete and exclusive statement between the parties to this Consent pertaining to the terms of the LESSOR'S/CITY'S Consent to the Assignment, supercedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. This Consent may be amended only in writing if mutually agreed to and signed by ASSIGNOR, ASSIGNEE and LESSOR/CITY.
- 6.6 Attorney Fees. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the prevailing party shall be entitled to recover from the applicable party such costs and reasonable attorney fees as have been incurred.
- 6.7 Waiver. Except as explicitly stated in this Consent, nothing contained in this Consent will be deemed or construed to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in the Agreements. In addition, the acceptance of rents by LESSOR/CITY from

ASSIGNEE or anyone else liable under the Agreements will not be deemed a waiver by the LESSOR/CITY of any provisions of the Agreements.

- 6.8 Notice. Any notice required or permitted to be given shall be done so in writing and may be served personally or by United States mail, postage prepaid, addressed to ASSIGNEE or other address designated in writing by LESSEE; and to LESSOR/CITY as follows:

Real Estate Assets Director
City of San Diego
1200 Third Avenue, Suite 1700
San Diego, CA 92101

And to any mortgagee, trustee or beneficiary, as applicable at such appropriate address designated in writing by the respective party. Any party entitled or required to receive notice under the Agreements may by like notice designate a different address to which notice shall be sent.

[The remainder of this page intentionally left blank]

LESSOR, ASSIGNOR and ASSIGNEE have executed this Consent as of the date shown.

ASSIGNOR:

ARENA GROUP 2000, L.P., a California limited partnership

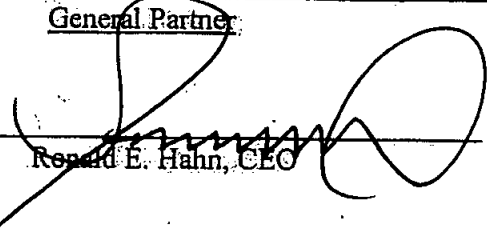
Date: Sept 4, 2008

By: Arena Founders, L.P., a California limited partnership, Managing General Partner

By: Founders of Arena Group 2000 Corporation, a California corporation, General Partner

Address of ASSIGNOR:

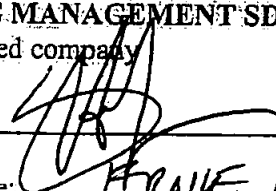
P.O. 2168
Rancho Santa Fe, CA 92067

By: 
Ronald E. Hahn, CEO

ASSIGNEE:

AEG MANAGEMENT SD, LLC, a Delaware limited company

Date: Sept 4, 2008

By: 

Name: FRANK HAHN

Title: Sr. VP / GM

Address of ASSIGNEE:

3500 Sports Arena Blvd
San Diego CA 92110

THE CITY OF SAN DIEGO, LESSOR:

Date: Sept 4, 2008

By: Tammy Rimes
Purchasing & Contracting
Assistant Director

APPROVED as to form and legality the 4th day of SEPTEMBER, 2008

MICHAEL J. AGUIRRE, CITY ATTORNEY

By: Brock Ladewig
Deputy City Attorney

6/23/08

I:\WFO\2008\PHILLIPS\Consent to Assignment and Assumption Agreement--San Diego Arena Lease Co.doc

EXHIBIT A
CONTRIBUTED AGREEMENTS

1. Operating Sublease dated August 6, 1971 by and among the City of San Diego (the "City"), San Diego Arena Lease Company ("SDALC") and San Diego Entertainment, Inc. ("SDE"), as amended by the Amendment to Operating Sublease dated December 1, 1987 by and among the City, SDALC and SDE, as amended by the Second Amendment to Operating Sublease dated as of March 29, 1993 by and between the City and SDE, as amended by the Third Amendment to Operating Sublease dated as of September 30, 1997 between the City and AG 2000, as amended by the Fourth Amendment to Operating (Sublease) Agreement dated as of April 2, 2002 by and between the City and AG 2000.
2. San Diego Arena Retail Pads Ground Lease dated as of April 19, 2002 between the City and AG 2000.
3. Percentage Lease dated February 22, 1996 between the City and Kathryn Crake Huntington.
4. Second Amended and Restated Memorandum of Understanding dated as of July 24, 1995 between City and AG 2000.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement"), dated September 3, 2008, between Arena Group 2000, L.P., a California limited partnership ("Assignor"), and AEG Management SD, LLC, a Delaware limited liability company ("Assignee").

Recitals

A. Pursuant to that certain Contribution Agreement dated as of September 3, 2008, by and among Assignee, AEG Facilities, Inc., a Delaware corporation, and Assignor (the "Contribution Agreement"), Assignor has agreed to assign to Assignee all of Assignor's rights, and Assignee has agreed to assume all of Assignor's obligations, under the leases and other agreements with the City of San Diego set forth on Exhibit A attached hereto (the "Contributed Agreements").

Agreement

The parties to this Agreement, intending to be legally bound, agree as follows:

1. **Assignment and Assumption.** Assignor hereby assigns, sells, transfers, and sets over to Assignee all of Assignor's right, title and interest in and to the Contributed Agreements (collectively, the "Assignment"). Assignee hereby accepts the Assignment, and assumes and agrees to observe and perform all of the duties and obligations of Assignor under the Contributed Agreements.
2. **Further Actions.** Each of the parties hereto covenants and agrees, at its own expense, to execute and deliver, at the request of the other party hereto, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Agreement.
3. **Terms of the Contribution Agreement.** The parties agree that this Agreement does not modify, waive or supersede any term of the Contribution Agreement.
4. **Governing Law.** This Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of California (without giving effect to principles of conflicts of laws).
5. **Arbitration.**
 - (a) If any dispute or difference of any kind whatsoever shall arise between Assignor and Assignee (each a "Disputing Party") in connection with, or arising out of, this Agreement, or the material breach, termination or validity thereof (a "Dispute"), the Disputing Parties shall attempt, in good faith, to settle the Dispute in the first instance by mutual discussions. All negotiations under this clause shall be confidential and shall be treated as compromise and settlement negotiations, and no oral or documentary representations made by

the Disputing Parties during the negotiations shall be admissible for any purpose in any subsequent proceedings. If any Dispute is not resolved within 30 days of receipt by a Disputing Party of notice of a Dispute (or within such longer period as to which the Disputing Parties have agreed in writing), then, on the request of any Disputing Party, the Dispute shall be submitted to arbitration in accordance with Section 5(b) below.

(b) Any Dispute not resolved in accordance with Section 5(a) shall, on the receipt of an arbitration demand, be finally and exclusively settled through binding arbitration under and in accordance with the Commercial Rules of the American Arbitration Association (the "AAA"), or any successor thereto (the "Rules"), then in effect. The arbitration shall be held, and the award shall be issued in, San Diego, California. The arbitration shall be conducted before one neutral arbitrator, who is not domiciled in the San Diego, California metropolitan area. The arbitrator shall be appointed by agreement of the Disputing Parties within 30 days of the filing of the demand for arbitration with the AAA. If the parties are unable to agree on an arbitrator within this 30 day period, the arbitrator shall be selected and appointed in accordance with the Rules, provided that any arbitrator appointed using the procedure described in this sentence shall be a retired judge or a practicing attorney with no less than 15 years of experience and an experienced arbitrator. By agreeing to arbitration, the Disputing Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to any provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any party to respect the arbitral tribunal's orders to that effect. Any arbitration proceedings, decision or award rendered hereunder and the validity, effect and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. In arriving at a decision, the arbitrator shall be bound by the terms and conditions of this Agreement and shall apply the governing law of this Agreement as designated in Section 4. The arbitrator is not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any Dispute. The arbitrator shall award the substantially prevailing party all reasonable costs, expenses and attorneys' fees incurred in connection with the arbitration proceeding. The award, which shall be in writing and shall state the findings of fact and conclusions of law upon which it is based, shall be final and binding on the parties and shall be the sole and exclusive remedy between the parties regarding the issues presented to the arbitral tribunal. Judgment upon any award may be entered in any court of competent jurisdiction.

6. Assignment; Successors and Assigns. This Agreement shall be binding upon: Assignor and its successors and assigns (if any); and Assignee and its successors and assigns (if any). This Agreement shall inure to the benefit of: (i) Assignor; (ii) Assignee; and (iii) the respective successors and assigns (if any) of the foregoing.

7. Headings. The underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

8. **Amendments.** This Agreement may not be amended, modified, altered, or supplemented other than by means of a written instrument duly executed and delivered on behalf of Assignee and Assignor.

9. **Third Parties.** The assumption by Assignee of the Contributed Agreements as herein provided is not intended by the parties hereto to expand the rights or remedies of any third party against Assignee as compared to the rights and remedies that such third party would have had against any Assignor had the parties not consummated the transactions contemplated hereby. Nothing herein contained shall, or shall be construed to, prejudice the right of Assignee to contest any claim or demand with respect to any obligation or liability assumed hereunder and Assignee shall have all rights that such Assignor may have or have had to defend or contest any such claim or demand. None of the provisions of this Agreement is intended to provide any rights or remedies to any Person other than (a) the City of San Diego (as lessor under the Contributed Agreements), and (b) the parties to this Agreement and their respective successors and permitted assigns (if any).

10. **Severability.** If any term or provision of this Agreement shall be determined by a court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, the remaining provisions of this Agreement shall remain enforceable and the invalid, illegal, or unenforceable provisions shall be modified so as to be valid and enforceable and shall be enforced.

11. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or other electronic means shall be deemed to be their original signatures for all purposes.

12. **Effective Upon City Consent.** This Agreement shall become effective only upon the City's consent to the foregoing Assignment.

[Remainder of page intentionally left blank]

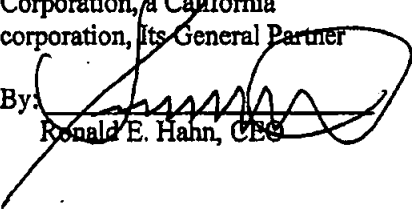
The parties to this Assignment and Assumption Agreement have caused this Assignment and Assumption Agreement to be executed and delivered as of the date first set forth above.

ASSIGNOR:

ARENA GROUP 2000, L.P.,
a California limited partnership

By: **Arena Founders, L.P.**
a California limited partnership,

By: **Founders of Arena Group 2000**
Corporation, a California
corporation, its General Partner

By: 
Ronald E. Hahn, CEO

ASSIGNEE:

AEG MANAGEMENT SD, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

The parties to this Assignment and Assumption Agreement have caused this Assignment and Assumption Agreement to be executed and delivered as of the date first set forth above.

ASSIGNOR:

ARENA GROUP 2000, L.P.,
a California limited partnership

By: **Arena Founders, L.P.**
a California limited partnership,

By: **Founders of Arena Group 2000**
Corporation, a California
corporation, Its General Partner

By: _____
Ronald E. Hahn, CEO

ASSIGNEE:

AEG MANAGEMENT SD, LLC,
a Delaware limited liability company

By: _____
Name: Bob Newman
Title: President

EXHIBIT A
CONTRIBUTED AGREEMENTS

1. Operating Sublease dated August 6, 1971 by and among the City of San Diego (the "City"), San Diego Arena Lease Company ("SDALC") and San Diego Entertainment, Inc. ("SDE"), as amended by the Amendment to Operating Sublease dated December 1, 1987 by and among the City, SDALC and SDE, as amended by the Second Amendment to Operating Sublease dated as of March 29, 1993 by and between the City and SDE, as amended by the Third Amendment to Operating Sublease dated as of September 30, 1997 between the City and AG 2000, as amended by the Fourth Amendment to Operating (Sublease) Agreement dated as of April 2, 2002 by and between the City and AG 2000.
2. San Diego Arena Retail Pads Ground Lease dated as of April 19, 2002 between the City and AG 2000.
3. Percentage Lease dated February 22, 1996 between the City and Kathryn Crake Huntington.
4. Second Amended and Restated Memorandum of Understanding dated as of July 24, 1995 between City and AG 2000.

DRAFT
JGH Revisions
06/13/08

**LIMITED LIABILITY COMPANY AGREEMENT
FOR
AEG MANAGEMENT SD, LLC**

Effective as of _____, 2008

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Exhibit C	Description of Sports Arena Square Property
Exhibit D	Description of Parking Lot Parcel

LIMITED LIABILITY COMPANY AGREEMENT

FOR

AEG MANAGEMENT SD, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of AEG Management SD, LLC, a Delaware limited liability company (the "Company"), dated as of _____, 2008 (the "Effective Date"), is between AEG Facilities, Inc., a Delaware corporation ("AEG Facilities"), and Arena Group 2000, L.P., a California limited partnership ("AG 2000"). AEG Facilities and AG 2000 are sometimes referred to herein collectively as the "Members" and each individually as a "Member."

In consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. THE LIMITED LIABILITY COMPANY

1.1 Formation. The Company was formed by the Managing Member pursuant to the Act and the Members agree that the Company shall be governed by the terms and conditions set forth in this Agreement. To the fullest extent permitted by the Act, this Agreement shall control as to any conflict between this Agreement and the Act or as to any matter provided for in this Agreement that is also provided for in the Act.

1.2 Name. The name of the limited liability company shall be AEG Management SD, LLC.

1.3 Certificate of Formation. The Managing Member has caused a certificate of formation that complies with the requirements of the Act to be properly filed with the Delaware Secretary of State. The Managing Member shall execute such further documents (including amendments to the certificate of formation) and take such further action as shall be appropriate or necessary to comply with the requirements of law for the formation, qualification or operation of a limited liability company in all states and counties where the Company may conduct its business.

1.4 Registered Office, Registered Agent. The location of the registered office of the Company shall be at 1209 Orange Street, City of Wilmington, County of New Castle, or such other location as the Managing Member may designate. The Company's registered agent at such address shall be The Corporation Trust Company.

1.5 Principal Place of Business. The location of the principal place of business of the Company shall be as determined by the Managing Member.

1.6 Character of Business. The business of the Company shall be (a) manage and operate the Premises pursuant to the Operating Sublease; (b) develop, operate and/or manage any

parcels adjoining the Premises, including, without limitation, the Sports Arena Square Property, the Retail Pad Area, the Parking Lot Parcel and other parcels in which the Company has been assigned an interest pursuant to the Contribution Agreement; and (c) engage in other revenue generating activities determined by the Managing Member to be necessary or advisable in furtherance of the foregoing.

1.7 Powers. The Company shall have all powers afforded under the Act.

1.8 The Members. The name and business address of each Member are as follows:

<u>Name</u>	<u>Address</u>
AEG Facilities, Inc., a Delaware corporation	1100 S. Flower Street, Suite 3200 Los Angeles, CA 90015
Arena Group 2000, L.P., a California limited partnership	3500 Sports Arena Blvd. San Diego, California 92110

1.9 Additional Members. Additional members may be admitted to the Company in accordance with the terms of this Agreement.

1.10 Term. The term of the Company shall continue until the winding-up and liquidation of the Company and its business is completed following the occurrence of an event of dissolution described in Section 11.1.

ARTICLE II. DEFINITIONS

The following terms shall have the indicated meaning:

“AAA” shall have the meaning set forth in Section 13.2.

“Act” shall mean the Delaware Limited Liability Company Act.

“AEG Capital Expenditure Loan” shall have the meaning set forth in Section 3.3(c).

“AEG Facilities” shall have the meaning set forth in the preamble to this Agreement.

“AEG Loans” shall mean AEG Capital Expenditure Loans, AEG Operating Expense Loans and AEG Voluntary Loans.

“AEG Operating Expense Loan” shall have the meaning set forth in Section 3.3(a).

“AEG Voluntary Loan” shall have the meaning set forth in Section 3.3(b).

“AG 2000” shall have the meaning set forth in the preamble to this Agreement.

"AG 2000's Opportunity Rights" shall mean the purchase, sale or leasing of real property (including property for development or redevelopment, other than development of sports arenas).

"Affiliate" of any designated Person shall mean any Person that, directly or indirectly, controls, or is controlled by or is under common control with, such designated Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise. Each lineal descendant of a Person (and each Person controlled by such a lineal descendant) shall be deemed to be an Affiliate of such Person.

"Affiliate Transaction" shall have the meaning set forth in Section 7.10(a).

"Arena Development Rights" shall have the meaning set forth in Section 7.10(b).

"Arena Operations" means the operation of the existing San Diego Sports Arena, or any future arena developed, leased or operated by the Company in San Diego County, involving customary business operations and related activities of an arena, and shall not include activities solely or primarily related to redevelopment or a sale of all or substantially all of the Company's assets.

"Board of Managers" shall have the meaning set forth in Section 7.2.

"Capital Accounts" shall mean, with respect to any Member, the account established and maintained for such Member in accordance with the provisions of Section 3.4.

"Capital Contribution" shall mean, with respect to any Member, the aggregate of money and the agreed value of any property (other than money) contributed to the capital of the Company with respect to the Membership Interest in the Company held or purchased by such Member. Capital Contributions shall not include services provided by a Member to the Company.

"Carrying Value" The initial Carrying Value of a property contributed by a Member to the Company shall be the agreed value of such property at the time of contribution (as determined by the Managing Member and the contributing Member). The initial Carrying Value of any other property shall be the adjusted basis of such property for federal income tax purposes at the time it is acquired by the Company. The initial Carrying Value of a property shall be reduced (but not below zero) by all subsequent depreciation, cost recovery and amortization deductions with respect to such property as taken into account in determining Profit and Loss. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 3.4(b) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions, acquisitions or improvements of properties of the Company, as deemed appropriate by the Managing Member.

"Chief Executive Officer" shall mean the Chief Executive Officer of the Company as designated by the Managing Member from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time. Any reference herein to a specific section or sections of the Code is deemed to include a reference to any corresponding provision of future law.

"Company" shall have the meaning set forth in the preamble of this Agreement.

"Confidential Information" shall have the meaning set forth in Section 15.1.

"Contracts" shall mean all contracts, agreements, indentures, licenses, leases, commitments, subscriptions, plans, arrangements, sales orders and purchase orders of every kind, whether written or oral.

"Contributed Leases" shall mean the Operating Sublease; the Crake Parcel Lease, the Parking Lot Parcel Sublease and the Sports Arena Retail Pad Ground Lease.

"Contribution Agreement" shall mean the Contribution Agreement dated as of [] by and among AG 2000, AEG Facilities and the Company.

"Crake Parcel Lease" shall mean the lease dated February 20, 1996 by and between the City and Katherine Crake Huntington (AG2000's predecessor in interest).

"Distributions" shall mean, with respect to any Member, the amount of cash and the net fair market value of any property other than cash distributed by the Company to the Member (or its predecessor in interest).

"Drag-Along Notice" shall have the meaning set forth in Section 10.7.

"Effective Date" shall have the meaning set forth in the preamble to this Agreement.

"Excess Cash" shall mean Excess Operating Cash and Excess Non-Operating Cash.

"Excess Operating Cash" shall mean the net cash flow from Arena Operations after payment of liabilities of the Company associated with Arena Operations (other than payments on the AEG Loans), less such cash Reserves as may be determined by the Board of Managers are necessary and taking into account the anticipated revenues, expenses, assets and Liabilities of the Company associated with Arena Operations.

"Excess Non-Operating Cash" shall mean the available cash and cash equivalents on hand, other than net cash flow from Arena Operations, after payment of liabilities of the Company not associated with Arena Operations, less such cash Reserves as may be determined by the Board of Managers are necessary and taking into account the anticipated revenues, expenses, assets and Liabilities of the Company not associated with Arena Operations; redevelopment activities shall not be considered as associated with Arena Operations.

"Indemnified Party" shall have the meaning set forth in Section 12.1.

"Indemnifying Party" shall have the meaning set forth in Section 12.1.

“Initial Contributed Capital” shall have the meaning set forth in Section 3.1.

“Law” or “Laws” shall mean all applicable federal, state and local laws (statutory or common), whether foreign or domestic, rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature.

“Liabilities” shall mean debts (including interest thereon and any prepayment penalties applicable thereto), liabilities, claims, obligations, duties and responsibilities of any kind and description, whether absolute or contingent, monetary or non-monetary, direct or indirect, known or unknown or matured or unmatured, or of any other nature.

“Lien” shall mean any security interest, lien, mortgage, claim, charge, pledge, restriction, equitable interest or encumbrance of any nature.

“Manager” shall mean a member of the Board of Managers, who shall also constitute a manager as defined in the Act.

“Managing Member” shall mean AEG Facilities.

“Material Adverse Effect” shall mean any event, change, development or occurrence that, either individually or in the aggregate with all other such events, changes, developments or occurrences, has a material adverse effect on the condition (financial or otherwise), operations, business, properties, liabilities or assets of the Person, other than any event, change, development or occurrence to the extent resulting from (a) the economy or financial markets in general, or (b) changes in applicable law or GAAP.

“Member” and “Members” shall have the meanings set forth in the preamble to this Agreement.

“Membership Interest” or “Interest” shall mean the entire ownership interest of a Member in the Company at any particular time, including the Member’s rights to share in distributions and allocations of income, gain, loss, deduction and similar items, any and all rights to vote and otherwise participate in the Company’s affairs, and the rights to any and all benefits to which a Member may be entitled as provided in this Agreement, together with the obligations of such Member to comply with all of the terms and provisions of this Agreement.

“Membership List” shall have the meaning set forth in Section 3.1.

“Notified Members” shall have meaning set forth in Section 10.2.

“Offer Notice” shall have meaning set forth in Section 10.2.

“Offered Interest” shall have meaning set forth in Section 10.2.

“Offered Price” shall have meaning set forth in Section 10.2.

"Offered Terms" shall have meaning set forth in Section 10.2.

"Operating Percentage" shall mean 80% for AEG Facilities and 20% for AG 2000, subject to Section 5.1(d); provided, that if the Company does not obtain an extension of the Operating Sublease for a minimum of three years (a "Qualified Extension") by December 31, 2013, then effective retroactively to the Effective Date, the "Operating Percentages" shall be 95% for AEG Facilities and 5% for AG 2000. Following any modification to the Operating Percentages as provided in the preceding sentences, future allocations under Article IV and Distributions under Article V shall be adjusted as necessary so that the aggregate allocations and Distributions to give effect to the change in the Operating Percentages as so modified.

"Operating Sublease" shall mean the Operating Sublease dated August 6, 1971 by and among the City of San Diego (the "City"), San Diego Arena Lease Company, a California nonprofit corporation ("SDALC"), and San Diego Entertainment, Inc., a California corporation ("SDE") and a wholly-owned subsidiary of AG 2000 (the "Original Operating Sublease"), as amended by (i) that certain Amendment to Operating Sublease dated December 1, 1987 by and among the City, SDALC and SDE; (ii) that certain Second Amendment to Operating Sublease dated as of March 29, 1993 by and between the City and SDE pursuant to which the San Diego Sports Arena Ground Lease Agreement dated August 10, 1965 by and between the City and SDALC was terminated and SDALC's entire right, title and interest in and to the Original Operating Sublease and the Premises was transferred to the City and the Original Operating Sublease was agreed to continue in full force and effect as a direct lease of the Premises between the City and SDE; (iii) that certain Third Amendment to Operating Sublease dated as of September 30, 1997 by and between the City and AG 2000; and (iv) that certain Fourth Amendment to Operating (Sublease) Agreement, dated April 2, 2002 by and between City and AG 2000 related to the Premises.

"Parking Lot Parcel" shall mean .517 acres of real property described in Exhibit D attached hereto.

"Parking Lot Parcel Sublease" shall mean the Sublease Agreement dated as of October 12, 1993 between SDE and AG 2000.

"Participation Notice" shall have the meaning set forth in Section 7.10(b).

"Participation Terms" shall have the meaning set forth in Section 7.10(b).

"Party" or "Parties" shall have the meaning set forth in Section 13.1.

"Percentage Interest" shall mean, with respect to each Member, the percentage set forth opposite such Member's name on Exhibit A, attached hereto and incorporated herein by this reference, as such percentage may be modified from time to time pursuant to this Agreement.

"Person" shall mean an individual, natural person, corporation, joint venture, partnership, limited partnership, limited liability company, trust, estate, business trust, association, governmental authority or any other entity.

"Premises" shall mean that certain real property in the City of San Diego, located in the City of San Diego, County of San Diego, State of California, as more particularly described in Exhibit B attached hereto.

"Prime Rate" shall mean, at any time, the rate of interest per annum equal to the rate of interest per annum quoted, published and commonly known as the "prime rate" of Bank of America, which Bank of America establishes at its main office in New York, New York, as the reference rate of interest in order to determine interest rate for loans in United States dollars to United States borrowers, adjusted automatically with each quoted or published change in such rate.

"Profit" or "Loss" shall mean for any period, the income or loss of the Company as determined under the capital accounting rules of Treasury Regulation section 1.704-1(b)(2)(iv) for purposes of adjusting the Capital Accounts of Members including, without limitation, the provisions of Treasury Regulation sections 1.704-1(b)(2)(iv)(g) and 1.704-1(b)(4) relating to the computation of items of income, gain, deduction, and loss.

"Proposed Transferee" means one or more Persons who propose to acquire all or a portion of the Membership Interests of any Member.

"Qualified Extension" shall have the meaning given that term in the definition of "Operating Percentage."

"Reserves" shall mean funds set aside or amounts allocated to reserves that shall be maintained in amounts deemed reasonably sufficient by the Board of Managers for working capital, to pay taxes, insurance, debt service, and other costs or expenses incident to the conduct of business by the Company as contemplated hereunder.

"Retail Pad Area" shall mean that portion of land adjacent to the Premises as set forth in the Ground Lease Agreement approved by the City Council of San Diego pursuant to Resolution No. R-296247 and on file in the Office of the City Clerk as Document No. RR-296247.

"Returns" shall mean all returns, declarations, reports, forms, estimates, information returns and statements required to be filed with or supplied to any governmental authority in connection with any Taxes.

"Soliciting Member" shall have meaning set forth in Section 10.2.

"Sports Arena Retail Pad Ground Lease" shall mean that certain Ground Lease Agreement approved by the City Council of San Diego pursuant to Resolution No. R-296247 and on file in the Office of the City Clerk as Document No. RR-296247.

"Sports Arena Square Property" shall mean that real property described in Exhibit C attached hereto which is adjacent to the Premises.

"Substitute Member" shall have the meaning set forth in Section 10.4.

"Tag-Along Notice" shall have the meaning set forth in Section 10.8.

"Taxes" shall mean all taxes, charges, fees, levies, customs, duties or other assessments, including, without limitation, income, profits, gross receipts, excise, real and personal property, sales, transfer, license, payroll, value added, franchise taxes, dividend, interest, royalty and services withholding taxes, royalties, social insurance premiums and all other assessments, charges, levies, impositions and other exactions of any kind or nature imposed by any governmental authority and shall include any interest, penalties or additions to tax attributable to any of the foregoing.

"TMP" shall have the meaning set forth in Section 7.13(a).

"Transfer" shall mean, with respect to any Interest in the Company, a sale, conveyance, exchange, assignment, creation of a Lien, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, without limitation, by operation of law), or an agreement to do any of the foregoing.

"Treasury Regulations" shall mean regulations promulgated by the Department of Treasury under the Code. Any reference herein to a specific section or sections of the Treasury Regulations shall be deemed to include a reference to any corresponding provision of future regulations under the Code.

"Voting Interest" each Member shall have a "Voting Interest" equal to its Percentage Interest.

ARTICLE III. CONTRIBUTIONS

3.1 Contributions of the Members. The names, addresses, Percentage Interests and contributions of the Members are set forth on Exhibit A attached hereto (the "Membership List"). The amounts set forth on the Membership List shall be set forth in the books and records of the Company and shall represent the amount of money and the Carrying Value of property initially contributed or deemed contributed by the Members as Capital Contributions (the "Initial Contributed Capital"). Other than the Initial Contributed Capital, no Member shall have any obligation to make any additional Capital Contribution to the Company.

3.2 Member Capital. Except as otherwise provided in this Agreement (a) no Member shall withdraw any portion of its Capital Contribution, and (b) the Company shall not redeem or repurchase the Membership Interest of any Member.

3.3 Member Loans.

(a) If the Board of Managers determines, in its sole discretion, that additional funds are necessary or advisable for the business of the Company for operational expenses or to pay existing debt which is then due, AEG Facilities shall make or cause a loan to be made to the Company in the amount determined by the Board of Managers (an "AEG Operating Expense Loan") or cause the Company to borrow additional funds from third-party lenders. Any AEG Operating Expense Loan (A) shall be due and payable as soon as practicable in accordance with

Article V below and (B) shall bear interest at a rate equal to the Prime Rate, with payments being applied first to accrued interest.

(b) If the Board of Managers determines, in its sole discretion, that additional funds are necessary or advisable to prepay existing debt which is not then due (which shall include, but not be limited to, the Pacific Western Bank Indebtedness (as defined in the Contribution Agreement)), AEG Facilities may make or cause a loan to be made to the Company in the amount determined by the Board of Managers (an "AEG Voluntary Loan"). Any AEG Voluntary Loan (A) shall be amortized and payable over a period of time no less than existing debt being prepaid, and (B) shall bear interest at a rate equal to the rate of interest on such prepaid debt, with payments being applied first to accrued interest.

(c) If the Board of Managers determines that additional funds are necessary or advisable for the business of the Company for capital expenditures, AEG Facilities shall make or cause a loan to be made to the Company in the amount determined by the Board of Managers (an "AEG Capital Expenditure Loan") or cause the Company to borrow additional funds from third-party lenders. Any AEG Capital Expenditure Loan shall be (I) amortized over the lesser of (A) four years or (B) the remaining term of the Operating Sublease at the time any such AEG Capital Expenditure Loan is made, in accordance with Article V below; and (II) bear interest at a rate equal to the Prime Rate, with payments being applied first to accrued interest. Notwithstanding the preceding sentences, any loans made or caused to be made by AEG Facilities on account of capital expenditures that are (I) determined by the Board of Managers to be necessary by Law or in the interest of health and safety or (II) in a principal amount less than or equal to \$250,000, shall not constitute an AEG Capital Expenditure Loan but rather be deemed an AEG Operating Expense Loan.

(d) No loans made by any Member to the Company shall have any effect on such Member's Percentage Interest and such loans shall represent a debt of the Company payable solely from the assets of the Company in accordance with the terms and conditions upon which such loans were made.

3.4 Capital Accounts.

(a) The Company shall create upon its books and records a capital account ("Capital Account") for each Member, which shall be maintained in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited the amount of cash and the agreed value of any property contributed by a Member as part of its Capital Contributions, such Member's distributive share of Profits and any items in the nature of income or gain that are specially allocated pursuant to Section 4.3, and the amount of any Company liabilities that are assumed by such Member or that are secured by any property distributed to such Member.

(ii) To each Member's Capital Account there shall be debited the amount of cash and the agreed value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of

Losses and any items in the nature of deductions or losses which are specially allocated pursuant to Section 4.3 hereof, and the amount of any liabilities of such Member that are assumed by the Company or that are secured by any property contributed by such Member to the Company.

(iii) In the event all or a portion of a Membership Interest in the Company is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Interest.

(iv) In determining the amount of any liability for purposes of clauses (i) and (ii), above, there shall be taken into account Section 752(c) of the Code and any other applicable provisions of the Code and Treasury Regulations.

(b) Consistent with the provisions of Treasury Regulation § 1.704-1(b)(2)(iv)(e) and (f), upon the issuance of additional interests in the Company for cash or property or upon the redemption of any interest in the Company for cash or property and prior to the actual or deemed distribution of any Company property (other than cash) to a Member, the Capital Accounts of all Members and the Carrying Values of all Company properties shall be adjusted upwards or downwards to reflect any unrealized gain or unrealized loss with respect to each Company property (as if such unrealized gain or unrealized loss had been recognized upon an actual sale of each such property immediately prior to such issuance or distribution, and had been allocated among the Members, at such times, pursuant to Article IV). In determining such unrealized gain or unrealized loss, the aggregate fair market value of Company properties as of the date of determination shall be determined by the Board of Managers.

(c) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Treasury Regulations, and shall be interpreted and applied in a manner consistent therewith.

ARTICLE IV. PROFITS AND LOSSES

4.1 Allocation of Profits and Losses.

(a) The Profit and Loss of the Company shall be determined on an annual basis and for such other periods as may be required.

(b) Subject to the provisions of Section 4.1(c) and Section 4.3, Profits and Losses shall be allocated to the Members in accordance with the Members' respective Percentage Interests; provided, that any Profits and Losses attributable to Arena Operations shall be allocated in accordance with the Members' respective Operating Percentages; provided, that if the Operating Percentages are adjusted as set forth in the definition thereof, then from and after the date such adjustment takes effect, Profits and Losses shall be allocated in a fashion so as to cause the aggregate Profits and Losses attributable to Arena Operations to have been allocated in

accordance with the adjusted Operating Percentages from and after the effective date of such adjustment.

(c) All Profit and Loss, and, if necessary, items of income, gain, loss or deduction, with respect to the sale, exchange or other disposition of all or substantially all of the assets of the Company, or in connection with the liquidation of the Company, shall be allocated in the following order of priority:

(i) first, if the Capital Account of any Member has a deficit balance, such amounts shall be allocated as necessary to eliminate those deficit balances (or in proportion thereto, if the total amount available to be so allocated is less);

(ii) second, such amounts shall be allocated among the Members in such manner as to cause the balance in the Members' Capital Account balances to be in proportion to their relative Percentage Interests as of the date of allocation (or in proportion thereto, if the total amount available to be so allocated is less); and

(iii) the balance of such Profit and Loss shall be allocated to the Members in accordance with their respective Percentage Interests as of the date of the allocation.

For purposes of this Section 4.1(c), the Capital Accounts of the Members shall be determined (v) before giving effect to distributions under Section 5.1 or Section 11.3 resulting from the transactions giving rise to the Profit or Loss; (w) after allocating all other items of income and loss through the date of the transactions giving rise to the Profit or Loss; (x) after adjusting the Capital Accounts to reflect the effect of any adjustments to the allocation of items of income and loss for any prior period that are proposed by the Internal Revenue Service and agreed to (or are likely to be agreed to) by the Company; (y) after making all other distributions under Section 5.1; and (z) assuming all unamortized costs have been deducted.

4.2 Limitation on Allocation of Losses. Subject to the provisions of Section 4.1(c) and Section 4.3, and notwithstanding, anything to the contrary in Section 4.1 above, (i) Losses shall be allocated to a Member only to the extent that the corresponding tax loss allocated to the Member does not exceed the tax basis of the Member's interest in the Company; (ii) any excess Loss after applying the limitation in clause (i) shall be allocated to the other Members (in accordance with their relative Operating Percentage) subject to the limitation of clause (i) with respect to such other Members; (iii) if each Member is subject to the limitation provided for in clause (i), the excess Losses after applying such limitation to each Member shall be allocated among the Members in accordance with their relative Operating Percentage; and (iv) if for any period a Member has been allocated a percentage share of Losses pursuant to the provisions of clauses (i), (ii) or (iii) above that is less than the amount of Losses otherwise allocable to the Member under Section 4.1(b), then for subsequent periods that Member shall be allocated an additional share of Losses (up to 100% of the Losses for any subsequent period) so that on a cumulative basis during the term of the Company, all Losses have been allocated among the Members in accordance with the allocation of Losses otherwise applicable under

Section 4.1(b), subject to the limitation that for any subsequent period the provisions of clauses (i), (ii) and (iii) above shall apply with respect to the Losses allocated for that subsequent period.

4.3 Regulatory Allocations. Notwithstanding Section 4.1 and Section 4.2, Profits and Losses and items thereof shall be allocated as though this Agreement contained (and there is hereby incorporated herein by reference) a qualified income offset provision and minimum gain and partner non-recourse debt minimum gain chargeback provisions that comply with the requirements of Sections 1.704-1(b)(2)(ii)(d), 1.704-2(f) and 1.704-2(i)(4) of the Treasury Regulations, respectively (the “Regulatory Allocations”). If the Regulatory Allocations apply for any period, the Board of Managers is authorized in subsequent periods to make offsetting special allocations of income, gain, loss or deduction in such manner as it determines appropriate so that, to the extent possible, the net effect is as if the Regulatory Allocations were not part of this Agreement.

4.4 Certain Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly or other basis, as determined by the Board of Managers using any permissible method under Section 706 of the Code and the Treasury Regulations thereunder.

(b) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, and credit, for any fiscal year or other period, and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for such year or other period.

4.5 Allocations of Taxable Income and Loss.

(a) Except as provided in Section 4.5(b), each item of income, gain, loss and deduction of the Company for federal income tax purposes shall be allocated among the Members in the same manner as such item is allocated for book purposes under Sections 4.1 through 4.4.

(b) The Members recognize that with respect to property contributed to the Company by a Member and with respect to property revalued in accordance with Treasury Regulation § 1.704-1(b)(2)(iv)(f) (referred to as “Adjusted Properties”), there will be a difference between the agreed values or Carrying Values, as the case may be, of such property at the time of contribution or revaluation, as the case may be, and the adjusted tax basis of such property at that time. All items of tax depreciation, cost recovery, amortization and gain or loss with respect to such contributed properties and Adjusted Properties shall be allocated among the Members to take into account the book-tax disparities with respect to such properties in accordance with the provisions of sections 704(b) and 704(c) of the Code and the Treasury Regulations under those sections, using the “traditional” method under Treasury Regulation § 1.704-3 to make such allocations. Any gain or loss attributable to a contributed property or an Adjusted Property (exclusive of gain or loss allocated to eliminate such book-tax disparities) shall be allocated in the same manner as such gain or loss would be allocated for book purposes under Sections 4.1 through 4.4.

(c) All items of income, gain, loss, deduction and credits recognized by the Company for federal income tax purposes and allocated to the Members in accordance with the provisions hereof and all basis allocations to the Members shall be determined without regard to any election under section 754 of the Code that may be made by the Company; *provided, however*, such allocations, once made, shall be adjusted as necessary or appropriate to take into account the adjustments permitted by sections 734 and 743 of the Code.

(d) All tax credits with respect to the Company's property or operations shall be allocated between the Members in accordance with their share of the Company's Profits for the applicable tax year.

ARTICLE V. DISTRIBUTIONS

5.1 Repayment of AEG Loans; Distributions.

(a) No Distributions shall be made until the principal and accrued and unpaid interest then due and payable under the AEG Loans have been paid in accordance with their terms in the following priority:

(i) First, to AEG Facilities in repayment of any accrued but unpaid principal and interest of any AEG Operating Expense Loan;

(ii) Second, to AEG Facilities in repayment of principal and interest then due on any AEG Voluntary Loan (i.e., in accordance with the minimum amortization provided in Section 3.3(b) above);

(iii) Third, to AEG Facilities in repayment of principal and interest then due on any AEG Capital Expenditure Loan (i.e., in accordance with the minimum amortization provided in Section 3.3(c) above); and

(b) On or before March 15 of each year, the Company shall (to the extent of Excess Cash available after repayment of the AEG Loans as set forth above), distribute to the Members, pro rata in accordance with the amount of net taxable income expected to be allocated to the Members for the taxable year ending on the prior December 31, an amount with respect to such taxable year equal to forty percent (40%) of the net taxable income allocable to the Members for such year. The amount of any Distributions to a Member pursuant to this Section 5.1(b) shall be treated as an advance against, and shall be taken into account and shall be credited to, any Distributions that such Member would otherwise be entitled to receive under this Agreement. At the discretion of the Board of Managers, the amount of Tax Distributions to be made to the Members pursuant to this Section 5.1(b) may be reduced by the amount of Distributions (other than Tax Distributions) made under this Article V previously made to the Members during such taxable year pursuant to this Agreement. For avoidance of doubt, repayments of AEG Loans shall not be considered Distributions.

(c) Distributions of Excess Cash remaining after the application of Section 5.1(b) and other cash and property, other than in repayment of AEG Loans, shall be made as follows:

(i) Subject to Section 5.1(d), Distributions from Excess Operating Cash shall be distributed to the Members in accordance with their respective Operating Percentages as then in effect; and

(ii) All other Distributions, including without limitation Distributions made in connection with redevelopment activities or the sale or exchange of all or substantially all of the Company's assets, shall be made to the Members in accordance with their respective Percentage Interests.

(d) With respect to otherwise distributable amounts under Section 5.1(c)(i), from the Effective Date, seventy-five percent (75%) of the amounts otherwise distributable to AG 2000 after that date under Section 5.1(c)(i) shall be retained by the Company and held in reserve until the first to occur of the date the Company obtains a Qualified Extension or December 31, 2013. If the Company obtains a Qualified Extension prior to December 31, 2013, all amounts so held in reserve shall promptly be distributed to AG 2000. If the Company does not obtain a Qualified Extension by December 31, 2013, all amounts so held in reserve shall promptly be distributed to AEG Facilities. The Members shall cooperate in efforts to obtain a Qualified Extension; however, neither the Company nor any Member shall have any liability if a Qualified Extension is not obtained.

5.2 Payment and Withholding of Certain Taxes.

(a) The Company may withhold taxes from Distributions to any Member, or otherwise pay taxes on a Member's allocable share of Company items of income and gain, to the extent permitted by Section 5.2(b) below. For purposes of this Agreement, any amount of taxes so paid or withheld with respect to any Member shall be deemed to be a Distribution to such Member and shall reduce the amount otherwise distributable to such Member pursuant to this Agreement.

(b) Notwithstanding anything to the contrary herein, to the extent that the Company is required, pursuant to any applicable law, (i) to pay tax (including estimated tax) on a Member's allocable share of Company items of income or gain, whether or not distributed, or (ii) to withhold and pay over to the tax authorities any portion of a Distribution otherwise distributable to a Member, the Company may pay over such tax or such withheld amount to the tax authorities, and such amount shall be treated as a Distribution to such Member at the time it is paid to the tax authorities.

5.3 Distributions in Kind. If the Company distributes property (other than cash or cash-equivalent) of the Company in kind, for purposes of Section 5.1 and the maintenance of the Company's capital accounts, the amount considered distributed with respect to any asset distributed in kind shall be the fair market value of such asset as determined by the Board of Managers. Any unrealized appreciation or depreciation with respect to the asset shall be

allocated among the Members in accordance with the provisions of Article IV assuming the asset was sold for its fair market value.

ARTICLE VI. REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Capacity of Members. Each Member represents and warrants to the other Members, to the extent applicable to such Member, as follows:

(a) Such Member that is duly formed and in good standing under the laws of the jurisdiction of its formation and is qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement.

(b) The execution, delivery, and performance by such Member of this Agreement and all transactions contemplated herein are within such Member's powers and have been duly authorized by all necessary actions.

(c) This Agreement constitutes a valid and binding obligation, enforceable against such Member in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(d) The execution, delivery, and performance by such Member of this Agreement will not conflict with, result in a breach of, or constitute a default under any of the terms, conditions, or provisions of (i) any applicable Law of any court or governmental authority, (ii) such Member's certificate of limited partnership or certificate of incorporation or bylaws or limited partnership agreement, or (iii) any agreement or arrangement to which such Member or any of such Member's Affiliates is a party or which is binding upon such Member or any of such Member's Affiliates or any of their assets.

6.2 Litigation. Each Member represents and warrants to the other Members and the Company that as of the date of this Agreement there is no action, suit, or proceeding pending against, or to such Member's knowledge threatened against or affecting, such Member or any of such Member's Affiliates before any court, any arbitrator, or any governmental department, agency, official, or instrumentality except for such actions, suits or proceedings that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

6.3 Knowledge. With respect to a representation or warranty made to a Member's "knowledge," the term "knowledge" shall mean actual knowledge of the Member, if such Member is an individual, or actual knowledge on the part of the officers, employees, and agents of the representing Member, if such Member is an entity, or of facts that would reasonably lead to the indicated conclusions.

6.4 Investment Representations and Warranties. In acquiring an interest in the Company, each Member represents and warrants to the other Members and the Company that it is acquiring such interest for its own account for investment and not with a view to its sale or

distribution. Each Member recognizes that investments such as those contemplated by this Agreement are speculative and involve substantial risk. Each Member further represents and warrants that the Managing Member and other Members have not made any guaranty or representation upon which it has relied concerning the possibility or probability of profit or loss as a result of its acquisition of an interest in the Company.

6.5 Survival. All representations and warranties made herein shall survive the execution and delivery of any documents of transfer or conveyance provided under this Agreement for the period of two (2) years from the date hereof.

ARTICLE VII.

BOARD OF MANAGERS; MANAGEMENT POWERS; OFFICERS

7.1 Board of Managers.

(a) (i) The Company shall be managed by the Board of Managers, (ii) the day-to-day affairs and business of the Company shall be managed by the Managing Member subject to the oversight of the Board of Managers, and (iii) the Managing Member shall be the agent of the Company's business, and the actions of the Managing Member taken in such capacity and in accordance with this Agreement shall bind the Company. The Board of Managers shall have authority to determine from time to time, in good faith, grants and limits of authority of the Managing Member in managing the day-to-day affairs and business of the Company.

(b) All documents executed on behalf of the Company must be signed by the Managing Member, the Chief Executive Officer or their designee.

(c) The Managing Member may delegate to the Chief Executive Officer the authority to take any actions or make any decisions required or permitted to be taken or made by the Managing Member. Any such delegation of authority by the Managing Member shall be effective for all purposes until revoked by the Managing Member.

7.2 Board of Managers; Election; Qualification; Vacancies. The Board of Managers (the "Board of Managers") of the Company shall consist of three (3) directors. Each member of the Board of Managers is designated as a "manager" of the Company (within the meaning of the Act). Subject to the foregoing limitations, the Board of Managers shall be appointed as follows:

(a) The members of the Board of Managers shall be appointed from time to time by vote of the Members at a meeting called for such purpose in accordance with the provisions of Article VIII of this Agreement. Two of the members of the Board of Managers shall be appointed by AEG Facilities (each an "AEG Facilities Board Member") and one of the members of the Board of Managers shall be appointed by AG 2000 (the "AG 2000 Board Member").

(b) Any vacancy on the Board of Managers shall be filled as promptly as practicable of its occurrence. A vacancy on the Board of Managers of a seat held (i) by an AEG

Facilities Board Member shall be filled by AEG Facilities and (ii) by an AG 2000 Board Member shall be filled by AG 2000.

7.3 Removal or Resignation. Any member of the Board of Managers may resign upon at least sixty (60) days' notice to the Members and the other members of the Board of Managers (unless notice is waived by them). An AEG Facilities Board Member may be removed with or without cause only by AEG Facilities and the AG 2000 Board Member may only be removed with or without cause by AG 2000.

7.4 Meetings and Action of the Board of Managers. Except as otherwise provided by resolution adopted by the Board of Managers, the Board of Managers may act only collectively and by resolution duly adopted. Individual members of the Board of Managers shall have only such authority and perform such duties as the Board of Managers may, from time to time, delegate to them, and shall have no authority to bind the Company except with respect to matters as to which such authority has been delegated to them. All actions to be taken by the Board of Managers, except as otherwise provided herein, shall be taken by vote of a majority of the members of the Board of Managers then in office at a meeting or by written consent as provided in Section 7.5 below. Meetings of the Board of Managers may be called by the Managing Member or by any member of the Board of Managers in accordance with the provisions hereof. If action is to be taken at a meeting of the Board of Managers, notice of the time, date and place of the meeting shall be given to each member of the Board of Managers by the Managing Member, an Officer or one of the members of the Board of Managers calling the meeting by personal delivery or fax and, in each case, by electronic mail, sent to the respective business and home addresses and electronic mail addresses of each member of the Board of Managers at least two business days in advance of the meeting. In case of emergency, reasonable notice of a special meeting shall suffice. No notice need be given to a member of the Board of Managers who waives notice before or after the meeting, or who attends the meeting without protesting at or before its commencement the inadequacy of notice to him. A member of the Board of Managers may also attend a meeting in person or by proxy, and may also participate in a meeting by means of conference telephone or similar communications equipment that permits all members of the Board of Managers present to hear each other. Each member of the Board of Managers shall be entitled to one (1) vote on all matters on which the Board of Managers is entitled to vote.

7.5 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Managers may be taken without a meeting if the action is evidenced by a written consent describing the action taken, signed by a all the members of the Board of Managers.

7.6 Reliance by Third Parties. No third Person dealing with the Company shall be required to ascertain whether the Managing Member is acting in accordance with the provisions of this Agreement. All third Persons may rely on a document executed by the Chief Executive Officer or the Managing Member as binding the Company. The foregoing provisions shall not apply to third Persons who are Affiliates of a Member. The Managing Member acting without authority shall be liable to the Members for any damages arising out of its unauthorized actions.

7.7 Committees. The Board of Managers shall by unanimous vote have the power to designate committees of the Board of Managers to take action on behalf of the Company in lieu of the full Board of Managers.

7.8 Exculpation.

(a) In carrying out its duties hereunder, neither the Managing Member nor the Board of Managers shall not be liable to the Company nor to any Member for their good faith actions, or failure to act, nor for any errors of judgment, nor for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement in the absence of fraud, willful misconduct, or gross negligence in the performance of their duties under this Agreement. The Managing Member's duty to the Company and to the Members shall be limited to the implied covenant of good faith and fair dealing and, except as expressly set forth herein, a Member owes no fiduciary duties to the Company, the Managing Member or to the other Members solely by reason of being a Member.

(b) Subject to the limitations of the Act, the Company shall indemnify and hold harmless the Managing Member, the Managers and officers from and against third party claims arising as a result of any act or omission of the Managing Member, Manager or officer believed in good faith to be within the scope of authority conferred in accordance with this Agreement, except for fraud, willful misconduct, or gross negligence, but not in excess of the value of the net assets of the Company; provided that no Member shall have any personal liability whatsoever on account thereof, and in no event shall the Company be obligated under this Section 7.3 for the amount of any additional contributions made to the Company after the date the Company learns of the act or omission on which the third party claim is based. Notwithstanding the foregoing, the Company's indemnification of the Managing Member, Managers and officers as to third party claims shall be only with respect to such loss, liability, or damage that is not otherwise compensated by insurance carried for the benefit of the Company.

7.9 Officers.

(a) The Managing Member may, from time to time, designate one or more persons to be officers of the Company and may delegate to the Chief Executive Officer the authority to designate and grant authority and delegate duties to such officers as provided herein. Each officer so designated shall have such authority and perform such duties as the Managing Member or the Chief Executive Officer may from time to time delegate to her or him. The Managing Member or the Chief Executive Officer may assign titles to particular officers. If the title is one commonly used for officers of a business corporation formed under the Delaware General Corporation Law, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made to such officer, or restrictions placed thereon, by the Managing Member or the Chief Executive Officer. Each officer shall hold office until her or his successor is duly designated, until her or his death, or until she or he resigns or is removed in the manner provided herein. Any number of offices may be held by the same person. The salaries or other compensation, if any, of the officers of the Company shall be fixed from time to time by the Managing Member.

(b) Any officer may resign at any time by giving written notice thereof to the Board of Managers and the Chief Executive Officer. Any officer may be removed, either with or without cause, by the Board of Managers whenever, in its judgment, the best interests of the Company would be served thereby; *provided, however*, that such removal shall be without prejudice to the contract rights, if any, of the person so removed. Designation of an officer shall not, by itself, create contract rights.

(c) The Board of Managers shall evaluate whether insurance for the protection of the Managers and officers, including the Chief Executive Officer, of the Company is warranted.

7.10 Transactions Between the Company and Members.

(a) The Members and their Affiliates may contract and deal with the Company on the terms and conditions set forth in this Section 7.10 (an "Affiliate Transaction"). The terms and conditions of an Affiliate Transaction shall be either (i) comparable to and competitive with those available to the Company from others dealing at arm's length or (ii) if in the determination of the Managing Member, no comparable transaction exists or is available for comparison, on terms that are fair to the Company. Any Affiliate Transaction between Managing Member and any of its Affiliates, on the one hand, and the Company, on the other hand, related to (y) concerts or other events, where the Company shares more than fifty percent of the ancillary revenues generated (i.e., excluding revenues generated from ticket sales), or (z) all non-concert events involving more than Fifty Thousand Dollars (\$50,000) shall be fully disclosed to the Board of Managers. Subject to the provisions of this Section 7.10, nothing contained herein shall disqualify or prevent any Member from voting on any matter presented to the Members, respectively, whether or not such Member has any interest in the matter presented.

(b) In the event that the Company intends to enter into an Affiliate Transaction with Managing Member and its Affiliates related to (i) the redevelopment of the Premises, (ii) development of a new arena within San Diego County in connection with the termination of the Operating Sublease (but not the expiration of the Operating Sublease by its terms) or (iii) the development of a new arena within the City of San Diego, which is financed or supported by the City pursuant to the Second Amended and Restated Memorandum of Understanding dated as of July 24, 1995 between the City and AG 2000 (the "Arena Development Rights"), Company shall first provide a written offer notice to AG 2000 to participate in such Affiliate Transaction ("Participation Notice") in place of Managing Member and its Affiliates, if, and only if, the proposed transaction is within the AG2000 Opportunity Rights.

(i) The Participation Notice shall include the material terms and conditions of the Affiliate Transaction (the "Participation Terms"). AG 2000 shall have the right, but not the obligation, for a period of 45 days after its receipt of the Participation Notice, to accept the offer to participate in the Affiliate Transaction by providing written notice to the Company within such 45-day period. If AG 2000 timely elects to participate in the Affiliate Transaction, the parties shall enter into a binding agreement evidencing such Affiliate Transaction

on the Participation Terms no later than 90 days after the date on which the Company provided the Participation Notice.

(c) If the Company intends to obtain additional capital from the Managing Member or any Affiliate of the Managing Member, whether by contribution of additional capital directly to the Company or by entering into a joint venture (whether in the form of a partnership, limited liability company or otherwise) or other form of agreement or arrangement with the Managing Member or any Affiliate of the Managing Member (as applicable, an “**Affiliated Capital Transaction**”), it shall first provide written Notice (an “**Offer Notice**”) to AG2000. Such Offer Notice must specify the amount of additional capital to be obtained, the material terms of the proposed transaction and a copy of any written agreement to be executed in connection with the proposed Affiliated Capital Transaction. AG2000 shall have the right to contribute its Percentage Interest of the additional capital, on the same terms as set forth in the Offer Notice, exercisable by delivering written notice (an “**Exercise Notice**”) to the Company within 90 days after receipt of the Offer Notice. Following delivery of the Exercise Notice within such 90-day period, AG2000 shall be obligated to contribute additional capital, pro rata with the Managing Member or its Affiliate, on the terms set forth in the Offer Notice, and the parties shall execute such further agreements and other documents as may be reasonably necessary to confirm the terms of the Affiliated Capital Transaction and AG2000’s participation in it. If AG2000 does not deliver an Exercise Notice within such 90-day period, then the Affiliated Capital Transaction may be consummated within 60 days after expiration of such 90-day period, on the terms set forth in the Offer Notice. If the terms are altered from set forth in the original Offer Notice, or the transaction is not consummated within such 60-day period, then Company shall again comply with the terms of this paragraph before consummating an Affiliated Capital Transaction.

7.11 Information Relating to the Company. Upon written request, the Managing Member shall supply to the Members any information requested regarding the Company or its activities; *provided* that obtaining the requested information is not unduly burdensome to the Managing Member. During ordinary business hours, any Member or its authorized representative shall have access to all books, records, and materials in the Company’s offices regarding the Company or its activities.

7.12 Insurance. The Company shall maintain or cause to be maintained in force at all times, for the protection of the Company and the Members to the extent of their insurable interests, such insurance as the Managing Member determines is warranted for the operations being conducted, taking into consideration any separate insurance maintained for the projects of the Company.

7.13 Tax Matters Partner.

(a) The tax matters partner (“TMP”), as defined in section 6231(a)(7) of the Code shall be designated by the Managing Member, and AEG Facilities is hereby designated as the initial TMP. Subject to the provisions hereof, the TMP is authorized and required (i) to represent the Company in connection with any request by the Company for a private letter ruling from the Internal Revenue Service and all examinations of the Company’s affairs by tax authorities, including resulting administrative and judicial proceedings, (ii) to expend Company

funds for professional services and costs associated therewith and, (iii) to settle any tax controversy pertaining to the Company. Notwithstanding the foregoing, the TMP shall promptly notify all Members of the commencement of any audit, investigation, or other proceeding concerning the tax treatment of Company tax items, shall keep all Members adequately informed of such proceedings, and upon the request of any Member, shall promptly take appropriate action to cause such Member to be a "notice partner" as defined in section 6231(a)(8) of the Code.

(b) The TMP and the Board of Managers shall make or cause to be made all available elections as are necessary to cause the Company to be classified as a partnership for federal income tax purposes.

7.14 Conflicts of Interest. Each Member acknowledges and agrees that other Members of the Company and their Affiliates may be involved in other sports-related or media-related activities that may be viewed as being in competition with the Company. Except as expressly provided in this Agreement, the Members (i) hereby waive any conflicts of interest arising from any such activities and hereby agree that no Member shall have any liability to any Member (including the Managing Member), any Affiliate thereof or the Company with respect to such conflicts of interest or potential conflicts of interest (ii) further acknowledge and agree that the Members and their respective representatives will not have any duty to disclose to the Company, any other Member or the Managing Member any such business opportunities, whether or not competitive with the Company's business and whether or not the Company might be interested in such business opportunity for itself, and (iii) agree that the Members shall not be required to give the Company the opportunity to participate in, or benefit from, any such activities or businesses. Notwithstanding the foregoing, any opportunity related to the Arena Development Rights, shall be an opportunity of the Company, and no Member or Affiliate of a Member shall pursue such an opportunity independent of the Company with the prior written approval of the other Member(s).

7.15 Exclusive Rights to Certain Arena Seats. AG 2000 and its partners shall retain the exclusive rights to use, and to grant others the rights to use, without cost, Rows 1, 2, 8 and 9 in Loge Section 1 of the existing arena, all on a basis consistent with past practices.

ARTICLE VIII. MEMBERS

8.1 Limited Liability. The liability of each Member shall be limited as set forth in Section 18-303 of the Act. Except as permitted under this Agreement, a Member shall take no part in the control, management, direction or operation of the affairs of the Company and shall have no power to bind the Company.

8.2 Member Voting. At any meeting of the Members, a majority of the outstanding Voting Interests, represented in person or by proxy, shall be necessary to constitute a quorum. Each of the Members hereby consents and agrees that one (1) or more Members may participate in a meeting of the Members by means of conference telephone or similar communications equipment by which all Persons participating in the meeting can hear each other at the same time, and such participation shall constitute presence in person at the meeting.

Except as otherwise provided herein, if a quorum is present, the affirmative vote of the majority of the Voting Interests represented at the meeting and entitled to vote on the subject matter, shall be the act of the Members, unless a greater number is required by the Act. In the absence of a quorum, those present may adjourn the meeting for any period, but in no event shall such period exceed sixty (60) days.

8.3 Informal Action. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if the action is evidenced by a written consent describing the action taken, signed by a number of Members that would be sufficient to take such action at a meeting of all Members. The Managing Member shall immediately furnish copies to the other Members.

8.4 Meetings. Meetings of the Members for any purpose or purposes may be called by any Member or by holders of not less than thirty percent (30%) of all Voting Interests.

8.5 Place of Meeting. The Managing Member may designate the place for any meeting. If no designation is made, the place of meeting shall be the principal place of business of the Company.

8.6 Notice of Meeting. Written notice stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered either personally, by mail or by facsimile, by or at the direction of any Member or other Person calling the meeting, to each Member of record entitled to vote at such Meeting. Each of the Members hereby consents and agrees that meetings of the Members may be called upon 24 hours written notice. In case of emergency, reasonable notice of a special meeting shall suffice.

8.7 Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Managing Member of the Company before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

8.8 Conduct of Meeting. At each meeting of the Members, a chairman for that particular meeting shall be elected. The chairman shall be the Member in attendance who has received the vote of the majority of the Voting Interests represented at the meeting. The chairman shall preside over and conduct the meeting and shall appoint someone in attendance to make accurate minutes of the meeting. Following each meeting, the minutes of the meeting shall be sent to each Member.

8.9 Partition. Each of the Members hereby waives any and all rights, duties, obligations and benefits with respect to any action for partition of the Company property, or to compel any sale thereof.

ARTICLE IX. ACCOUNTING AND REPORTING

9.1 Books. The Company shall maintain complete and accurate books of account of the Company's affairs at the principal office of the Company. The Company's books shall be kept in accordance with generally accepted accounting principles, consistently applied, and on a calendar year accounting period. The books and records shall be accessible to the Members in accordance with the Act.

9.2 Transfers During Year. In order to avoid an interim closing of the Company's books, the allocation of Profits and Losses under Article IV between a Member who Transfers part or all of its Membership Interest during the Company's accounting year and its transferee may be determined pursuant to any method chosen by the transferring Member and agreed to by the TMP, which agreement shall not be unreasonably withheld; *provided, however*, that any Profit or Loss resulting from the sale or other disposition of Company property shall be allocated to the owner of the interest in the Company at the time such Profit or Loss was realized.

9.3 Reports. The Company shall deliver such reports, audits and financial statements as the Members shall reasonably request from time to time. Any Member may reasonably request other reports, audits and financial statements provided, that the requesting Member shall bear the actual and reasonable costs incurred by the Company in complying with such special request or in conducting any other special accounting procedures for the Company, other than those expressly provided for in this Agreement. The cost of such reporting paid to third parties shall be paid by the Company as a Company expense except as expressly provided otherwise above.

9.4 Section 754 Election. If requested by a Member, the Company shall make the election provided for under section 754 of the Code.

9.5 Year End Financial Statements. Unless the Members determine otherwise, within 90 days after the end of each calendar year, or such longer period as the Members may approve, the Managing Member shall provide each Member with unaudited financial statements for such calendar year and shall also provide copies of partnership tax returns for the Company for such calendar year as soon as reasonably practicable.

ARTICLE X. TRANSFER OF MEMBER'S INTEREST; WITHDRAWAL

10.1 Restrictions on Transfer.

(a) Except as set forth in Section 10.1(b), no Member may, and each Member shall cause its Affiliates not to, directly or indirectly, Transfer all or any portion of its Interest (or beneficial interest therein) without the prior written consent of the Members, which consent may be given or withheld in such Members' sole and absolute discretion.

(b) Notwithstanding Section 10.1(a),

(i) AEG Facilities may, without the consent of any other Member and without being subject to Section 10.2, Transfer all or any portion of its interest in the Company to any entity which is controlled, directly or indirectly, by it or by Philip F. Anschutz; and

(ii) any Member may, without the consent of any other Member, Transfer all or any portion of its Interest in the Company if the provisions in Section 10.2 have been complied with.

(c) Any purported Transfer which is not in accordance with this Agreement shall be null and void.

(d) Restrictions upon the Transfer of a Member's Interest as set forth in this Section 10.1 shall extend to any direct or indirect Transfer including, without limitation, (i) an involuntary transfer such as a transfer pursuant to a foreclosure sale, (ii) a transfer resulting by operation of law, or as a result of any merger, consolidation or similar action, (iii) a transfer by (but not to) an executor, executrix or other personal representative of a decedent's estate, whether by will or intestacy, and (iv) the transfer of an equity interest in a Member that is a corporation, partnership or other entity if the transfer of the equity is a corporation, partnership or other entity. Every Person which now is or becomes a Member hereafter and is at such time a corporation, partnership or other entity, covenants that restrictions on transfers of equity interests within such corporation, partnership or other entity have been, or will be, imposed at such time to require compliance with this Section 10.1(d).

(e) A Member shall be entitled to create a Lien on all or any portion of its Membership Interest as security for borrowed money without complying with Section 10.2, so long as the Lien holder's interest is subject to the provisions of Section 10.7 (to the extent applicable to such Member's Membership Interest); *provided, however*, that any Transfer of a Membership Interest or any interest therein (whether voluntary or involuntary (including any Transfer in foreclosure or in lieu of foreclosure)) to or by the holder or other beneficiary of such Lien shall be subject to the provisions of this Article X.

10.2 Right of First Offer.

(a) If at any time a Member proposes to Transfer all or any portion of, or to solicit bids from any third party to purchase or otherwise acquire all or any portion of, its Membership Interest, such Member (the "Soliciting Member") shall first provide a written offer notice (an "Offer Notice") to the other Members (the "Notified Members") stating that such Soliciting Member desires to Transfer all or any portion of its Membership Interest, designating the specific portion of the Soliciting Member's Membership Interest (the "Offered Interest") that the Soliciting Member desires to Transfer and specifying a proposed cash purchase price for the Offered Interest (the "Offered Price") and the proposed material terms of the Transfer of the Offered Interest (the "Offered Terms").

(b) Each Notified Member shall have the right, but not the obligation, for a period of 30 days after its receipt of the Offer Notice, to elect to purchase all, but not less than all, of the Offered Interest for the Offered Price. Any such election shall be made by providing

written notice of such election to the Soliciting Member within such 30 day period. If a Notified Member timely elects to purchase the Offered Interest, the parties shall close the sale of the Offered Interest for the Offered Price on the Offered Terms on the later of (x) 45 days after the Soliciting Member provides the Offer Notice, and (y) five business days after the receipt of all required consents and approvals, if any, with respect to such Transfer from all governmental authorities. If more than one Notified Member timely elects to purchase the Offered Interest, the Notified Members shall purchase the Offered Interest pro rata in proportion to their respective Percentage Interests. If no Notified Member elects to purchase the Offered Interest or fails to close the purchase thereof within the time period specified above, the Soliciting Member may Transfer, or enter into a binding agreement to Transfer, all, but not less than all, of the Offered Interest during the later of (A) the 90 day period following such 30 day election period, or (B) if the Notified Members elect to purchase but fail to close within the period described in clause (x) and (y) above, the 90-day period following the expiration of such period, but only for a cash purchase price that is greater than or equal to the Offered Price and on terms and conditions no less favorable to the Soliciting Member than the Offered Terms. If the Soliciting Member does not sell or enter into a binding agreement to sell the Offered Interest within such 90 day period, it shall again afford the Notified Members the purchase rights set forth in this Section 11.6 with respect to any proposed Transfer of all or any portion of the Offered Interest or any other portion of the Membership Interest held by the Soliciting Member.

10.3 Non-Cash Consideration. The cash value of any offer from or sale to a third party including consideration other than cash or cash plus deferred payments of cash shall be determined by agreement among the involved Members. The purchasing Member or the Notified Member may pay or receive, as the case may be, the cash equivalent of such other consideration as determined by agreement. If the Members cannot agree and such disagreement continues for a period of seven (7) days, any of such Members may, by five (5) days' written notice to the other, initiate arbitration proceedings under Article 13 for determination of the cash equivalent of such purchase price. The arbitrator shall determine the cash equivalent without regard to income tax consequences to any Member as a result of paying or receiving cash in lieu of other consideration. Within ten (10) days after the arbitrators' decision, the purchasing Member or Notified Member, as the case may be, may elect to exercise its option under Section 10.2(a) at the determined cash equivalent price by notice of such election to the Soliciting Member or to withdraw its election under such Sections.

10.4 Substitution of a Member. No Transfer of any Membership Interest otherwise permitted under this Agreement shall be effective for any purpose whatsoever until the transferee shall have assumed the transferor's obligations to the extent of the interest Transferred and shall have agreed to be bound by all the terms and conditions hereof, by written instrument, duly acknowledged. Upon admission of the transferee as a substitute Member in accordance with this Section 10.4 and Section 10.5 (a "Substitute Member"), the transferor shall have no further obligations under this Agreement with respect to that portion of its Interest Transferred to the transferee. Without limiting the foregoing, any transferee that has not become a substituted Member shall nonetheless be bound by the provisions of this Article X with respect to any subsequent Transfer.

10.5 Conditions to Substitution. As conditions to its substitution as a Member any assignee, transferee or successor of a Member shall pay all reasonable expenses in connection

with its admission as a substituted Member. No transferee shall be substituted as a Member unless either (a) the Membership Interest or part thereof acquired by such person has been registered under the Securities Act of 1933, as amended, and any applicable state securities laws or (b) the Company has received a favorable opinion of the Company's legal counsel or of other legal counsel acceptable to the Board of Managers to the effect that the Transfer of the Membership Interest to such person is exempt from registration under those laws. The Board of Managers may waive the requirements of this Section 10.5.

10.6 Withdrawal of a Member. No Member shall withdraw or resign from the Company prior to the dissolution and liquidation of the Company without the unanimous written consent of the Members.

10.7 Drag-Along Right. If AEG Facilities desires to Transfer all or a portion representing a majority of the Membership Interests of AEG Facilities to a Proposed Transferee pursuant to an offer from the Proposed Transferee that is contingent on the Transfer to the Proposed Transferee of all or a portion of the Membership Interests held by AG 2000, AEG Facilities may deliver a notice (a "Drag-Along Notice") to AG 2000 setting forth the Membership Interests to be Transferred, the proposed purchase price for those Membership Interests and the other material terms of the offer, and attaching a copy of the offer. Upon receipt of the Drag-Along Notice, AG 2000 shall be obligated to Transfer that portion of its Membership Interests described in the Drag-Along Notice to the Proposed Transferee upon the terms and conditions set forth in the Drag-Along Notice; provided, that (a) such terms and conditions also apply to the Membership Interests to be Transferred by AEG Facilities, and (b) the purchase price for all Membership Interests sold to the Proposed Transferee are allocated among all of the Members selling their Membership Interests pro rata in accordance with their respective Percentage Interests.

10.8 Tag-Along Rights. If pursuant to an Offer Notice delivered by AEG Facilities pursuant to Section 10.2, AG 2000 does not timely elect to purchase the Offered Interest, but AEG Facilities does elect to participate in a proposed sale of the Offered Interest under Section 10.2, AG 2000 shall the right, but not the obligation, to elect to participate in any Transfer which is subject of the Offer Notice, exercisable upon irrevocable written notice (the "Tag-Along Notice") to AEG Facilities within 30 days after receipt by AG 2000 of the Offer Notice. The Tag-Along Notice shall include the portion of AG 2000's Membership Interest that AG 2000 desires to sell. Upon receipt of the Tag-Along Notice from AG 2000, AEG Facilities shall include in the proposed sale AG 2000's Membership Interests, pro rata in proportion to the Percentage Interests of AG 2000 and AEG Facilities, on the Offered Terms. Any such sale shall be consummated within 90 days following AG 2000's election to participate therein pursuant to this Section 10.8, as it may be extended pursuant to Section 10.2. AEG Facilities shall keep AG 2000 advised regarding offers received for the Offered Interest and the timing of any such sale. AG 2000 shall not be required to accept any terms, conditions, agreements or undertakings in connection with any such sale other than those described in the Offer Notice. Further, AG 2000 shall not be obligated to make any representations and warranties in connection with any such sale not based on its actual knowledge.

ARTICLE XI. DISSOLUTION AND TERMINATION

11.1 Dissolution.

(a) The Company shall be dissolved upon the occurrence of any of the following:

- (i) the consent in writing of all Members;
- (ii) the sale of all or substantially all of the assets of the Company; or
- (iii) at any time when there are no Members of the Company.

(b) Except as set forth in Section 11.1(a), the death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member shall not cause the Company to be dissolved, and each Member hereby agrees not to vote in favor of dissolution of the Company upon the occurrence of any of the events set forth in this Section 11.1(b).

11.2 Final Accounting. In the event of a dissolution of the Company, a proper accounting shall be made from the date of the last previous accounting to the date of dissolution.

11.3 Liquidation.

(a) Upon the dissolution of the Company, the Board of Managers shall have full power and authority to sell, assign, and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and businesslike manner. All proceeds from liquidation and any remaining funds or assets of the Company shall be distributed in the following order of priority: (i) to the payment of debts and liabilities of the Company (including, the AEG Loans to the extent permitted by this Agreement and, to the extent permitted by the Act, other debts of the Company that are owed to a Member) and the expenses of liquidations; (ii) to the setting up of such reserves (including, cash escrow accounts) as the liquidator may reasonably deem necessary for any contingent liabilities of the Company; (iii) by payment of cash or property (at the election of each Member) to the Members in accordance with Section 5.1(c).

(b) If a Member elects to take its distribution in cash, and sufficient cash is not available to make the full cash distribution to each Member, the liquidator shall sell at fair market value Company property as necessary to make such distribution in cash. The other Members may purchase the interest sold at its fair market value.

(c) The distribution of cash or property to the Members in accordance with the provisions of this Section 11.3 shall constitute a complete return to the Members of their respective Capital Contributions and a complete distribution to the Members of their respective Interests and all Company property. In the event that any Member's Capital Account balance is a negative amount after all allocations to such account in accordance with Article IV and

distributions in accordance with Section 11.3(a), such Member shall have no obligation to contribute any amount to the Company as a result of such negative Capital Account.

(d) Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Treasury Regulation section 1.704-1(b)(2)(ii)(b)(2).

11.4 Distribution in Kind.

(a) If a portion of the Company's assets is to be distributed in kind to the Members, the Company shall obtain an independent appraisal of the fair market value of each such asset as of a date reasonably close to the date of liquidation and adjustments in the Capital Accounts of the Members shall be made as provided in Section 3.5. Distribution of any assets in kind to a Member shall be considered a distribution of an amount equal to the asset's fair market value for purposes of Section 11.3.

(b) Any real property distributed to the Members shall be assigned by special warranty assignment and shall be subject to all encumbrances, Contracts, and commitments then in effect with respect to such property, which shall be assumed by the Members. Upon written request made by any Member, the liquidator shall sell all or a portion of the properties and assets that otherwise would be distributable to such Member under this Article XI at the best cash price available therefor and distribute such cash (after deducting all expenses reasonably relating to such sale) to such Member. Any gain or loss attributable to the sale shall be allocated to such Member.

11.5 Waiver of Right to Court Decree of Dissolution. The Members agree that irreparable damage would be done to the Company if a Member brought an action in court to dissolve the Company. Care has been taken in this Agreement to provide what the parties believe are fair and just payments to be made to a Member whose relationship with the Company is terminated for any reason. Accordingly, each of the Members accepts the provisions of this Agreement as its sole entitlement on termination of its membership in the Company. Each Member hereby waives and renounces its right to seek a court decree of dissolution or to seek the appointment by a court of a liquidator for the Company.

11.6 Certificate of Cancellation. Upon the completion of the distribution of the Company's assets as provided in this Article XI, the Company shall be terminated and the Person acting as liquidator shall file a certificate of cancellation and shall take such other action as may be necessary to terminate the Company.

ARTICLE XII. INDEMNIFICATION

12.1 Breach of Representation, Warranty or Covenant by Member. Each Member (an "Indemnifying Party") shall defend, indemnify and save and hold harmless the Company, the other Members and the other Members respective Affiliates, and their respective shareholders, directors, members, managers, partners, officers, employees, agents and contractors (collectively the "Indemnified Parties") for, from and against and shall promptly reimburse each Indemnified

Party for any loss, liability, claim, damage or expense (including costs of investigation, preparation and defense and reasonable attorneys' fees) whether or not involving a third-party claim (collectively, "Damages"), arising, directly or indirectly, from or in connection with a breach of any representation, warranty, covenant or agreement of such Member contained in this Agreement.

12.2 Procedure for Indemnification.

(a) Promptly after receipt by an Indemnified Party of notice of the commencement of any proceeding against it, such Indemnified Party will, if a claim is to be made against an Indemnifying Party under Section 12.1, give notice to the Indemnifying Party of the commencement of such claim and such Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party and payment of all fees and expenses incurred in connection with the defense thereof. The failure to notify the Indemnifying Party will not relieve the Indemnifying Party of any liability that it may have to any Indemnified Party, except to the extent that (as finally determined by a court of competent jurisdiction, which determination is not subject to review or appeal) the Indemnifying Party is materially and adversely prejudiced by the Indemnified Party's failure to give such notice. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the party from whom indemnification is sought.

(b) Each Indemnified Party shall have the right to employ separate counsel in such action, claim or proceeding and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of each Indemnified Party unless: (i) such Indemnifying Party has agreed to pay such expenses; or (ii) such Indemnifying Party has failed promptly to assume the defense and employ counsel reasonably satisfactory to such Indemnified Party; or (iii) the named parties to any such action, claim or proceeding (including any impleaded parties) include any Indemnified Party and such Indemnifying Party or an Affiliate of such Indemnifying Party, and such Indemnified Party shall have been advised by counsel that either (x) there may be one or more legal defenses available to it which are different from or in addition to those available to such Indemnifying Party or such Affiliate or (y) a conflict of interest may exist if such counsel represents such Indemnified Party and such Indemnifying Party or its Affiliate; *provided, however*, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel in the circumstances described in clause (i), (ii) or (iii) above, such Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party; *provided, however*, that such Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the fees and expenses of more than one such firm of separate counsel (in addition to any local counsel), which counsel shall be designated by such Indemnified Party. No Indemnifying Party shall be liable for any settlement of any such action effected without its written consent (which shall not be unreasonably withheld). Each Indemnifying Party agrees, jointly and severally, that it will not, without each Indemnified Party's prior written consent, consent to entry of any judgment or settle or compromise any pending or threatened claim, action or proceeding in respect of which indemnification or contribution may be sought hereunder unless the foregoing contains an

unconditional release, in form and substance reasonably satisfactory to the Indemnified Parties, of the Indemnified Parties from all liability and obligation arising therefrom.

ARTICLE XIII. ARBITRATION

13.1 Arbitration. In the event of any dispute or disagreement between or among the Members or any of them, or between a Member and the Company (individually, the "Party," and collectively, the "Parties" in this Article XIII), the Parties hereby submit all controversies, claims and matters of difference arising under this Agreement to arbitration in accordance with the provisions and procedures set forth in this Article XIII. Without limiting the generality of the foregoing, the following shall be considered controversies for this purpose: (a) all questions relating to the interpretation or breach of this Agreement, (b) all questions relating to any representations, negotiations and other proceedings leading to the execution hereof, and (c) all questions as to whether the right to arbitrate any such question exists. Notwithstanding the foregoing, either party shall have the right to seek and obtain such temporary or preliminary injunctive relief from a court of competent jurisdiction to which it may be entitled pending a final determination by arbitration of the dispute to which such relief relates.

13.2 Initiation of Arbitration and Selection of Arbitrators. The Party desiring arbitration shall so notify the other Party, identifying in reasonable detail the matters to be arbitrated and the relief sought. Arbitration hereunder shall be before a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"). The AAA shall submit a list of potential arbitrators and the Parties shall agree upon an arbitrator in the manner established by the AAA. In the event that the Parties fail to select an arbitrator as required above, the AAA shall select such arbitrator. The arbitrator shall be entitled to a fee commensurate with the fees for professional services requiring similar time and effort. If the arbitrator so desires he shall have the authority to retain the services of a neutral judge or attorney (whose fees shall be treated as an arbitrator's fees) to assist them in administering the arbitration and conducting any hearings and taking evidence at such hearings or otherwise.

13.3 Arbitration Procedures. All matters arbitrated hereunder shall be arbitrated in San Diego, California, pursuant to California law, and shall be conducted in accordance with the Commercial Arbitration Rules of the AAA, except to the extent such Rules conflict with the express provisions of this Section 13.3 (which shall prevail in the event of such conflict); provided, however, that all substantive law issues relating to the rights and obligations of the parties under this Agreement shall be governed by Section 15.11. The arbitrators shall conduct a hearing no later than 60 days after submission of the matter to arbitration, and a decision shall be rendered by the arbitrators within 10 days of the hearing. The arbitrator shall permit discovery to the extent they believe, in their discretion, that discovery is necessary. At the hearing, the Parties shall present such evidence and witnesses as they may choose, with or without counsel. Adherence to formal rules of evidence shall not be required but the arbitration panel shall consider any evidence and testimony that it determines to be relevant, in accordance with procedures that it determines to be appropriate. Any award entered in an arbitration shall be made by a written opinion stating the reasons for the award made.

13.4 Enforcement. This submission and agreement to arbitrate shall be specifically enforceable. Arbitration may proceed in the absence of any Party if notice of the proceedings has been given to such Party. The Parties agree to abide by all awards rendered in such proceedings. Such awards shall be final and binding on all parties to the extent and in the manner provided by Delaware law. All awards may be filed with the clerk of one or more courts, state, federal or foreign having jurisdiction over the Party against whom such award is rendered or its property, as a basis of judgment and of the issuance of execution for its collection. No Party shall be considered in default hereunder during the pendency of arbitration proceedings specifically relating to such default.

13.5 Fees and Costs. The arbitrator's fees and other costs of the arbitration and the reasonable attorney fees, expert witness fees and costs of the prevailing Party shall be borne by the non-prevailing Party. In its written opinion, the arbitration panel shall, after comparing the respective positions asserted in the arbitration claim and answer thereto, declare as the prevailing Party the Party whose position was closest to the arbitration award (not necessarily the Party in favor of which the award on the arbitration claim is rendered) and declare the other Party to be the non-prevailing Party. The arbitration award shall include an award of the fees and costs provided by this Section 13.5 against the non-prevailing Party.

13.6 Consolidation. If the subject matter of the arbitration involves matters or issues that are disputed between a Member or the Company and the Managing Member, the Member or the Managing Member or the Company shall have the right, but not the obligation, to consolidate the arbitration proceedings under this Agreement with the arbitration of any other disputed issues between the Member or the Company and the Managing Member.

ARTICLE XIV. NOTICES

14.1 Method of Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly received (a) if given by facsimile, when transmitted and the appropriate facsimile confirmation received if transmitted on a business day and during normal business hours of the recipient, and otherwise on the next business day following transmission provided that a copy is mailed by registered mail, return receipt requested, (b) if given by certified or registered mail, return receipt requested, postage prepaid, three business days after being deposited in the US mails, and (c) if given by courier or other means, when received by the addressee or personally delivered, and addressed as follows (or at such other address as the intended recipient shall have specified in a written notice given to the other party hereto):

If to the Company:

AEG Management SD, LLC
c/o Anschutz Entertainment Group, Inc.
1100 Flower Street, Suite 3200
Los Angeles, CA 90015
Attention: Legal Department
Facsimile Number: (213) 742-7291

If to AEG Facilities:

AEG Facilities, Inc.
c/o Anschutz Entertainment Group, Inc.
1100 Flower Street, Suite 3200
Los Angeles, CA 90015
Attention: Legal Department
Facsimile Number: (213) 742-7291

With a copy to:

Holme Roberts & Owen LLP
1700 Lincoln Street, Suite 4100
Denver, CO 80203
Attention: Charles D. Maguire, Jr., Esq.
Facsimile Number: (303) 866-0200

If to AG 2000:

Arena Group 2000, L.P.
3500 Sports Arena Blvd.
San Diego, California 92110
Facsimile: [() -]
Attn: Ernest Hahn II

With a copy to:

Judkins, Glatt & Hulme LLP
530 B Street, Suite 1800
San Diego, CA 92101
Facsimile: 619-232-4616
Attn: Greg D. Judkins

14.2 Computation of Time. In computing any period of time under this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday.

**ARTICLE XV.
GENERAL PROVISIONS**

15.1 Confidentiality.

(a) Each Member agrees to keep confidential and not use, reveal, provide or transfer to any third party any Confidential Information (as defined below) it obtains or has obtained concerning the Company, except as follows:

(i) to the extent that disclosure to a third party is required by applicable law or regulation;

(ii) information which, at the time of disclosure, is generally available to the public (other than as a result of a breach of this Agreement or any other confidentiality agreement to which a Member is a party or of which it has knowledge), as evidenced by generally available documents or publications;

(iii) information that was in its possession prior to disclosure (as evidenced by appropriate written materials) and was not acquired directly or indirectly from the Company or any other Member;

(iv) to the extent disclosure is necessary or advisable, to its employees, consultants or advisors, or to its Affiliates or their employees, consultants or advisors, in each case solely for the purpose of carrying out their duties hereunder;

(v) to banks or other financial institutions or agencies or any independent accountants or legal counsel or investment advisors employed by the Company, or by any Member, to the extent disclosure is necessary or advisable to obtain financing;

(vi) to potential purchasers of Membership Interests;

(vii) to potential purchasers of any Member or any Affiliate of any Member that directly or indirectly owns an equity interest in such Member;

(viii) to the extent necessary, disclosure to third parties to enforce this Agreement;

(ix) to a Member or their Affiliates; or

(x) to parties that have signed or agreed to be bound by this confidentiality provision; provided, however, that in each case of disclosure pursuant to (d), (e), (f), (g) or (i), the Persons to whom disclosure is made agree to be bound by this confidentiality provision. The obligation of each Member not to disclose Confidential Information except as provided herein shall not be affected by the termination of this Agreement or the replacement of any of the Members. As used in this paragraph, the term "Confidential Information" shall mean all

understandings, agreements and other arrangements among the Members and the Company, and information concerning this Agreement and the properties, operations, business, trade secrets, technical know-how and other non-public information and data of or relating to the Company, including, without limitation, any disputes or disagreements that may arise under this Agreement.

(b) Notwithstanding the foregoing, no Member shall be in violation of Section 15.1(a) if the Member uses information pertaining to the business of the Company in its activities outside its position as Member of the Company to the extent such activities reasonably relate to the business of the Member, are taken in good faith and will not materially detract from the business of the Company.

(c) The restrictions on disclosure of Confidential Information set forth above in Section 15.1 shall lapse two (2) years from the date of dissolution or liquidation of the Company. In the event a Member withdraws from the Company, such Member shall remain subject to the restrictions on disclosure of Confidential Information for two (2) years from the date of such Member's withdrawal; provided, however, where a Member is an individual, the restrictions on disclosure of Confidential Information set forth above in Section 15.1 shall lapse concurrently with the lapse of non-competition restrictions, if any, between such Member and the Company.

15.2 Entire Agreement. This Agreement contains the entire agreement between the Members with respect to the subject matter hereof and supersedes all prior agreements and undertakings between the Members relating to the subject matter hereof.

15.3 Amendment. This Agreement may not be amended except in writing authorized by a unanimous vote of all outstanding Voting Interests.

15.4 Waiver. A waiver by any Member of a default hereunder shall not be deemed to be a waiver of any subsequent default, nor shall any delay in asserting a right hereunder be deemed a waiver of such right. The preceding sentence shall not be construed as a waiver of any applicable statute of limitations. The failure of any Member to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any provisions or relinquishment of any such rights, but the same shall continue and remain in full force and effect. All remedies afforded under this Agreement shall be taken and construed as cumulative and in addition to every other remedy provided for herein and by Law.

15.5 Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15.6 Construction of Agreement. In construing this Agreement:

(a) No consideration shall be given to the captions of the articles, sections, subsections, or clauses, which are inserted for convenience in locating the provisions of this Agreement and not as an aid in its construction.

(b) No consideration shall be given to the fact or presumption that one party had a greater or lesser hand in drafting this Agreement.

(c) Examples shall not be construed to limit, expressly or by implication, the matter they illustrate.

(d) The word "includes" and its derivatives means "includes, but is not limited to" and corresponding derivative expressions.

(e) The plural shall be deemed to include the singular, and vice versa.

(f) Each gender shall be deemed to include the other gender.

15.7 U.S. Dollars. References herein to "Dollars" or "\$" shall refer to U.S. dollars and all payments and all calculations of amount hereunder shall be made in Dollars.

15.8 Additional Documents. The Members hereto covenant and agree to execute such additional documents and to perform additional acts as are or may become necessary or convenient to carry out the purposes of this Agreement.

15.9 Written Consents. All consents or approvals required or permitted under this Agreement shall be in writing.

15.10 Counterparts. This instrument may be executed in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

15.11 Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CHOICE OF LAW RULES.

[signature page follows]

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

MEMBERS:

AEG FACILITIES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

ARENA GROUP 2000, L.P.,
a California limited partnership

By: . Arena Founders, L.P.
a California limited partnership,
Managing General Partner

By: Founders of Arena Group 2000
Corporation, a California corporation,
General Partner

By: _____
Ronald E. Hahn, CEO

EXHIBIT A
MEMBERS, ADDRESSES, CONTRIBUTIONS AND,
PERCENTAGE INTERESTS

Name of Members and Designation	Address of Members	Percentage Interest	Contributed Capital	Initial Carrying Value
AEG Facilities LLC, a Delaware limited liability company	1100 S. Flower Street Suite 3200 Los Angeles, CA 90015	70%	\$	\$
Arena Group 2000, L.P., a California limited partnership	3500 Sports Arena Blvd. San Diego, California 92110	30%	\$	\$

EXHIBIT B
DESCRIPTION OF PREMISES

EXHIBIT C
DESCRIPTION OF SPORTS ARENA SQUARE PROPERTY

EXHIBIT D
DESCRIPTION OF PARKING LOT PARCEL

CONTRIBUTION AND SALE AGREEMENT

DATED AS OF

JUNE __, 2008

AMONG

AEG FACILITIES, INC.,

AEG MANAGEMENT SD, LLC,

ARENA GROUP 2000, L.P.,

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Exhibit A – Description of the Premises

Exhibit B – Description of Sports Arena Square Property

Exhibit C – Description of Parking Lot Parcel

Exhibit D – Newco LLC Agreement

Exhibit E – Form of Assignment and Assumption Agreement

Exhibit F – Form of Bill of Sale

Exhibit G – Form of R. Hahn Employment Agreement

Exhibit H – Form of E. Hahn Employment Agreement

[SCHEDULES – To come.]

CONTRIBUTION AND SALE AGREEMENT

THIS CONTRIBUTION AND SALE AGREEMENT (this "Agreement"), dated as of June __, 2008, is made and entered into by and among AEG Facilities, Inc., a Delaware corporation ("AEG Facilities"), Arena Group 2000 L.P., a California limited partnership ("AG 2000"), AEG Management SD, LLC, a Delaware limited liability company ("Newco").

RECITALS:

- A. The City of San Diego (the "City") is the owner of certain real property located in the City of San Diego, County of San Diego, State of California, as more particularly described in Exhibit A attached hereto ("Premises").
- B. The City entered into The San Diego Sports Arena Ground Lease Agreement dated August 10, 1965 by and between the City and San Diego Arena Lease Company, a California nonprofit corporation ("SDALC") pursuant to which the City leased the Premises to SDALC (the "Ground Lease").
- C. Pursuant to the Operating Sublease dated August 6, 1971 by and among the City, SDALC and San Diego Entertainment, Inc., a California corporation ("SDE") and a wholly-owned subsidiary of AG 2000 (the "Original Operating Sublease"), as amended by (i) that certain Amendment to Operating Sublease dated December 1, 1987 by and among the City, SDALC and SDE (the "First Amendment"); (ii) that certain Second Amendment to Operating Sublease dated as of March 29, 1993 by and between the City and SDE (the "Second Amendment") pursuant to which the Ground Lease was terminated and SDALC's entire right, title and interest in and to the Original Operating Sublease and the Premises was transferred to the City and the Original Operating Sublease was agreed to continue in full force and effect as a direct lease of the Premises between the City and SDE; (iii) that certain Third Amendment to Operating Sublease dated as of September 30, 1997 by and between the City and AG 2000, (the "Third Amendment"); and (iv) that certain Fourth Amendment to Operating (Sublease) Agreement, dated April 2, 2002 by and between City and AG 2000 (the "Fourth Amendment"), the City leases the Premises to AG 2000. The Original Operating Sublease together with the First Amendment, Second Amendment, Third Amendment, and Fourth Amendment are collectively referred to herein as the "Operating Sublease."
- D. Pursuant to the lease dated February 20, 1996 by and between the City and Katherine Crake Huntington (AG2000's predecessor in interest), AG 2000 is leasing the real property described in Exhibit B attached hereto (the "Sports Arena Square Property") which is adjacent to the Premises (the "Crake Parcel Lease").
- E. Pursuant to that certain Ground Lease Agreement approved by the City Council of San Diego pursuant to Resolution No. R-296247 and on file in the Office of the City Clerk as Document No. RR-296247 (the "Sports Arena Retail Pad Ground Lease"), AG 2000 acquired the right to develop a portion of land adjacent to the Premises (the "Retail Pad Area").
- F. Pursuant to the Sublease Agreement dated as of October 12, 1993 between SDE and AG 2000 (the "Premises Sublease" together with the Operating Sublease, Crake Parcel

Lease and the Sports Arena Retail Pad Ground Lease, the "Contributed Leases"), SDE subleases to AG 2000 .517 acres of real property described in Exhibit C attached hereto (the "Parking Lot Parcel"), the Premises, and all improvements thereto and all personal property used in connection therewith.

G. AEG Facilities and AG 2000 have agreed to form Newco as a Delaware limited liability company to (1) manage and operate the Premises pursuant to the Operating Sublease; (2) develop, operate and/or manage any parcels adjoining the Premises, including, without limitation, the Sports Arena Square Property, the Retail Pad Area and other parcels in which Newco is assigned an interest herein; and (3) engage in other revenue generating activities.

H. AG 2000 will contribute, transfer and assign all of its assets, including, without limitation, all of the equity interests owned by AG 2000 in SDE, AG 2000's leasehold interests in the Premises, Sports Arena Square Property and the Parking Lot Parcel and the right to develop the Retail Pad Area, and assign certain of its liabilities, to Newco, in exchange for all of the initial membership interests in Newco, on the terms and conditions set forth in this Agreement.

AEG Facilities will contribute to Newco an amount equal to the Working Capital Deficit (as defined below), and will pay the Purchase Price (as defined below) to AG2000, in exchange for membership interests in Newco, on the terms and conditions set forth in this Agreement. NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants, promises, representations, warranties and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. As used in this Agreement (including any Schedule hereto), the following terms shall have the meanings set forth below or in the Section of this Agreement referenced below:

"AEG Facilities Specified Individuals" means John Keenan, Robert Reed and Robert Newman.

"AEG Parties" mean any Entity that is controlled by Anschutz Entertainment Group, Inc., a Colorado corporation. For purposes of this definition, "controlled by" means, as used with respect to any Person, the possession, directly or indirectly of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, or by contract or otherwise.

"Affiliate" of any designated Person shall mean any Person that, directly or indirectly, controls, or is controlled by or is under common control with, such designated Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management

and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"AG 2000 Specified Individuals" means Ronald E. Hahn ("R. Hahn"), Ernest Hahn II ("E. Hahn") and Michelle Yeager.

"Breach" means any material violation or material breach of, any misrepresentation or inaccuracy in, any default under, or any failure to perform or comply with, any representation, warranty, covenant, obligation, or other provision of this Agreement or any other Contract, or any event which with the passing of time or the giving of notice, or both, would constitute such a material violation, breach, misrepresentation, inaccuracy, default or failure.

"Business Day" means any day other than a Saturday, Sunday or legal holiday upon which banking institutions in Los Angeles, California are authorized or required by law or executive order to close.

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

"Contemplated Transactions" means the transactions contemplated by this Agreement and the other Transaction Agreements.

"Contract" means any agreement, contract, lease, consensual obligation, promise, or undertaking (whether written or oral).

"Daktronics Indebtedness" means the remaining unpaid principal balance and accrued and unpaid interest owed to Daktronics, Inc. by AG 2000 under that certain Daktronics Contract #C8880 dated September 9, 1999, as modified by Change Order #01 dated October 12, 1999 and Change Order #02 dated January 25, 2000, with a total Contract Sum of \$1,298,008.70.

"Disclosure Schedules" mean the AG 2000 Disclosure Schedule and the AEG Facilities Disclosure Schedule.

"Employee Benefit Plan" has the meaning specified in Section 3(3) of ERISA.

"Encumbrance" means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, Order, proxy, option, right of first refusal, preemptive right, community or other marital property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the transfer of any asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

"End Date" means July __, 2008 or such later date as may be mutually agreed upon by AEG Facilities and AG 2000.

"Entity" means any corporation (including any non profit corporation), general partnership, limited partnership, limited liability partnership, registered limited liability partnership, joint venture, estate, trust, cooperative, foundation, society, political party, union, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"GAAP" means United States generally accepted accounting principles as may be modified from time to time, consistently applied with respect to the parties hereto.

"Governmental Authorization" means any: (a) permit, license, certificate, franchise, concession, approval, consent, ratification, permission, clearance, confirmation, endorsement, waiver, certification, designation, rating, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement; or (b) right under any Contract with any Governmental Body.

"Governmental Body" means any: (a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); (d) multinational organization or body; or (e) individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

"Hahn Advances" means the outstanding principal balance and accrued unpaid interest on all amounts advanced by R. Hahn and his Affiliates to AG 2000 as of the Closing Date.

"Indebtedness" means with respect to any Person: (i) all indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade payables incurred in the Ordinary Course of Business that are not more than 60 days past due); (ii) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) guaranties securing indebtedness for borrowed money; (v) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; and (vi) any deferred compensation due to any officer, director or employee of AG 2000.

"Intellectual Property" means any intellectual property and other proprietary rights that may exist or be created under the laws of any jurisdiction throughout the world, and any applications for registration and registrations of the foregoing property and the foregoing rights (whether pending, existing, abandoned or expired), including, without limitation:

(a) all registered or unregistered trademarks, service marks, trade names and general intangibles of a similar nature (including corporate names, logos, trade dress, slogans, and product names), and the goodwill associated therewith, and all rights in Internet web sites, Internet domain names, uniform resource locators, and keywords and purchased search terms;

(b) all registered and unregistered copyrights; and

(c) all information that derives economic value from not being generally known to other Persons, and any other information that is proprietary or confidential including, without limitation, know-how, inventions, ideas, processes, recipes, formulas, documentation, information, data, customer and supplier lists and information, software (in both object code and source code form), process technology, plans, drawings, designs, and specifications.

“Knowledge” means:

(a) with respect to AEG Facilities, (i) the actual knowledge, or (ii) the knowledge or conscious awareness, following due inquiry and investigation reasonable under the circumstances, of the AEG Facilities Specified Individuals, and

(b) with respect to AG 2000, (i) the actual knowledge, or (ii) the knowledge or conscious awareness, following due inquiry and investigation reasonable under the circumstances, of the AG 2000 Specified Individuals.

“Legal Requirement” means any federal, state, local, municipal, foreign or other law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, edict, decree, proclamation, treaty, convention, rule, regulation, ruling, directive, pronouncement, requirement, specification, determination, decision, opinion or interpretation issued, enacted, adopted, passed, approved, promulgated, made, implemented or otherwise put into effect by or under the authority of any Governmental Body.

“Liability” means, with respect to any Person, debts, liabilities, Indebtedness, commitments, claims, obligations, duties and responsibilities of such Person of any kind and description, whether absolute or contingent, monetary or nonmonetary, direct or indirect, known or unknown, matured or unmatured, or of any other nature.

“Losses” means any loss, liability, claim, suit, cost, diminution in value, damage or expense (including costs of investigation and defense and reasonable attorney’s fees).

“Madura Indebtedness” means the remaining unpaid principal balance and accrued and unpaid interest owed to Mark R. Madura Retirement Trust by AG 2000 under an Investment Note dated October 16, 2001, in the original principal amount of \$100,000, and an Investment Note dated July 1, 2001, in the original principal amount of \$500,000.

“Material Adverse Effect” means any event, change, development or occurrence that, either individually or in the aggregate with all other such events, changes, developments or occurrences, has a material adverse effect on the condition (financial or otherwise), operations,

business, prospects, properties, liabilities or assets of the Person, other than any event, change, development or occurrence to the extent resulting from (a) the economy or financial markets in general, or (b) changes in applicable law or GAAP. For the avoidance of doubt, when used in reference to AG 2000, "Material Adverse Effect" relates to the condition of AG 2000, the Premises and the Contributed Assets, including, without limitation, the Contributed Leases.

"Memorandum of Understanding" means the Second Amended and Restated Memorandum of Understanding dated as of July 24, 1995 between the City and AG 2000.

"Order" means any: (a) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Body or any arbitrator or arbitration panel; or (b) Contract with any Governmental Body entered into in connection with any Proceeding.

"Ordinary Course of Business" means an action taken by a Person that shall be deemed to have been taken in the "Ordinary Course of Business" only if:

(a) that action is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person;

(b) that action does not require authorization by the board of directors or shareholders of such Person (or by any Person or group(s) of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and

(c) that action is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person.

"Pacific Western Bank Indebtedness" means the remaining unpaid principal balance and accrued and unpaid interest owed to Pacific Western Bank (successor to First National Bank) by AG 2000 under: (a) that certain promissory note dated July 23, 2003 in the original principal amount of \$3,500,000; and (b) that certain promissory note dated July 23, 2003 in the original principal amount of \$1,250,000.

"Percentage Interest" is defined in the LLC Agreement.

"Permitted Encumbrances" means those Encumbrances identified on Schedule 1.1 attached hereto.

"Person" means any individual, Entity or Governmental Body.

"Primary Assumed Indebtedness" means the Daktronics Indebtedness, the Pacific Western Bank Indebtedness, the Madura Indebtedness and any other amounts owed by AG 2000

on account of money borrowed under notes payable or otherwise as identified at or prior to Closing, but excluding the Hahn Advances.

"Proceeding" means any action, arbitration, audit, claim, hearing, formal or informal complaint or investigation, litigation, or suit (whether, civil, criminal, administrative, judicial or administrative, whether formal or informal, whether public or private) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Representatives" of a Person shall include: (a) such Person's Affiliates, directors, officers, managers, and other authorized representatives; and (b) all directors, officers, managers, and other authorized representatives of each of such Person's Affiliates.

"Securities Act" means the Securities Act of 1933, as amended.

"Tax" or "Taxes" means any federal, state, local, or foreign tax (including any income, profits, franchise, license, severance, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, registration, capital stock, capital gains, estimated, alternative or add-on minimum, gross receipts, value-added, surtax, excise, ad valorem, transfer, stamp, sales, use, property (real or personal), business, occupation, inventory, occupancy, withholding, social security (or similar), employment, unemployment, disability, payroll or other tax of any kind whatsoever), levy, assessment, tariff, impost, imposition, toll, duty, whether computed on a separate, combined, unitary, or consolidated basis or any other manner, and including any interest, penalty, or addition thereto, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"Tax Return" means any return (including any information return), report, claim for refund, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information that is, has been or may in the future be filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of, or compliance with any Legal Requirement relating to, any Tax, and including any amendment of the Legal Requirement.

"Transaction Agreements" means (i) this Agreement, (ii) the LLC Agreement, (iii) the Assignment and Assumption Agreement, and (iv) the Bill of Sale.

"Working Capital Deficit" means, as of the Closing Date, the amount calculated, in accordance with GAAP, by subtracting the current Liabilities included in the Assumed Liabilities (excluding the Hahn Advances, Accrued Vacation and all unpaid principal balances and accrued and unpaid interest on the Primary Assumed Indebtedness up to and including \$4,425,059.88, but including any unpaid principal balances and accrued and unpaid interest on such Primary Assumed Indebtedness exceeding \$4,425,059.88) from the current assets included in the Contributed Assets.

1.2 Additional Definitions. In addition to the definitions set forth in Section 1.1, for purposes of this Agreement (including the Disclosure Schedules) the following terms have the meanings set forth in the Section referenced in the table below:

<u>Term</u>	<u>Section</u>	<u>Term</u>	<u>Section</u>
AAA.....	§11.7(b)	Estimated Working Capital Statement	§2.4(a)
Accrued Vacation.....	§2.2(b)	Excluded Assets	§2.2(a)(ii)
AEG Total Payment.....	§2.2(c)	Excluded Liabilities	§2.2(c)
AEG Facilities.....	Preamble	Existing Encumbrances.....	§4.5
AEG Facilities Disclosure Schedule.....	Article V	Facility	§4.17
AG 2000.....	Preamble	Final AEG Contribution Amount	§2.2(b)
AG 2000 Disclosure Schedule...	Article IV	Final AEG Purchase Price	§2.4(d)(i)(b)
AG 2000 Governmental Authorizations	§4.13	Final Working Capital Deficit ...	§2.4(b)
AG 2000 Intellectual Property ...	§4.20	Final Working Capital Statement	§2.4(b)
AG 2000 Parties.....	Preamble	Financial Statements	§4.8(a)
AG 2000 Tangible Assets	§4.6(a)	First Amendment	Recitals
Agreement.....	Preamble	Fourth Amendment	Recitals
Assignment and Assumption Agreement	§3.2(e)(i)	Fundamental Representations ...	§10.6(a)
Assignment and Assumption of Leases	§3.2(e)(iii)	Hahn Bank Guaranty.....	§8.6(a)
Assumed Liabilities	§2.2(b)	Holdback Amount.....	§2.5(a)(i)
Basket.....	§10.4	Indemnifying Party	§10.2
Best Efforts	§8.5(a)	Independent Accountants.....	§2.4(c)
Bill of Sale	§3.2(e)(ii)	Initial AEG Contribution Amount	§2.2(a)
Cal-WARN	§4.18(c)	Initial AEG Purchase Price	§2.2(c)
City.....	Recitals	Interim Balance Sheet	§4.8(a)(ii)
City Consent.....	§3.2(e)(xii)	LLC Agreement	§2.3(a)
Claim.....	§10.2	Membership Interest	§2.3(b)
Closing	§3.1	Newco	Preamble
Closing Date.....	§3.1	New Employees	§8.5(a)
Contributed Agreements.....	§4.10	Operating Sublease	Recitals
Contributed Assets	§2.2(a)(i)	Original Operating Sublease	Recitals
Contributed Leases.....	Recitals	Parking Lot Parcel.....	Recitals
Crake Parcel Lease.....	Recitals	Partners	Preamble
Dispute	§11.7(a)	Party to be Indemnified.....	§10.2
Disputing Party	§11.7(a)	Premises	Recitals
E. Hahn	§1.1	Premises Sublease	Recitals
E. Hahn Employment Agreement	§3.2(e)(vii)	Prospective Employees	§8.5(a)
ERISA Affiliate	§4.19	Retail Pad Area	Recitals
Estimated Working Capital Deficit	§2.4(a)	R. Hahn	§1.1

<u>Term</u>	<u>Section</u>
R. Hahn Employment	
Agreement	§3.2(e)(vi)
Rules	§11.7(b)
SDALC	Recitals
SDE	Recitals
SDE Business	§4.2(a)
SDE Business Records	§4.2(b)
SDE Stock	§4.3(b)
Second Amendment	Recitals
Sports Arena Retail Pad	
Ground Lease	Recitals
Sports Arena Square Property	Recitals
Third Amendment	Recitals
Rules	§11.7(b)
WARN Act	§4.18(c)
Welfare Plans	§4.19(a)

1.3 Rules of Construction

- (a) All references in this Agreement to articles, sections, subsections and other subdivisions refer to corresponding articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise.
- (b) Titles appearing at the beginning of any of such subdivisions are for convenience only and shall not constitute part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions.
- (c) The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited.
- (d) Words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.
- (e) Examples shall not be construed to limit, expressly or by implication, the matter they illustrate.
- (f) The word "or" is not exclusive and the word "includes" and its derivatives shall mean "includes, but is not limited to" and corresponding derivative expressions.
- (g) No consideration shall be given to the fact or presumption that one party had a greater or lesser hand in drafting this Agreement.
- (h) Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document shall also refer to and include all renewals, extensions, modifications, amendments or restatements of such agreement, instrument or document, provided that nothing contained in this subsection shall be construed to authorize such renewal, extension, modification, amendment or restatement.
- (i) Each Exhibit and Schedule to this Agreement are attached hereto is incorporated herein by reference and made a part hereof for all purposes and references to this Agreement shall also include such Exhibits and Schedules unless the context in which used shall otherwise require.
- (j) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE II
CONTRIBUTIONS AND ISSUANCES OF MEMBERSHIP INTEREST

2.1 AG 2000 Contribution.

(a) *Contribution of Assets.*

(i) Upon the terms and subject to the conditions and in reliance upon the representations and warranties contained in this Agreement, at the Closing, AG 2000 shall transfer and assign to Newco, free and clear of all Encumbrances (other than Permitted Encumbrances), all right, title and interest in and to the assets of AG 2000 relating to or used in connection with the operation of the Premises (the "Contributed Assets"), including, without limitation, the following:

a) all of the SDE Stock, and all other rights of AG 2000 with respect to SDE;

b) the Contributed Leases, Contributed Agreements and the AG 2000 Governmental Authorizations;

c) all books, records and files relating to the Contributed Assets (whether in the possession of AG 2000, its Affiliates or Representatives or others), including the SDE Business Records;

d) all of AG 2000's right, title and interest in and to the trade secrets, proprietary rights, symbols, logos, trade names, domain names, fictitious business names and service marks used by AG 2000 in the operation of the Premises; and

e) all improvements and fixtures located on the Premises.

(ii) Those assets of AG 2000 identified on Schedule 2.1(a)(ii) attached hereto shall not be contributed to Newco and shall remain the property of AG 2000 after the Closing Date (the "Excluded Assets").

(b) *Assumption of Liabilities.* On and effective as of the Closing Date, the parties to this Agreement shall cause Newco to assume and agree to discharge the following Liabilities: (i) the Primary Assumed Indebtedness; (ii) the liabilities reflected in the Final Working Capital Statement, (iii) accrued vacation pay owed to employees of AG 2000 hired by Newco (the "Accrued Vacation") to the extent any such employee has elected to roll over, and not receive payment of, the full amount of such Accrued Vacation owed to such employee at Closing pursuant to Section 8.5(f), (iv) obligations accruing after the Closing under the Contributed Leases, and (v) obligations accruing after the Closing under the Contributed Agreements, through execution of the Assignment and Assumption Agreement (the "Assumed Liabilities").

(c) *Excluded Liabilities.* Any Liabilities of AG 2000 other than the Assumed Liabilities, shall remain the sole obligation of AG 2000 (the "Excluded Liabilities").

2.2 Issuance of Membership Interest to AG 2000. At the Closing, in exchange for the contributions described above, AG 2000 shall be deemed to have received all of the initial membership interests in Newco and shall initially be the sole member of Newco.

2.3 AEG Facilities Contribution and Purchase.

(a) *Initial AEG Contribution Amount.* Upon the terms and subject to the conditions and in reliance upon the representations and warranties contained in this Agreement, and subject to the satisfaction of the conditions set forth in Section 3.3, at the Closing, AEG Facilities shall contribute to Newco an amount equal to the Estimated Working Capital Deficit (the "Initial AEG Contribution Amount").

(b) *Reconciliation of AEG Contribution Amount.* The Initial AEG Contribution Amount shall be estimated at Closing and reconciled and adjusted after Closing based on the Final Working Capital Deficit, as set forth in Section 2.4 (the "Final AEG Contribution Amount"). Thereafter, the Initial AEG Contribution Amount, as so adjusted, shall be referred to herein as the "Final AEG Contribution Amount."

(c) *Initial AEG Purchase Price.* Upon the terms and subject to the conditions and in reliance upon the representations and warranties contained in this Agreement, and subject to the satisfaction of the conditions set forth in Section 3.3, at the Closing, AEG Facilities shall pay to AG2000 an amount equal to Six Million Two Hundred Fifty Thousand Dollars (\$6,250,000) (the "AEG Total Payment") less (a) the Estimated Working Capital Deficit, and (b) the Holdback Amount (the "Initial AEG Purchase Price").

(d) *Issuance and Assignment of Membership Interest to AEG Facilities.* In exchange for payment of the Initial AEG Contribution Amount, AEG Facilities shall receive a membership interest in Newco constituting 24% of the then outstanding membership interests (which will result in AG 2000's initial membership in Newco being diluted to a 76% of the then outstanding membership interests). In exchange for payment of the Initial AEG Purchase Price, AG 2000 shall assign and transfer to AEG Facilities a membership interest constituting 46% of the outstanding membership interests, resulting in AG 2000 holding 30%, and AEG holding 70%, of the outstanding membership interests.

2.4 LLC Agreement and Membership Interests.

(a) *Execution of LLC Agreement.* At the Closing, AG 2000 and AEG Facilities shall execute a Limited Liability Company Agreement of Newco, the form of which is attached hereto as Exhibit D (the "LLC Agreement"), and each shall be deemed to have received and to own and hold (as a result of the transactions described in Section 2.1 and Section 2.2 above, membership interests in Newco with the Percentage Interests specified in the LLC Agreement, with the respective rights and obligations set forth therein.

The membership interests in Newco as set forth in the LLC Agreement shall collectively be referred to herein as the "Membership Interests" and individually as a "Membership Interest."

2.5 Adjustment Procedures.

(a) *Estimated Working Capital Statement.* As soon as practicable prior to the Closing, but in no event later than five (5) Business Days prior to the Closing Date, AG 2000 shall prepare and deliver to AEG Facilities a statement (the "Estimated Working Capital Statement") that includes a calculation of the estimate of the Working Capital Deficit (the "Estimated Working Capital Deficit"). After receipt of the Estimated Working Capital Statement, AEG Facilities shall have until the date that is four (4) Business Days after the date on which AEG Facilities received the Estimated Working Capital Statement to object in writing to the Estimated Working Capital Statement and the calculation of the Estimated Working Capital Deficit. If AEG Facilities does object to the Estimated Working Capital Statement, the parties shall attempt, in good faith, to address AEG Facilities' objections to the Estimated Working Capital Statement in the first instance by mutual discussions.

(b) *Final Working Capital Statement.* As soon as practicable after the Closing Date, but in no event later than sixty (60) days after the Closing Date, Newco shall prepare and deliver to AEG Facilities and AG 2000 a statement (the "Final Working Capital Statement") that includes a calculation of the actual Working Capital Deficit of AG 2000 as of the Closing Date (the "Final Working Capital Deficit"). AEG Facilities and AG 2000 shall each have until the date that is ten (10) Business Days after the date on which such party received the Final Working Capital Statement to object in writing to the Final Working Capital Statement and the Final Working Capital Deficit. If neither party objects at or prior to such time, the calculation of the Final Working Capital Deficit shall become binding and conclusive for purposes of the adjustments set forth in Section 2.4(d) below. If either AEG Facilities or AG 2000 does object to the Final Working Capital Statement and the Final Working Capital Deficit, such party shall deliver to Newco and the other party written notice containing, in reasonable detail, the objections to the calculation and the parties shall attempt, in good faith, to address such objections to the Final Working Capital Statement and the calculation of the Working Capital Deficit in the first instance by mutual discussions.

(c) *Working Capital Statement Dispute Procedures.* If either AEG Facilities or AG 2000 duly gives the other party and Newco such notice of objection to, and if AEG Facilities on the one hand and AG 2000 on the other hand fail to resolve, the issues outstanding with respect to the Final Working Capital Statement and the calculation of the Final Working Capital Deficit within thirty (30) days of receipt of the objection notice, AEG Facilities, on one hand, and AG 2000, on the other hand, shall submit the issues remaining in dispute to [____], independent public accountants (the "Independent Accountants") for resolution applying the principles, policies and practices referred to in Schedule 2.4 attached hereto. If issues are submitted to the Independent Accountants for resolution: (i) AEG Facilities, AG 2000 and Newco shall furnish or cause to be furnished to the Independent Accountants such work papers and other

documents and information relating to the disputed issues as the Independent Accountants may request and are available to that party or its agents and shall be afforded the opportunity to present to the Independent Accountants any material relating to the disputed issues and to discuss the issues with the Independent Accountants; (ii) the determination by the Independent Accountants, as set forth in a notice to be delivered to AG 2000, AEG Facilities and Newco within sixty (60) days of the submission to the Independent Accountants of the issues remaining in dispute, shall be final, binding and conclusive on the parties and shall be used in the calculation of the Final Working Capital Deficit; and (iii) AG 2000 and AEG Facilities will each bear fifty percent (50%) of the fees and costs of the Independent Accountants for such determination. The Final Working Capital Deficit as determined pursuant to this Section 2.4(c) shall be the Final Working Capital Deficit for purposes of Section 2.4(d) below.

(d) *Post-Closing Adjustments Based on Final Working Capital Deficit.* Upon determination of the Final Working Capital Deficit after the resolution of any objections pursuant to Section 2.4(c) above, the following adjustments, as applicable, shall be made with respect to the amounts paid on the Closing Date pursuant to Section 2.5:

(i) If the absolute value of the Final Working Capital Deficit is less than the absolute value of the Estimated Working Capital Deficit, then:

a) the Final AEG Contribution Amount shall be deemed to be an amount equal to the Final Working Capital Deficit, and any difference between the Initial AEG Contribution Amount and the Final AEG Contribution Amount shall be deemed an AEG Operating Expense Loan (as defined in and pursuant to the LLC Agreement); and

b) the Initial AEG Purchase Price shall be recalculated (the Initial AEG Purchase Price as recalculated pursuant to this Section 2.4(d)(i)(b) or Section 2.4(d)(ii)(b) below, as applicable, the "Final AEG Purchase Price"), as (a) the AEG Total Payment, less (b) the Final Working Capital Deficit, and the amount by which the Final AEG Purchase Price exceeds the Initial AEG Purchase Price shall be immediately by AEG Facilities to AG 2000 first from the Holdback Amount (and R. Hahn shall be jointly and severally liable for such obligation);

(ii) If the absolute value of the Final Working Capital Deficit is greater than the Estimated Working Capital Deficit, then:

a) the Final AEG Contribution Amount shall be deemed to be an amount equal to the Final Working Capital Deficit, and any difference between the Initial AEG Contribution Amount and the Final AEG Contribution Amount shall be immediately payable by AEG Facilities to Newco;

b) the Initial AEG Purchase Price shall be recalculated, as (a) the AEG Total Payment, less (b) the Final Working Capital Deficit, and the amount by which the Final AEG Purchase price exceeds the Initial AEG Purchase Price shall be immediately payable by AG 2000 to AEG Facilities first from the Holdback Amount; and

c) the amounts payable by AG 2000 under the preceding subparagraphs shall be payable first from the Holdback Amount; provided, however, any amount by which the Holdback Amount exceeds the amounts owed by AG 2000 to Newco pursuant to Section 2.4(d)(ii)(b) above shall be released to AG 2000.

2.6 Payments by AEG Facilities.

(a) *At Closing.* At the Closing, AEG Facilities shall deliver payments by wire transfer of immediately available funds (i) to Newco, in an amount equal to the Initial AEG Contribution Amount, (ii) to AG 2000, in an amount equal to the Initial AEG Purchase Price, and (iii) to a joint account between AG 2000 and AEG Facilities, in an amount equal to \$75,000 (the "Holdback Amount").

(b) *Payment of Holdback Amount.* Within two (2) Business Days after the final resolution of any adjustments pursuant to Section 2.4 above, AEG Facilities and AG 2000 shall disburse the Holdback Amount as set forth in Section 2.4(d).

2.7 Taxes. Newco shall be solely responsible for the payment of any sales taxes, use taxes, transfer taxes, documentary charges, recording fees or similar taxes, charges, fees or expenses that may become payable in connection with any of the Contemplated Transactions.

2.8 Treatment as Contribution. The contributions of AEG Facilities and AG 2000 pursuant to this Agreement shall constitute a "Capital Contribution" pursuant to Article III of the LLC Agreement.

2.9 Cooperation in Review of Working Capital Statements. In connection with the review of the Estimated Working Capital Statement and Final Working Capital Statement by AEG Facilities and AG 2000, as set forth in Section 2.4(a) and (b) above, respectively, AG 2000, in the case of the Estimated Working Capital Statement, and Newco, in the case of the Final Working Capital Statement, will provide AEG Facilities and AG 2000 with such cooperation, information and business records as may be reasonably requested with respect to the preparation of such Estimated Working Capital Statement or Final Working Capital Statement, as applicable. AG 2000 and Newco shall their employees available on a mutually convenient basis to provide explanation of any documents or information provided hereunder.

2.10 Payment of Accrued Vacation. The amounts assumed by Newco as Accrued Vacation shall be repaid by AG 2000 as follows:

(a) Newco shall set off and deduct such amounts from the first distribution of cash payable to AG 2000 made under the LLC Agreement; and

(b) in the event that the amounts set off and deducted under Section 2.9(a) above are less than the amounts assumed by Newco as Accrued Vacation during the one year period after the Closing, then, on the date one year after the Closing, AG 2000 shall promptly pay to Newco an amount equal to the difference between (I) the amounts assumed by Newco as Accrued Vacation; and (II) the amounts set off and deducted under Section 2.9(a) above; R. Hahn shall be jointly and severally liable for such obligation.

ARTICLE III CLOSING MATTERS

3.1 Closing. The Closing of the Contemplated Transactions (the "Closing") shall take place at the offices of Anschutz Entertainment Group, Inc. at 1100 South Flower, Suite 3200, Los Angeles, California 90015, commencing at 10 a.m. (local time) on the [third] Business Day after satisfaction of the obligations specified in Sections 3.2 and 3.3, or such other date and location as may be mutually agreed upon by the parties hereto (the "Closing Date"). [NTD: Pending confirmation from AEG that three Business Days is sufficient.]

3.2 Conditions to Obligation of AEG Facilities to Close. The obligation of AEG Facilities to contribute the Initial AEG Contribution Amount and otherwise consummate the Contemplated Transactions is subject to the satisfaction, as of the Closing Date, of the following conditions (any of which may be waived by AEG Facilities in writing in whole or in part):

(a) *Accuracy of Representations and Warranties.* Each of the representations and warranties of AG 2000 set forth in this Agreement that is qualified as to materiality shall be true, correct and complete in all respects, and each of the representations and warranties of AG 2000 set forth in this Agreement that is not so qualified shall be true, correct and complete in all material respects, in each case, as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent in either case that such representations and warranties speak as of another date).

(b) *Performance.* All of the covenants and obligations that AG 2000 is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

(c) *No Material Adverse Effect.* No event shall have occurred or circumstances exist that would have or result in a Material Adverse Effect on AG 2000, the Premises or the Contributed Assets, including, without limitation, the Contributed Leases and Contributed Agreements.

(d) *No Injunction.* There shall not be in effect, at the Closing Date, any Order of any court or other tribunal having jurisdiction over AG 2000 that prohibits the Contemplated Transactions.

(e) *AG 2000 Deliveries.* AG 2000 shall have delivered, or caused to be delivered, to AEG Facilities the following: [Note: check deliverables final list]

(i) an assignment and assumption agreement in substantially the form attached hereto as Exhibit E (the "Assignment and Assumption Agreement") executed by AG 2000;

(ii) a bill of sale in substantially the form attached hereto as Exhibit F (the "Bill of Sale") executed by AG 2000;

- (iii) an assignment and assumption of the Contributed Leases and the Memorandum of Understanding in substantially the form attached hereto as Exhibit G (the "Assignment and Assumption of Leases") executed by AG 2000;
- (iv) certificates as to the good standing of AG 2000, executed by the appropriate officials of the State of California.
- (v) certificates representing the SDE Stock free and clear of all liens, security interests, encumbrances, restrictions, pledges and claims, accompanied by a stock power duly executed in blank;
- (vi) an assignment of membership interest in substantially the form attached hereto as Exhibit H (the "Assignment of Membership Interest"); the LLC Agreement executed by AG 2000;
- (vii) an employment agreement in substantially the form attached hereto as Exhibit I executed by R. Hahn (the "R. Hahn Employment Agreement");
- (viii) an employment agreement in substantially the form attached hereto as Exhibit J executed by E. Hahn (the "E. Hahn Employment Agreement");
- (ix) a certificate executed by the Managing General Partner of AG 2000 certifying that the conditions in Sections 3.2(a), 3.2(b) and 3.2(c) have been satisfied as of the Closing Date;
- (x) the Estimated Working Capital Statement certified by an officer of AG 2000 as to accuracy of the information contained therein as of the date provided;
- (xi) a certificate executed by the Managing General Partner of AG 2000 certifying the amounts of the remaining unpaid principal balance and accrued and unpaid interest of each of the Primary Assumed Indebtedness;
- (xii) a consent of the City to assignment and assumption of the Contributed Leases and the Memorandum of Understanding (the "City Consent")
;
- (xiii) any other deeds, bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may reasonably be requested by AEG Facilities, each in form and substance reasonably satisfactory to AEG Facilities and its legal counsel and AG 2000 and its legal counsel and executed by AG 2000;
- (xiv) evidence reasonably satisfactory to AEG Facilities that all Encumbrances on the Contributed Assets (other than Permitted Encumbrances) have been released effective as of the Closing Date and, if applicable, copies of UCC-3 termination statements to be filed within three days of the Closing Date;

and

(xv) a certificate of the Managing General Partner of AG 2000 certifying, as true, correct and complete as of the Closing, attached copies of the limited partnership agreement of AG 2000, certifying and attaching all requisite resolutions or actions of the board of directors of the Managing General Partner of AG 2000 and the Arena Group 2000 Policy Committee approving the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby and certifying to the incumbency and signatures of the officers of the Managing General Partner of AG 2000 executing this Agreement, the Transaction Agreement to which AG 2000 is a party and any other document relating to the Contemplated Transactions.

3.3 Conditions to Obligation of AG 2000 to Close. The obligation of AG 2000 to contribute the Contributed Assets and otherwise consummate the Contemplated Transactions is subject to the satisfaction, as of the Closing Date, of the following conditions (any of which may be waived by AG 2000 in writing in whole or in part):

(a) *Accuracy of Representations and Warranties.* Each of the representations and warranties of AEG Facilities set forth in this Agreement that is qualified as to materiality shall be true, correct and complete in all respects, and each of the representations and warranties of AEG Facilities set forth in this Agreement that is not so qualified shall be true, correct and complete in all material respects, in each case, as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent in either case that such representations and warranties speak as of another date).

(b) *Performance.* All of the covenants and obligations that AEG Facilities is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

(c) *No Injunction.* There shall not be in effect, at the Closing Date, any Order of any court or other tribunal having jurisdiction over AEG Facilities that prohibits the Contemplated Transactions.

(d) *AEG Facilities Deliveries.* AEG Facilities shall have delivered, or caused to be delivered, to AG 2000 the following:

(i) the LLC Agreement executed by AEG Facilities;

(ii) a certificate executed by an officer of AEG Facilities certifying that the conditions in Sections 3.3(a), 3.3(b) and 3.3(c) have been satisfied as of the Closing Date;

(iii) a certificate of the Secretary of AEG Facilities certifying, as true, correct and complete as of the Closing, attached copies of the certificate of

incorporation and bylaws of AEG Facilities, certifying and attaching all requisite resolutions or actions of AEG Facilities' board of directors approving the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby and certifying to the incumbency and signatures of the officers of AEG Facilities executing this Agreement, the other Transaction Agreements to which AEG Facilities is a party and any other document relating to the Contemplated Transactions; and

(iv) certificates as to the corporate good standing of AEG Facilities executed by the appropriate officials of the State of Delaware.

(e) *Newco Deliveries*. Newco shall have delivered, or caused to be delivered, to AG 2000 the following:

- (i) the Assignment and Assumption Agreement executed by Newco;
- (ii) the Assignment and Assumption of Leases executed by Newco;
- (iii) the R. Hahn Employment Agreement executed by Newco; and
- (iv) the E. Hahn Employment Agreement executed by Newco.

3.4 Conditions to Obligation of Newco to Close. The obligation of Newco to consummate the Contemplated Transactions is subject to the satisfaction, as of the Closing Date, of the condition set forth in Sections 3.2 and 3.3 above.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF AG 2000

Each of the AG 2000 Parties hereby represents and warrants to AEG Facilities and Newco that the statements contained in this Article IV are true, correct and complete as of the date of this Agreement; provided, exceptions to such statements are set forth in the schedules (the "AG 2000 Disclosure Schedule") attached hereto and delivered by AG 2000 to AEG Facilities on the date hereof.

4.1 Organization.

(a) AG 2000 is a limited partnership duly formed, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to conduct its business as it is now being conducted, including the operation of the Premises, and to own or use the properties and assets that it purports to own or use, and to perform all its obligations. AG 2000 is not required to be qualified, authorized, registered or licensed to do business as a foreign limited partnership in any other jurisdictions, except for any jurisdiction in which the failure to be so qualified, authorized, registered or licensed would not reasonably be expected to have a Material Adverse Effect on AG 2000, the Contributed Assets, including, without limitation, the Contributed Leases, or the Premises.

(b) AG 2000 has delivered to AEG Facilities true, correct and complete copies of the certificate of limited partnership and limited partnership agreement of AG 2000, as currently in effect and has delivered or made available to AEG Facilities for inspection and copying true, correct and complete copies of AG 2000's books and copies of all other documents and records relating to the operation of the Premises in AG 2000's possession.

(c) Part 4.1 of the AG 2000 Disclosure Schedule sets forth all the authorized and outstanding interests in AG 2000.

4.2 Subsidiaries and Affiliates.

(a) SDE is a corporation, duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation and has the requisite organizational power and authority to own or lease its assets and to conduct its business as it is now being conducted. SDE is duly licensed or qualified in each jurisdiction in which the ownership or operation of its assets or the character of its activities are such as to require it to be so licensed or qualified, except where the failure to be so licensed or qualified would not reasonably be expected to have a Material Adverse Effect. SDE engages in no business or activity other than (i) the leasing of the Premises from the City; (ii) the leasing of the Premises to AG 2000; and (iii) such other activities incidental and necessary thereto, which are set forth on Part 4.2 of the AG 2000 Disclosure Schedule (the "SDE Business"). SDE owns no material assets other than those required for its conduct of the SDE Business. SDE has no employees and no subsidiaries.

(b) AG 2000 has delivered to AEG Facilities true, correct and complete copies of the articles of incorporation and bylaws of SDE, as currently in effect and true, correct and complete copies of SDE's minute books (the "SDE Business Records").

(c) Except as set forth on Part 4.2 of the AG 2000 Disclosure Schedule AG 2000 does not presently own or control, directly or indirectly, any interest in any other Entity other than SDE.

4.3 Capitalization of SDE. Part 4.3 of the AG 2000 Disclosure Schedule sets forth the authorized and outstanding capital of SDE (the "SDE Stock") and the number of shares so owned. All of the issued and outstanding shares of SDE Stock are owned of record and beneficially by AG 2000; and are and as of the Closing will be free and clear of all liens, security interests, encumbrances, restrictions, pledges and claims of every kind except the Permitted Encumbrances and as set forth on Part 4.3 of the AG 2000 Disclosure Schedule. Each share of SDE Stock is duly and validly authorized and issued, fully paid and nonassessable, and was not issued in violation of any preemptive rights of any past or present shareholder of SDE. No option, warrant, call, conversion or other right or commitment of any kind (including any of the foregoing created in connection with any indebtedness of SDE) exists that obligates SDE to issue any of its authorized but unissued capital stock or other equity interest or that obligates AG 2000 to transfer any share of SDE Stock to any Person. SDE is not a party to any, and there exist no, voting trusts, stockholder agreements, pledge agreements, or other agreements relating to or restricting the transferability of any shares of SDE Stock or any equity interest in SDE, other

than the Permitted Encumbrances. The SDE Stock has been issued in accordance with all applicable federal and state securities laws. The SDE Stock being acquired by AEG Facilities hereunder constitutes all of the outstanding capital stock of SDE. SDE has no subsidiaries and owns no securities or other equity interest in any other Person or Entity.

4.4 Authorization. The execution, delivery and performance of this Agreement on behalf of AG 2000 has been duly authorized by all necessary action on the part of AG 2000, and no other action on the part of AG 2000 is necessary to authorize the execution, delivery and performance of the Transaction Agreements to which AG 2000 is a party and the consummation of the Contemplated Transactions. This Agreement has been duly and validly executed and delivered by AG 2000 and constitutes, and upon the execution and delivery by AG 2000 of the Transaction Agreements to which it is a party, such Transaction Agreements shall constitute, legal, valid and binding obligations of AG 2000 enforceable against it in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganizations, moratorium or other laws affecting creditors' rights generally.

4.5 Title to Contributed Assets. AG 2000 owns, and has good, valid, and marketable title to, all of the assets that constitute the Contributed Assets. Except for Encumbrances identified on Part 4.5 of the AG 2000 Disclosure Schedule (the "Existing Encumbrances"), the Contributed Assets are owned by AG 2000 free and clear of any Encumbrances. Part 4.5 of the AG 2000 Disclosure Schedule identifies the Contributed Assets that are being leased or licensed to AG 2000. All such leases or licenses are legal, valid, binding, enforceable and in full force and effect against AG 2000, and to AG 2000's Knowledge, the other parties thereto, and are assignable or transferable by AG 2000 to Newco without the consent or approval of any party, except as set forth on Part 4.5 of the AG 2000 Disclosure Schedule and all such leases or licenses will continue to be legal, valid, binding, enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect immediately prior to the Closing. The Contributed Assets constitute, and will constitute as of the Closing Date, (a) all of the properties, rights, interests and other tangible and intangible assets necessary to enable Newco to operate the Premises in the manner it is presently operated by AG 2000 and in the manner proposed to be operated by Newco; and (b) all of the operating assets used in connection with the Premises, other than the Excluded Assets.

4.6 Condition of Tangible Assets. Part 4.6 of the AG 2000 Disclosure Schedule accurately identifies all categories of tangible assets that are included in the Contributed Assets (the "AG 2000 Tangible Assets"). Each AG 2000 Tangible Asset: (i) complies in all respects with, and is being operated and otherwise used in full compliance with, all applicable Legal Requirements; (ii) is adequate and appropriate for the uses to which it is being put; (iii) is suitable for immediate use in the Ordinary Course of Business; and (iv) is in the possession of AG 2000.

4.7 Receivables. Part 4.7 of the AG 2000 Disclosure Schedule provides a true, correct and complete breakdown and aging of all accounts receivable, notes receivable and other receivables of AG 2000 as of May 31, 2008.

4.8 Financial Statements.

(a) AG 2000 has delivered to AEG Facilities the following financial statements (collectively, the "Financial Statements"): (i) the audited consolidated balance sheets of AG 2000 and SDE as of September 30, 2007, and September 30, 2006, and the related statements of income and retained earnings and cash flows for the years then ended, together with the notes and the report of McGladrey & Pullen LLP with respect to these Financial Statements; and (ii) the unaudited consolidated balance sheet of AG 2000 and SDE as of April 30, 2008 (the "Interim Balance Sheet"), and the related statements of income and retained earnings and cash flows for the six months then ended.

(b) The Financial Statements are true, correct and complete in all material respects and fairly present the financial condition of AG 2000 and SDE, as applicable (except, in the case of any unaudited statements, for the absence of footnotes and normal recurring year-end adjustments), as of the respective dates thereof and the results of operations and cash flows of AG 2000 and SDE, as applicable, for the periods covered by the Financial Statements. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered (except that the financial statements referred to in clause "(ii)" of Section 4.8(a) do not contain notes).

(c) AG 2000 has accurately accrued in the Financial Statements for all employee and management bonuses, payroll, vacation, sales commission and incentive compensation of AG 2000 and its subsidiaries. Part 4.8(c) of the AG 2000 Disclosure Schedule sets forth a true, correct and complete accrual of all bonuses owed to current and former employees and management of AG 2000 and its subsidiaries as of the date of this Agreement.

(d) Part 4.8(d) of the AG 2000 Disclosure Schedule provides a true, correct and complete breakdown and aging of all accounts payable of AG 2000 and its subsidiaries as of April 30, 2008.

(e) Neither AG 2000 nor SDE has received written notice from its independent public accountants concerning noncompliance with, or deficiencies in, AG 2000's or SDE's financial reporting practices. All material transactions have been properly recorded in the accounting records underlying the Financial Statements. There are no significant deficiencies, including material weaknesses, in the design or operation of internal control over the financial reporting of SDE.

4.9 No Undisclosed Liabilities. To AG 2000's Knowledge, neither AG 2000 nor SDE has any Liabilities of any nature except for: (i) Liabilities identified as such in the "liabilities" column of the Interim Balance Sheet; (ii) Liabilities described on Part 4.9 or Part 4.14 of the AG 2000 Disclosure Schedule; and (iii) Liabilities incurred in the Ordinary Course of Business consistent with past practice for the operation of the Premises since the date of the Interim Balance Sheet.

4.10 Contributed Agreements. The Contracts identified on Part 4.10 of the AG 2000 Disclosure Schedule represent all of the Contracts necessary for the operation of the Premises

(the "Contributed Agreements"). Each of the Contributed Agreements is in full force and effect and is binding upon, and enforceable in accordance with its terms against, AG 2000 and, to the Knowledge of AG 2000, each other party thereto. AG 2000 has not assigned any of its rights under any Contributed Agreement to any third party and AG 2000 holds its rights pursuant to each such Contributed Agreement free and clear of any Encumbrance other than Existing Encumbrances as of the date of this Agreement and Permitted Encumbrances as of the Closing Date. There has not occurred any default, event of default or any circumstance that with notice or the passage of time, or both, would constitute a default or event of default of AG 2000 or, to the Knowledge of AG 2000, any other party to a Contributed Agreement, and all such Contributed Agreements are valid and enforceable against the parties thereto.

4.11 Taxes.

(a) Each of AG 2000 and SDE has filed all Tax Returns that it was required to file prior to the date of this Agreement. All such Tax Returns were true, correct and complete in all respects when filed. All Taxes due or owed by or with respect to the assets and activities of AG 2000, SDE and their subsidiaries (whether or not shown on any Tax Return) have been paid. Neither AG 2000 nor SDE currently is the beneficiary of any extension of time within which to file any Tax Return. Without limiting the general nature of the foregoing, AG 2000 and SDE have (i) withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, vendor, stockholder, or other third party, and all Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed, and (ii) collected and paid all Taxes required to have been collected and paid in connection with amounts paid or owing to any customer, patron, ticket purchaser or other third party.

(b) No adjustment has been formally or informally proposed to any Tax Return of AG 2000 or SDE, and there is no basis for any such adjustment. There is no assessment, dispute or claim, or notice thereof, concerning any Tax Liability of AG 2000 or SDE either (i) claimed or raised by any Governmental Body in writing or (ii) as to which any of the directors, officers and employees of AG 2000 or SDE has Knowledge based upon personal contact with any agent of a Governmental Body.

(c) Since December 31, 2002, none of the Tax Returns of AG 2000 or SDE has been audited, nor are any Tax Returns of AG 2000 or SDE currently the subject of audit. Neither AG 2000 nor SDE has received any notice or claim that it is required to file Tax Returns in any jurisdiction where it has not, or does not currently file, Tax Returns. AG 2000 has delivered to AEG Facilities or made available to AEG Facilities for inspection and copying true, correct and complete copies of all Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by AG 2000, SDE or their subsidiaries since December 31, 2002. None of AG 2000, SDE or any of their subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(d) Neither AG 2000 nor SDE is a party to or has filed any agreement or consent under Code §341(f) concerning collapsible corporations. AG 2000 and SDE

have not made any material payments, are not obligated to make any material payments, and are not a party to any agreement that under certain circumstances could obligate either of them to make any material payments that will not be deductible under Code §280G. Neither AG 2000 nor SDE is a party to any Tax allocation or sharing agreement or has agreed to pay, or indemnify any Person for, the Tax liability or obligations of any third party. Neither AG 2000 nor SDE (i) has been a member of an affiliated group within the meaning of Code §1504(a) (or any similar group defined under a similar provision of state, local or foreign law) filing a consolidated federal Tax Return or (ii) has any liability for the Taxes of any Person under Reg. §1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by Contract, or otherwise.

(e) Neither AG 2000 nor SDE has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361.

4.12 Compliance with Laws. To AG 2000's knowledge, and except as identified on Part 4.12 of the AG 2000 Disclosure Schedule, AG 2000 has complied in all respects with all applicable Legal Requirements of all Governmental Bodies except where failure to comply would not reasonably be expected to have a Material Adverse Effect on AG 2000 or the Premises.

4.13 Governmental Authorizations. Part 4.13 of the AG 2000 Disclosure Schedule identifies each Governmental Authorization held by AG 2000 (the "AG 2000 Governmental Authorizations"), and AG 2000 has delivered to AEG Facilities or made available to AEG Facilities for inspection and copying true, correct and complete copies of all AG 2000 Governmental Authorizations including all renewals and all amendments. The AG 2000 Governmental Authorizations are valid and in full force and effect, collectively constitute all Governmental Authorizations necessary to enable AG 2000 to operate the Premises in the manner in which the Premises is currently operated and are assignable or transferable by AG 2000 to Newco without the consent or approval of any party, except as set forth on Part 4.13 of the AG 2000 Disclosure Schedule. There has not occurred any default, event of default or any circumstance that with notice or the passage of time, or both, would constitute a default or event of default of AG 2000 under the Governmental Authorizations. Except for the City Consent, no Governmental Authorization is required on the part of AG 2000 in connection with the Contemplated Transactions.

4.14 Proceedings. Except as identified on Part 4.14 of the AG 2000 Disclosure Schedule, (a) there is no pending Proceeding, and to the Knowledge of AG 2000, no Person has threatened to commence any Proceeding: (i) that involves AG 2000 or that otherwise relates to or might affect the Premises, or any of the Contributed Assets, including, without limitation, the Contributed Leases, (whether or not AG 2000 is named as a party to the Proceeding); or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions, (b) to the Knowledge of AG 2000, no event has occurred, and no claim or dispute exists, that could reasonably be expected to give rise to or serve as a basis for the commencement of any such Proceeding, and (c) AG 2000 has delivered to AEG Facilities true, correct and complete copies of all pleadings, correspondence

and other written materials (to which AG 2000 has access) that relate to the Proceedings involving AG 2000 and which were requested in writing by AEG Facilities. There is no Order to which AG 2000, or any of the assets owned or used by AG 2000, is subject.

4.15 Non-Contravention. Except as set forth on Part 4.15 of the AG 2000 Disclosure Schedule, neither the execution and delivery of any of the Transaction Agreements to which AG 2000 is a party, nor the consummation or performance of any of the Contemplated Transactions, shall directly or indirectly (with or without notice or lapse of time):

- (a) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which AG 2000, or any of the Contributed Assets, including, without limitation, the Contributed Leases, is subject;
- (b) cause Newco or any Affiliate of Newco to become subject to, or to become liable for the payment of, any Tax or any other Liability;
- (c) cause any of the Contributed Assets to be reassessed or revalued by any taxing authority or other Governmental Body;
- (d) contravene, conflict with or result in a violation of any of the material terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any AG 2000 Governmental Authorization;
- (e) contravene, conflict with or result in a violation or breach of, or result in a default under, any material provision of the Contributed Leases or any other Contributed Agreement or limited partnership agreement of AG 2000 or the articles of incorporation or bylaws of SDE;
- (f) give any Person the right to (i) declare a default or exercise any remedy under the Contributed Leases or any other Contributed Agreement, (ii) accelerate the maturity or performance of the Contributed Leases or any other Contributed Agreement, or (iii) cancel, terminate or modify the Contributed Leases or any other Contributed Agreement; or
- (g) result in the imposition or creation of any Encumbrance upon or with respect to the Contributed Leases or any of the Contributed Assets.

Except as set forth on Part 4.15 of the AG 2000 Disclosure Schedule, AG 2000 was not, is not or will not be required to make any filing with or give any notice to, or to obtain any consent from, any Person in connection with the execution and delivery of any of the Transaction Agreements to which it is a party or the consummation or performance of any of the Contemplated Transactions.

4.16 Insurance. Part 4.15(a) of the AG 2000 Disclosure Schedule identifies all insurance policies maintained by, at the expense of or for the benefit of AG 2000, including a description of the coverage provided by such policy and identifies any material claims (including

any workers' compensation claims) made under the policies. Each of the policies identified in Part 4.15(a) of the AG 2000 Disclosure Schedule is valid, enforceable and in full force and effect, and has been issued by an insurance carrier that, to the Knowledge of AG 2000, is solvent, financially sound and reputable.

4.17 Real Estate. Except for the Contributed Leases, AG 2000 and SDE hold no other interests in any real property. AG 2000 and SDE, as applicable, enjoy peaceful and undisturbed possession of the premises identified in the Contributed Leases. All the Contributed Leases are in full force and effect and binding on the parties thereto and none of AG 2000, SDE or any other party to any such lease is in material breach thereof. To the Knowledge of AG 2000, the landlord's interest in each such lease has not been assigned to any third party nor has any such interest been mortgaged, pledged or hypothecated and neither AG 2000 nor SDE has assigned any such lease or sublet all or any part of the Premises that is the subject of any such lease, except (a) as provided in the Recitals to this Agreement, (b) the Permitted Encumbrances, and (c) as set forth on Part 4.17 of the AG 2000 Disclosure Schedule.

4.18 Employees Matters.

(a) Part 4.18(a) of the AG 2000 Disclosure Schedule accurately sets forth, with respect to each employee of AG 2000 (including any employee who is on a leave of absence or on layoff status): (i) the name, title and/or classification of each employee; (ii) the aggregate dollar amounts of the compensation (including wages, salary, commissions, director's fees, fringe benefits, bonuses, profit sharing payments and other payments or benefits of any type) received by each employee from AG 2000 with respect to services performed in 2006 and 2007; (iii) each employee's current rate of compensation as of the date of this Agreement; (iv) the number of hours of vacation time that each employee has accrued as of the last payroll date and the aggregate dollar amount thereof; (v) the start date of employment; (vi) whether the employee is receiving workers compensation or on leave or layoff status; (vii) whether the employee is full-time or part-time; and (viii) in the case of each part-time employee the number of hours the employee is regularly scheduled to work each week.

(b) Except as set forth in Part 4.18(b) of the AG 2000 Disclosure Schedule, (i) AG 2000 is not bound by or subject to (and none of its assets or properties is bound by or subject to) any Contract, commitment or arrangement with any labor union and no labor union has requested, or to the Knowledge of AG 2000, has sought to represent any of the employees, representatives or agents of AG 2000, and (ii) to the Knowledge of AG 2000, no event has occurred or circumstances exist that could provide the basis for any work stoppage or other labor dispute. There is no lockout of any employees by AG 2000, and no such action is presently contemplated by AG 2000. To the Knowledge of AG 2000, no officer or key employee, or any group of key employees, intends to terminate their employment with AG 2000, nor, except in connection with the matters set forth in Section 8.5(a), does AG 2000 have a present intention to terminate the employment of any of the foregoing. Except as set forth in Part 4.18(b) or 4.19 of the AG 2000 Disclosure Schedule, AG 2000 is not a party to or bound by any currently effective employment contract (other than "at will" employment arrangements), deferred compensation agreement, bonus plan, incentive plan, profit sharing plan, retirement

agreement or other employee compensation agreement. The employment of the employees of AG 2000 is terminable by AG 2000 at will and no employee is entitled to severance pay or other benefits following termination or resignation, except as otherwise required by law. The consummation of the transactions contemplated by this Agreement will not result in any "excess parachute payment" as such term is defined in Section 280G of the Code. AG 2000 has delivered to AEG Facilities or made available to AEG Facilities for inspection and copying true, correct and complete copies of all employment agreements, employee manuals and handbooks, disclosure materials, policy statements and other materials relating to the employment of the current and former employees of AG 2000

(c) Except as set forth in Part 4.18 of the AG 2000 Disclosure Schedule, [to AG 2000's Knowledge], AG 2000 has complied in all material respects with all applicable laws relating to labor and employment or labor relations and employment standards, including, but not limited to, any provisions thereof relating to wages, hours, employee safety, immigration control, termination pay, vacation pay, fringe benefits, collective bargaining and the payment and/or accrual of the same and all insurance and all other costs and expenses applicable thereto. AG 2000 has withheld all amounts required by law or agreement to be withheld by it from the wages, salaries and other payments to its employees and is not liable for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing. Except as set forth in Part 4.14 of the AG 2000 Disclosure Schedule, there are no pending, threatened or anticipated employment discrimination charges or complaints against or involving AG 2000 before any Governmental Body. AG 2000 has not provided any notices required pursuant to the Workers Adjustment and Retraining Notification Act ("WARN Act") and to the California state equivalent of the WARN Act ("Cal-WARN"). As of the Closing Date, AG 2000 has no liability under the WARN Act or Cal-WARN. Within 90 days preceding the Closing Date, there have been no layoffs or losses of employment that could give rise to liability under the WARN Act or Cal-WARN, either individually or when aggregated with layoffs or losses of employment following the Closing Date.

4.19 Employee Benefit Matters.

(a) Part 4.19(a) of the AG 2000 Disclosure Schedule identifies all of the "pension plans" (as defined under Section 3(2) of ERISA) (the "Pension Plans") and "welfare plans" (as defined under Section 3(1) of ERISA) (the "Welfare Plans") maintained by AG 2000 and any other retirement, or other employee compensation or benefit (including fringe benefits and perquisites) plan, agreement, arrangement, or practice, whether written or unwritten (each, a "Plan," and collectively, the "Plans"). Each Pension Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or has submitted a request for such a letter within the applicable remedial amendment period or is a standardized prototype plan which relies on the favorable Internal Revenue Service opinion letter received for such standardized prototype plans. The Plans (and each related trust, insurance contract, or fund) comply in form and in operation in all material respects with the requirements of the Code and ERISA. AG 2000 has delivered to AEG Facilities or made available to AEG Facilities for inspection and copying correct and

complete copies of each Plan (including a detailed written description of any Plan that is unwritten, including a description of eligibility criteria, participation, vesting, benefits, funding arrangements and assets) and, with respect to each Plan, a copy of each of the following: (i) the most recent favorable determination letter, (ii) materials submitted to the Internal Revenue Service in support of a pending determination letter request, (iii) the most recent letter issued by the Internal Revenue Service recognizing tax exemption, (iv) each insurance contract, trust agreement, or other funding vehicle, (v) the three most recently filed Forms 5500 plus all schedules and attachments, and (vi) each summary plan description or other general explanation or communication distributed or otherwise provided to employees with respect to each Plan that describes the terms of the Plan.

(b) With respect to the Plans (other than any Multiemployer Plans within the meaning of ERISA Section 3(37)), all required contributions have been made or properly accrued.

(c) AG 2000 has made available to AEG Facilities true, correct and complete copies of (i) the most recent favorable determination letter received from the Internal Revenue Service regarding Pension Plans and (ii) the latest financial statements for the Employee Benefit Plans and latest prepared actuarial reports (if applicable). To the Knowledge of AG 2000, no event has occurred or circumstance exists that will or is reasonably likely to give rise to disqualification or loss of tax exempt status of any such Pension Plan or trust.

(d) Except as set forth in Part 4.19(a) of the AG 2000 Disclosure Schedule, neither AG 2000 nor any ERISA Affiliate has ever maintained, contributed to, or been obligated to contribute to any Employee Benefit Plan that is subject to Title IV of ERISA or the minimum funding requirements of Code Section 412. Neither AG 2000 nor any ERISA Affiliate has ever contributed to, been obligated to contribute to or incurred any liability, primary or secondary, to a multiemployer plan as defined in ERISA Section 3(37). "ERISA Affiliate" means any trade or business (whether or not incorporated) that is, or at any time has been, under common control with AG 2000 within the meaning of Code Sections 414(b), (c), or (m).

(e) All filings required by ERISA and the Code as to each Plan have been timely filed, and all notices and disclosures to participants required by either ERISA or the Code have been timely provided.

(f) Part 4.19(a) of the AG 2000 Disclosure Schedule includes an accurate description of any Plans of AG 2000 that are not otherwise in writing.

(g) Since January 1, 2006, no event has occurred to the Knowledge of AG 2000 that is reasonably expected to result in a material increase in premium costs of the Plans that are insured, or a material increase in benefit costs of such Plans that are self-insured.

(h) AG 2000 has the right to modify and terminate all benefits with respect to active employees and to retirees (other than pursuant to Pension Plans and collective

bargaining agreements) without incurring any liability other than for claims incurred prior to the effective date of the modification or termination.

(i) No action, suit, Proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Pension Plans (other than routine claims for benefits) is pending, or, to the knowledge of AG 2000, is threatened.

(j) To the Knowledge of AG 2000, no statement has been made by AG 2000 or its Representatives to any Person with regard to any Plans that was not in accordance with the applicable Plan documents and that could reasonably be expected to have a Material Adverse Effect on AG 2000 or the Premises.

(k) No transaction that is prohibited by ERISA Section 406 or by Code Section 4975 and that is not covered by a statutory, class, or individual exemption has occurred with respect to any Employee Benefit Plan.

(l) No Employee Benefit Plan provides retiree medical or retiree life insurance benefits to any individual and AG 2000 is not contractually or otherwise obligated (whether or not in writing) to provide any person with medical benefits or life insurance following retirement or other termination of employment, except as required by ERISA Sections 601 through 608 and Section 4980B of the Code.

(m) No Plan is subject to Code Section 409A.

4.20 Intellectual Property. Part 4.20 of the AG 2000 Disclosure Schedule identifies all of the Intellectual Property of AG 2000 used in the operation of the Premises, which shall collectively constitute, as of the Closing Date, all of the Intellectual Property necessary to enable Newco to operate the Premises in the manner currently being operated (the "AG 2000 Intellectual Property"). AG 2000 has not received any notice of infringement upon or conflict with the asserted rights of others as to the AG 2000 Intellectual Property. AG 2000 owns, licenses, or otherwise has the legally enforceable right to use the Intellectual Property free and clear of any rights, Encumbrances (except for Existing Encumbrances as of the date of this Agreement and Permitted Encumbrances as of the Closing Date) or claims of others. AG 2000 has taken reasonable steps to promote and preserve the security and confidentiality of the AG 2000 Intellectual Property.

4.21 Securities Law Matters. The Membership Interest to be acquired by AG 2000 shall be acquired for investment for AG 2000's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and AG 2000 has no present intention of selling, granting any participation in, or otherwise distributing the same. AG 2000 does not presently have any Contract or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to its Membership Interest. AG 2000 has not been formed for the specific purpose of acquiring its Membership Interest. AG 2000 is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

4.22 Disclosure. No representation or warranty by AG 2000 contained in this Agreement, and no statement contained in the AG 2000 Disclosure Schedule or any other

document, certificates or other instrument delivered or to be delivered by or on behalf of AG 2000 pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits to or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading. AG 2000 has disclosed to AEG Facilities all material information relating to the transactions contemplated by this Agreement and the business of AG 2000 and any of its subsidiaries.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF AEG FACILITIES

AEG Facilities hereby represents and warrants to AG 2000 that the statements contained in this Article V are true, correct and complete as of the date of this Agreement; provided, exceptions to such statements are set forth in the schedules (the "AEG Facilities Disclosure Schedule") attached hereto and delivered by AEG Facilities to AG 2000 on the date hereof.

5.1 Organization. AEG Facilities is a corporation duly organized, validly existing and in corporate good standing under the laws of the State of Delaware, with full power and authority to conduct its business as it is now being conducted.

5.2 Authorization. The execution, delivery and performance of this Agreement on behalf of AEG Facilities has been duly authorized by all necessary action on the part of AEG Facilities, and no other action on the part of AEG Facilities is necessary to authorize the execution, delivery and performance of the Transaction Agreements to which AEG Facilities is a party and the consummation of the Contemplated Transactions. This Agreement has been duly and validly executed and delivered by AEG Facilities and constitutes, and upon the execution and delivery by AEG Facilities of the Transaction Agreements to which it is a party, such Transaction Agreements shall constitute, legal, valid and binding obligations of AEG Facilities enforceable against it in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganizations, moratorium or other laws affecting creditors' rights generally.

5.3 Governmental Authorizations. No Governmental Authorization is required on the part of AEG Facilities in connection with the Contemplated Transactions.

5.4 Proceedings. There is no pending Proceeding, and to the Knowledge of AEG Facilities, no Person has threatened to commence any Proceeding that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions. To the Knowledge of AEG Facilities, no event has occurred, and no claim or dispute exists, that could reasonably be expected to give rise to or serve as a basis for the commencement of any such Proceeding.

5.5 Non-Contravention. Neither the execution and delivery of any of the Transaction Agreements to which AEG Facilities is a party, nor the consummation or performance of any of the Contemplated Transactions, shall directly or indirectly (with or without notice or lapse of time) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions.

5.6 Securities Law Matters. The Membership Interest to be acquired by AEG Facilities shall be acquired for investment for AEG Facilities' own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and AEG Facilities has no present intention of selling, granting any participation in, or otherwise distributing the same. AEG Facilities does not presently have any Contract or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to its Membership Interest. AEG Facilities has not been formed for the specific purpose of acquiring its Membership Interest. AEG Facilities is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

ARTICLE VI PRE-CLOSING COVENANTS OF AG 2000

AG 2000 agrees that between the date of this Agreement and the Closing Date:

6.1 Conduct of the Premises. AG 2000 shall operate the Premises only in a substantially similar manner as such operations have been conducted prior to the date of this Agreement and shall not, without AEG Facilities' written consent (which shall not be unreasonably withheld by AEG Facilities) or unless disclosed on Part 6.1 of the AG 2000 Disclosure Schedule:

- (a) offer, agree or commit (in writing or otherwise) to permit any of the Contributed Assets (real, personal, tangible or intangible), including, without limitation, the Contributed Leases and the stock of SDE to become subject, directly or indirectly, to any new Encumbrance;
- (b) except in the Ordinary Course of Business, enter into any other Contracts relating exclusively to the Premises;
- (c) terminate, modify or waive any material provision of, or do or omit to do any act (or permit such action or omission) which will cause or result in a material breach of any Contributed Agreement, including, without limitation, the Contributed Leases, or which would reasonably be expected to have a Material Adverse Effect on the Contributed Assets, including, without limitation, the Contributed Leases, or the Premises;
- (d) take any action or fail to take any action permitted by this Agreement with the Knowledge that such action or failure to take action would result in (i) any of the representations and warranties of AG 2000 set forth in this Agreement becoming untrue or (ii) any of the conditions to the Closing set forth in this Agreement not being satisfied;
- (e) form any subsidiary or acquire any equity interest or other interest in any other Entity;
- (f) make any capital expenditure in excess of \$10,000 in the individual, or \$25,000 in the aggregate;

(g) incur, assume or otherwise voluntarily become subject to any Liability in excess of \$10,000, or Liabilities in excess of \$25,000 in the aggregate, except for current Liabilities (of the type required to be reflected in the "liabilities" column of a balance sheet prepared in accordance with GAAP) incurred in the Ordinary Course of Business;

(h) establish, adopt or amend (except to the minimum extent necessary to comply with applicable law) any Employee Benefit Plan, pay any bonus or make any profit sharing or similar payment to, or, except in accordance with AG 2000's merit wage increase policy which is then in effect, increase the amount of the wages, salary, commissions, fringe benefits or other compensation or remuneration payable to, any of its employees;

(i) change any of its methods of accounting or accounting practices in any respect, except as necessary to comply with GAAP;

(j) make or change any material Tax election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to AG 2000, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of AG 2000 or Newco for any period ending after the Closing Date;

(k) allow any insurance policy to lapse or reduce in amount or scope of coverage to insurance now carried by AG 2000; or

(l) terminate the employment of any key officer or employee of AG 2000.

6.2 Consents. AG 2000 shall use Best Efforts to obtain the City Consent as soon as possible after the date of this Agreement

6.3 Access. Unless this Agreement is earlier terminated pursuant to Article IX, AG 2000 shall, after receipt of reasonable notice from AEG Facilities, provide AEG Facilities reasonable access (during normal business hours) to the management employees, books, records, contracts and other documents and data of AG 2000 for the purpose of enabling AEG Facilities to further investigate and inspect, at AEG Facilities' sole expense, the business, operations and legal affairs of AG 2000 and the Premises.

6.4 Confidentiality. AG 2000 shall hold in strict confidence, and shall cause each of its Representatives to hold in strict confidence, all documents and information obtained with respect to AEG Facilities. AG 2000 shall not permit any of such documents or information to be improperly utilized or to be disclosed or conveyed to any other Person other than to prospective lenders or to other third parties bound by a duty of confidentiality to AG 2000. Except for information that is publicly disclosed after having been reviewed and approved in accordance with Section 8.1, AG 2000 shall not disclose to any Person, and shall not permit any of its

Representatives to disclose to any Person, the existence of this Agreement or any of the terms or provisions hereof, except as required in order to obtain the City Consent.

6.5 No Negotiation. Unless and until this Agreement is terminated pursuant to Article IX of this Agreement, neither AG 2000 nor its Representatives shall, directly or indirectly: (a) submit, solicit, initiate, encourage or discuss any proposal or offer from any Person (other than AEG Facilities) relating to any (i) reorganization, dissolution or recapitalization of AG 2000, (ii) merger or consolidation involving AG 2000, (iii) sale, assignment, Encumbrance or other disposition of any of AG 2000's stock or of any of its assets outside of the Ordinary Course of Business, or (iv) any similar transaction or business combination involving AG 2000, its assets or its Affiliates; (b) enter into any agreement, negotiations, discussions or commitment with any Person (other than AEG Facilities) related to any such transaction; or (c) furnish any information with respect to or assist or participate in or facilitate in any other manner any effort or attempt by any Person to do or seek any of the foregoing. AG 2000 shall, and shall cause its Representatives, to immediately notify AEG Facilities if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing, and within one (1) Business Day notify AEG Facilities of the identity of such Person and the terms of such proposal, offer, inquiry or contact.

6.6 Notification.

(a) Between the date of this Agreement and the Closing Date, AG 2000 shall promptly notify AEG Facilities in writing if AG 2000 or its Representative obtains actual knowledge of any fact or condition: (i) that causes or constitutes a material breach of any of the representations and warranties in Article IV as made on the date of this Agreement; (ii) that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact, condition or development; or (iii) that would cause or constitute a material breach of Section 6.1.

(b) Should such fact or condition require any change to the AG 2000 Disclosure Schedule, AG 2000 shall promptly deliver to AEG Facilities a supplement to the AG 2000 Disclosure Schedule specifying such change. Such delivery shall be deemed to have cured any breach of a representation or warranty; provided, however, AEG Facilities shall have the right to terminate this Agreement without liability under Article IX hereof, by delivering written notice within five days after the delivery of the supplement to the AG 2000 Disclosure Schedule specifying such change.

(c) Between the date of this Agreement and the Closing Date, AG 2000 shall promptly notify AEG Facilities of the occurrence of any breach of any covenants of AG 2000 in this Article VI or Article VIII or of the occurrence of any event that may make the satisfaction of the conditions in Section 3.2 impossible or unlikely.

ARTICLE VII PRE-CLOSING COVENANTS OF AEG FACILITIES

7.1 Investigation. In conducting its investigation of the business, operations and legal affairs of AG 2000 and the Premises, AEG Facilities shall not unreasonably interfere in any manner with the business or operations of AG 2000 or with the performance of any of AG 2000's employees.

7.2 Confidentiality. AEG Facilities shall hold in strict confidence, and shall cause each of its Representatives to hold in strict confidence, all documents and information obtained with respect to AG 2000 and the Premises. AEG Facilities shall not permit any of such documents or information to be improperly utilized or to be disclosed or conveyed to any other Person other than to prospective lenders or to other third parties bound by a duty of confidentiality to AEG Facilities. Except for information that is publicly disclosed after having been reviewed and approved in accordance with Section 8.1, AEG Facilities shall not disclose to any Person, and shall not permit any of its Representatives to disclose to any Person, the existence of this Agreement or any of the terms or provisions hereof.

ARTICLE VIII ADDITIONAL COVENANTS AND AGREEMENTS

8.1 Publicity. Neither AEG Facilities nor AG 2000 shall issue or make, or allow to have issued or made, any press release or public announcement concerning the Contemplated Transactions without the advance approval in writing of the form and substance thereof by the other parties, unless otherwise required by applicable Legal Requirements; *provided, however*, such approval shall not be unreasonably withheld, and the parties acknowledge that request for the City Consent will result in disclosure of the Contemplated Transactions and the terms of this Agreement.

8.2 Further Assurance. At any time and from time to time from and after the Closing, AEG Facilities and AG 2000 shall, at the request of any of the other parties, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments and other documents and perform or cause to be performed such acts and provide such information, as may reasonably be required to evidence or effectuate the Contemplated Transactions or for the performance by AEG Facilities or AG 2000 of any of their other respective obligations under this Agreement.

8.3 Payment of Excluded Liabilities. In addition to the payment of Taxes pursuant to Section 2.7, AG 2000 shall pay, or make adequate provision for the payment, in full all of the Excluded Liabilities. If any Excluded Liabilities are not so paid or provided for, or if AEG Facilities determines that failure to make payments will impair Newco's use or enjoyment of the Contributed Assets, or conduct of the Premises as previously conducted by AG 2000 with the Contributed Assets, AEG Facilities, may, at any time after the Closing Date and upon at least 5 days' advance written notice to AG 2000, elect to make (or cause Newco to make) all such payments directly (but shall have no obligation to do so) and set off and deduct the full amount of all such payments from distributions of cash and property made pursuant to the LLC Agreement.

8.4 Post-Closing Payments. AEG Facilities, AG 2000 and Newco shall, upon determination of the Final Working Capital Deficit after Closing, pursuant to Section 2.4 above, deliver the amounts required to be delivered by such party therein.

8.5 Employee Matters.

(a) *Employment.* Newco intends to make offers of employment as of the Closing Date to substantially all (i.e., at least 95%) of the employees of AG 2000. Prior to the Closing, Newco plans to notify AG 2000 of the names of each employee of AG 2000 to whom it intends to offer employment (the "Prospective Employees"). Neither AG 2000 nor any Representative will take any action to impede, hinder or interfere with Newco's efforts to hire the Prospective Employees and AG 2000 and its Representatives will use their respective Best Efforts to facilitate Newco's efforts to hire the Prospective Employees. Prospective Employees who accept Newco's offer of employment and become employees of Newco on or after the Closing Date are referred to as "New Employees." Upon receipt of notice from Newco listing those individuals who have become New Employees of Newco and requesting that the records of such individuals be transferred to Newco, AG 2000 shall, and the Partners shall cause AG 2000 to, transfer the personnel files of such New Employees to Newco in accordance with any and all applicable laws. In addition, AG 2000 shall, and the Partners shall cause AG 2000 to, transfer the medical records related to such New Employees to Newco in accordance with any and all applicable regulations under the federal Occupational Safety and Health Act, the privacy requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and other applicable laws. Nothing contained in this Agreement is intended or shall be deemed to (i) require Newco to employ New Employees for any fixed or predetermined time, (ii) require Newco to offer employment to any specific AG 2000 employee (other than E. Hahn), or (iii) confer upon any New Employee any rights of employment of any nature, it being understood and agreed that the provisions of this Agreement are intended to set forth an agreement among Newco, the Partners and AG 2000, and are not intended to benefit any Persons not party to this Agreement, including such employees. Except for the Accrued Vacation assumed in Section 2.2(b), AG 2000 shall be responsible for any obligations, employment contracts (including any severance benefits and any bonuses and commissions accrued or payable with respect to any period ending on or before the Closing Date) or any other obligations to AG 2000 employees that arise from the acts of AG 2000 on or before the Closing Date. AG 2000 shall be liable with respect to any discrimination or other employment-based claims brought at any time by an AG 2000 employee to the extent that such claims accrue or arise or related to circumstances that occurred before the Closing Date. Newco shall be liable with respect to any discrimination or other employment-based claims brought at any time by a New Employee to the extent that such claims accrue or arise or are related to circumstances that occur after the Closing Date; provided however, that to the extent that any such claim involves a series of events, or continuing events, that commenced prior to the Closing Date and continue after the Closing Date or where at least one of the series of events, or continuing events, occurred on or prior to the Closing Date and at least one of the series of events, or continuing events, occurred after the Closing Date, AG 2000 and Newco each shall be liable respectively for that portion of the claim relating to events occurring before or after the Closing Date, as the case may be. Except to the

extent included in the Assumed Liabilities, AG 2000 shall pay to all AG 2000 employees, in accordance with its ordinary practice, any liability arising under AG 2000's policies or practices for flexible time off or similar benefits that accrue on or before the Closing Date. AG 2000 shall terminate all employment or similar relationships no later than the Closing Date with each of the Prospective Employees. For purposes of this Section 8.5, "Best Efforts" shall mean the efforts that a prudent Person desiring to achieve a particular result would use in order to ensure that such result is achieved as expeditiously as possible, without any obligation to pay money.

(b) *General.* AG 2000 and Newco shall give any notices required by law and take whatever other actions with respect to the plans described in this Section 8.5 as may be necessary to carry out the arrangements described in this Section 8.5. AG 2000 and Newco shall provide each other with such plan documents and descriptions, employee data and other information as may reasonably be required to carry out the arrangements described in this Section 8.5. If any arrangement in this Section 8.5 is determined by the Internal Revenue Service or any other Governmental Body to be prohibited by law, AG 2000 and Newco shall modify such arrangement to as closely as possible retain the intent of the parties, as reflected herein, in a manner that is not prohibited.

(c) *WARN Act.* AG 2000 shall be responsible for giving notifications, if any, required by the WARN Act and Cal-WARN with respect to any AG 2000 employees who experience an Employment Loss (as defined in 29 U.S.C. § 2101(a)(6)) or a mass layoff, relocation or termination (as defined in California Labor Code Section 1400 et seq.) prior to the Closing Date, and AG 2000 shall be responsible for and assumes any liability arising from any failure to provide such notifications. Newco shall be responsible for giving the notifications, if any, required by the WARN Act and Cal-WARN with respect to New Employees who experience an Employment Loss following the Closing Date, and Newco shall be responsible for and assumes any liability arising from any failure to provide such notifications. AG 2000, the Partners, AEG Facilities, and Newco shall exchange information and cooperate with one another to ensure that each entity is in compliance with its obligations under the WARN Act and Cal-WARN.

(d) *Tax Reporting.* AG 2000 shall, and the Partners shall cause AG 2000 to, furnish to the Newco the most current on file Forms W-4 and W-5 of each New Employee as of the Closing Date. AG 2000 shall, and the Partners shall cause AG 2000 to, send to the appropriate Social Security Administration office a duly completed Form W-3 and accompanying copies of the duly completed Form W-2. It is the intent of the parties that the obligations of Newco and AG 2000 under this Section 4.09(d) shall be carried out in accordance with Section 5 of the Internal Revenue Service's Revenue Procedure 96-60.

(e) *Employee Bonuses.* Immediately prior to Closing, AG 2000 shall, and the Partners shall cause AG 2000 to, pay all bonuses accrued or owing up through the Closing Date to each Prospective Employee.

(f) *Accrued Vacation.* As soon as possible after the date of this Agreement, AG 2000 shall provide written notice, in a form agreed upon by AG 2000 and Newco, to

each Prospective Employee of the option to elect to receive a cash payout of such Prospective Employee's accrued and unused vacation or to have accrued and unused vacation transferred to Newco should such Prospective Employee become a New Employee pursuant to Section 8.5(a) above. Each New Employee shall be required to make his or her election in writing no later than two Business Days before the Closing Date. AG 2000 and Newco agree that if a New Employee fails to submit a written election by the date provided in the preceding sentence and in the notice, the New Employee shall be deemed to have elected to receive a cash payment for the accrued and unused vacation time as of the Closing Date. AG 2000 agrees to assume all Liabilities for any accrued and unused vacation of any employee while employed with AG 2000 who is transferred to Newco, to the extent such employee receives payment for the earned and unused vacation time on the Closing Date. To the extent that a New Employee transfers accrued but unused vacation time from AG 2000 to Newco and does not use such vacation prior to separation from Newco, Newco will make a cash payment to that New Employee for the accrued and unused vacation time transferred from AG 2000, together with any accrued and unused vacation time earned while working with Newco, at the time of the employee's separation from Newco. AG 2000 agrees that it shall issue a cash payment, less applicable payroll taxes, on the Closing Date to all AG 2000 employees who elect the cash option or who do not submit a written election. For avoidance of doubt, Newco shall assume no accrued and unused vacation for any employee of AG 2000 who does not become a New Employee as provided in Section 8.5(a) above.

8.6 Pacific Western Bank Indebtedness Guaranty. Concurrently with or immediately after the Closing, Newco and AEG Facilities shall use their Best Efforts to cause Pacific Western Bank to release and terminate the Guaranty by R. Hahn in favor of Pacific Western Bank (the "Hahn Bank Guaranty") guaranteeing the obligations of AG 2000 with respect to the Pacific Western Bank Indebtedness; if required by the lender, AEG Facilities will offer its guaranty (on the same terms as the Hahn Guaranty) in place of the Hahn Guaranty so long as there is no requirement to present financial statements of AEG Facilities to the lender in connection therewith. If the Hahn Bank Guaranty is not released within ten Business Days after the Closing, then within five Business Days thereafter AEG Facilities shall make a loan to Newco, pursuant to Section 3.3(b) of the LLC Agreement, in an amount equal to the outstanding balance of the Pacific Western Bank Indebtedness, and shall cause Newco to pay the Pacific Western Bank Indebtedness in full and obtain a release of the Hahn Bank Guaranty.

(b) *Indemnification for Claims Against the Hahn Guaranty.* After the Closing, AEG Facilities and Newco, jointly and severally, agree to indemnify, defend and hold R. Hahn harmless from any and all Losses that R. Hahn may suffer or incur as a result of or relating to any claim on (a) the Hahn Bank Guaranty made after Closing, or (b) the guaranty by R. Hahn of the Daktronics Indebtedness.

ARTICLE IX TERMINATION

9.1 Termination Events. By notice given prior to or at the Closing, subject to Section 9.2, this Agreement may be terminated as follows:

- (a) by AEG Facilities if a material Breach of any provision of this Agreement has been committed by AG 2000 and such Breach has not been cured within 15 days or waived by AEG Facilities;
- (b) by AG 2000 if a material Breach of any provision of this Agreement has been committed by AEG Facilities and such Breach has not been cured within 15 days or waived by AG 2000;
- (c) by AEG Facilities if any condition in Section 3.2 has not been satisfied by the End Date or if satisfaction of such a condition by the End Date is or becomes impossible (other than through the failure of AEG Facilities to comply with its obligations under this Agreement), and AEG Facilities has not waived such condition on or before such date;
- (d) by AG 2000 if any condition in Section 3.3 has not been satisfied by the End Date or if satisfaction of such a condition by the End Date is or becomes impossible (other than through the failure of AG 2000 to comply with its obligations under this Agreement), and AG 2000 has not waived such condition on or before such date;
- (e) by mutual written consent of AEG Facilities and AG 2000;
- (f) by AEG Facilities if the Closing has not occurred on or before the End Date; or
- (g) by AG 2000 if the Closing has not occurred on or before the End Date.

9.2 Effect of Termination. Each party's right of termination under Section 9.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination shall not be an election of remedies. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement shall terminate, except that the obligations of the parties in this Section 9.2 and Sections 6.4 and 7.2 and Article XI shall survive; *provided, however*, that, if this Agreement is terminated because of a Breach of this Agreement by the non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies shall survive such termination unimpaired.

ARTICLE X INDEMNIFICATION

10.1 Indemnification.

(a) **Indemnification of AEG Facilities.** AG 2000 hereby agrees to indemnify, defend and hold the AEG Parties and Newco harmless from any and all Losses that the AEG Parties or Newco may suffer or incur as a result of or relating to (i) a Breach of any agreement, representation, warranty or covenant made by AG 2000 in this Agreement or pursuant hereto, or (ii) any Excluded Liability or Excluded Asset. Unless otherwise provided, the indemnification obligations under this Article X shall expire in accordance with the survival periods set forth in Section 10.6 of this Agreement except for any Claims (as defined below) of the AEG Parties pending as of such date (which Claims shall continue until the final resolution thereof).

(b) **Indemnification of AG 2000 by AEG Facilities.** AEG Facilities hereby agrees to indemnify, defend and hold AG 2000 harmless from any and all Losses that AG 2000 may suffer or incur as a result of or relating to a Breach of any agreement, representation, warranty or covenant made by AEG Facilities in this Agreement or pursuant hereto. Unless otherwise provided, the indemnification obligations under this Article X shall expire in accordance with the survival periods set forth in Section 10.6 of this Agreement except for any Claims (as defined below) of AG 2000 pending as of such date (which Claims shall continue until the final resolution thereof).

(c) **Indemnification of AG 2000 by Newco.** Newco hereby agrees to indemnify, defend and hold AG 2000 [and its Partners] and their respective Affiliates and Representatives harmless from any and all Losses that AG 2000 may suffer or incur as a result of or relating to (i) a Breach of any agreement, representation, warranty or covenant made by Newco in this Agreement or pursuant hereto, or (ii) the Assumed Liabilities. Unless otherwise provided, the indemnification obligations under this Article X shall expire in accordance with the survival periods set forth in Section 10.6 of this Agreement except for any Claims (as defined below) of AG 2000 pending as of such date (which Claims shall continue until the final resolution thereof); notwithstanding the foregoing, the indemnification obligation under item (ii) above shall not expire.

10.2 Notification of Claim. Any of the parties seeking indemnification under this Article X (the "Party to be Indemnified") shall give notice to the party from whom indemnification is sought under this Article X (the "Indemnifying Party") of any Losses or claims as to which it asserts a right to indemnification, which notice shall include reasonable details regarding the source and amount of the Losses ("Claim"); *provided, however*, that the failure to give such notification shall not relieve the Indemnifying Party from any liability that the Indemnifying Party may have pursuant to the provisions of this Article X as long as the failure to give such notice within such time is not prejudicial to the Indemnifying Party. Each party hereto shall be entitled, but not required, to set off the amount of any Claim or Claims in respect of which such party is entitled to indemnification against any payments owing or becoming due to such party pursuant to this Agreement, the Transaction Documents or otherwise.

10.3 Defense of Claims. If any Claim by a Party to be Indemnified arises out of a claim by a person other than the Indemnifying Party, the Party to be Indemnified shall promptly give notice to the Indemnifying Party of any such Claim, and thereafter the Indemnifying Party may, by written notice, undertake to conduct any proceedings or negotiations in connection therewith or necessary to defend the Parties to be Indemnified and take all other steps or proceedings to settle or contest such claim, including, without limitation, the employment of counsel; *provided, however*, that (a) the Indemnifying Party shall not enter into any agreement in compromise or settlement of any claim that could affect the Taxes attributable to any taxable period of any of the parties beginning on or after the Closing Date without the prior written consent of Newco, and (b) the Indemnifying Party shall reasonably consider the advice of the Party to be Indemnified as to the defense and settlement of such claim and the Party to be Indemnified shall have the right to participate, at their own expense, in such defense. Except as otherwise provided herein, control of such litigation and settlement shall remain with the Indemnifying Party; *provided, however*, that no decision regarding settlement shall be made without the written consent of the Party to be Indemnified. The Parties to be Indemnified shall provide all reasonable cooperation in connection with any such defense by the Indemnifying Party. Counsel and auditor fees, filing fees and court fees of all Proceedings with respect to any such Claim shall be borne by the Indemnifying Party. If any such Claim is made hereunder and the Indemnifying Party elects not to undertake the defense thereof by written notice to the Party to be Indemnified, the Party to be Indemnified shall be entitled to indemnification for fees incurred pursuant to the terms of this Article X.

10.4 Limitations. Subject to Section 10.5, no claim for indemnification shall be made against an Indemnifying Party by a Party to be Indemnified unless the aggregate amount of Loss that have been directly or indirectly suffered or incurred by the Party to be Indemnified exceeds \$50,000 (the "Basket") and, in such event, indemnification shall be made by the Indemnifying Party only to the extent that the aggregate amount of Loss exceeds the Basket. In no event shall AG 2000's aggregate obligation to indemnify AEG Facilities and Newco exceed the amount of the Final Assumed Hahn Advances. In no event shall AEG Facilities' and Newco's obligation to indemnify AG 2000 exceed \$2,300,000.

10.5 No Limitations.

(a) The limitations on the indemnification obligations of the AG 2000 Parties that are set forth in Section 10.4 shall not apply to:

- (i) any breach of any of the Fundamental Representations; or
- (ii) any claim for or based on any intentional or willful breaches of this Agreement or any Transaction Agreements, or fraud or willful misconduct.

(b) The limitations on the indemnification obligations of AEG Facilities and Newco set forth in Section 10.4 shall not apply to the indemnification obligations set forth in Section 8.6(b).

10.6 Survival. Except as provided in Section 10.7, all representations and warranties made in or pursuant to this Agreement shall survive the execution and delivery of this

Agreement and the consummation of the Contemplated Transactions for a period of two (2) years after the Closing Date and the right to indemnification with respect thereto shall expire on such date (unless there is a Claim pending on such date, in which case the indemnification obligations, hereunder shall continue until the final resolution of such Claim) except that:

(a) the representations and warranties set forth in Section 4.1 (Organization), Section 4.2 (Subsidiaries and Affiliates), Section 4.3 (Capitalization of SDE), Section 4.5 (Title to Contributed Assets), Section 4.11 (Taxes), and Section 4.15 (Non-Contravention) shall remain in full force and effect and survive for a period of ninety days from and after expiration of the relevant statute of limitations (collectively, the "Fundamental Representations"); and

(b) claims based on fraud or willful misconduct shall survive indefinitely.

All statements contained in any Schedule or Disclosure Schedule to this Agreement shall constitute representations and warranties under this Agreement. All covenants in this Agreement shall survive pursuant to their applicable terms.

10.7 Tax and Insurance Effect of Indemnification. Notwithstanding any term or provision of this Agreement to the contrary, any indemnification payments owed by one party to another party to this Agreement shall be (a) reduced by any actual tax benefits recovered within 12 months to the party making or claiming indemnification hereunder, (b) net of any insurance proceeds, and (c) net of any payments from any other responsible parties actually received.

10.8 Right of Setoff. If any indemnification payments owed by one party to another party are not paid as provided for herein, such amounts may be set off and deducted by Newco from the distributions of cash made under the LLC Agreement and such payments, if set off by Newco, shall be paid by Newco to the party owed the indemnification payment.

ARTICLE XI MISCELLANEOUS

11.1 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly received: (a) if given by facsimile, when transmitted and the appropriate facsimile confirmation received if transmitted on a Business Day and during normal business hours of the recipient, and otherwise on the next Business Day following transmission provided that a copy is mailed by registered mail, return receipt requested; (b) if given by certified or registered mail, return receipt requested, postage prepaid, three Business Days after being deposited in the US mails; and (c) if given by courier or other means, when received by the addressee or personally delivered, and addressed as follows (or at such other address as the intended recipient shall have specified in a written notice given to the other party hereto):

If to AEG Facilities:

AEG Facilities, Inc.
c/o Anschutz Entertainment Group, Inc.
1100 S. Flower Street, Suite 3200
Los Angeles, California 90015
Facsimile: (213) 742-7294
Attn: Ted Fikre, Vice President and General Counsel

With a copy to:

Holme Roberts & Owen LLP
1700 Lincoln Street, Suite 4100
Denver, Colorado 80203
Facsimile: (303) 866-0200
Attn: Charles D. Maguire, Jr., Esq.

If to AG 2000:

Arena Group 2000, L.P.
3500 Sports Arena Blvd.
San Diego, California 92110
Facsimile: [() -]
Attn: Ernest Hahn II

With a copy to:

Judkins, Glatt & Hulme LLP
530 B Street, Suite 1800
San Diego, CA 92101
Facsimile: 619-232-4616
Attn: Greg D. Judkins

11.2 Expenses. The parties hereto shall each bear their own respective costs and expenses in connection with the Contemplated Transaction. The Indemnifying Party shall bear any costs, expenses or fees payable to any financial advisors, attorneys, accountants or other representatives retained by the Indemnifying Party, with regard to the Contemplated Transaction for services provided after the date of this Agreement. The parties hereto shall bear any costs, expenses or fees payable to any financial advisors, attorneys, accountants or other representatives retained by such parties with regard to the Contemplated Transactions. If attorneys', accountants' or financial advisors' fees or other fees or costs are incurred to secure performance of any obligations under this Agreement or the Transaction Agreements, or to establish damages for the Breach thereof or to obtain any other appropriate relief, whether by way of prosecution or defense, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred in connection therewith.

11.3 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned or delegated by the parties hereto, without the prior written consent of the other parties hereto. This Agreement is not intended to confer any rights or benefits to any Person (including without limitation any employees of any of the parties hereto) other than the parties hereto.

11.4 Entire Agreement; Amendment. This Agreement, the other Transaction Agreements, and the documents contained as Exhibits, Schedules and Disclosure Schedules

hereto contain the entire understanding of the parties relating to the subject matter hereof and supersede all prior written or oral and all contemporaneous oral agreements and understandings relating to the subject matter hereof. This Agreement cannot be modified or amended except in writing signed by the parties hereto. The Exhibits, Schedules and Disclosure Schedules to this Agreement are hereby incorporated by reference into and made a part of this Agreement for all purposes.

11.5 Severability. If any provision of this Agreement is declared or found to be illegal, unenforceable or void, in whole or in part, then the parties shall be relieved of all obligations arising under such provision, but only to the extent it is illegal, unenforceable or void. The intent and agreement of the parties to this Agreement is that this Agreement shall be deemed amended by modifying any such illegal, unenforceable or void provision to the extent necessary to make it legal and enforceable while preserving its intent, or if that is not possible, by substituting another provision that is legal and enforceable and achieves the same objectives as the provisions. Notwithstanding the foregoing, if the remainder of this Agreement shall not be affected by such declaration or finding and is capable of substantial performance, then each provision not so affected shall be enforced to the extent permitted by law.

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

11.7 Arbitration.

(a) With the exception of any dispute or difference regarding the calculation of the Final Working Capital Deficit as contemplated by Section 2.5, if any dispute or difference of any kind whatsoever shall arise between AEG Facilities and AG 2000 (each a "Disputing Party") in connection with, or arising out of, this Agreement, or the material breach, termination or validity thereof (a "Dispute"), the Disputing Parties shall attempt, in good faith, to settle the Dispute in the first instance by mutual discussions. All negotiations under this clause shall be confidential and shall be treated as compromise and settlement negotiations, and no oral or documentary representations made by the Disputing Parties during the negotiations shall be admissible for any purpose in any subsequent proceedings. If any Dispute is not resolved within 30 days of receipt by a Disputing Party of notice of a Dispute (or within such longer period as to which the Disputing Parties have agreed in writing), then, on the request of any Disputing Party, the Dispute shall be submitted to arbitration in accordance with Section 11.7(b) below. Notwithstanding the foregoing, this Section 11.7 does not apply to any disputes arising out of (i) AG 2000's failure to consummate the Contemplated Transactions despite the satisfaction of the conditions set forth in Section 3.3, or (ii) intentional acts or omissions on the part of AG 2000 that prevent the satisfaction of the conditions set forth in Section 3.3. Moreover, in the event that any dispute of such a nature arises, AEG Facilities may proceed immediately to seek any appropriate remedy available at law or at equity.

(b) Any Dispute not resolved in accordance with Section 11.7(a) shall, on the receipt of an arbitration demand, be finally and exclusively settled through binding arbitration under and in accordance with the Commercial Rules of the American Arbitration Association (the "AAA"), or any successor thereto (the "Rules"), then in effect. The arbitration shall be held, and the award shall be issued in, San Diego, California. The arbitration shall be conducted before one neutral arbitrator, who is not domiciled in the Los Angeles, California metropolitan area. The arbitrator shall be appointed by agreement of the Disputing Parties within 30 days of the filing of the demand for arbitration with the AAA. If the parties are unable to agree on an arbitrator within this 30 day period, the arbitrator shall be selected and appointed in accordance with the Rules, provided that any arbitrator appointed using the procedure described in this sentence shall be a retired judge or a practicing attorney with no less than 15 years of experience and an experienced arbitrator. By agreeing to arbitration, the Disputing Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to any provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any party to respect the arbitral tribunal's orders to that effect. Any arbitration proceedings, decision or award rendered hereunder and the validity, effect and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. In arriving at a decision, the arbitrator shall be bound by the terms and conditions of this Agreement and shall apply the governing law of this Agreement as designated in Section 11.6. The arbitrator is not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any Dispute. The arbitrator shall award the substantially prevailing party all reasonable costs, expenses and attorneys' fees incurred in connection with the arbitration proceeding. The award, which shall be in writing and shall state the findings of fact and conclusions of law upon which it is based, shall be final and binding on the parties and shall be the sole and exclusive remedy between the parties regarding the issues presented to the arbitral tribunal. Judgment upon any award may be entered in any court of competent jurisdiction.

11.8 Disclosure Schedules.

(a) The information in the Disclosure Schedules constitutes (i) exceptions to particular representations, warranties, covenants and obligations of the parties as set forth in this Agreement, or (ii) descriptions or lists of assets and liabilities and other items referred to in this Agreement. If there is any inconsistency between the statements in this Agreement and those in the Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules with respect to a specifically identified representation or warranty), the statements in this Agreement shall control.

(b) The statements in the Disclosure Schedules, and those in any supplement thereto, relate only to the provisions in the Section of this Agreement to which they expressly correspond and not to any other provision in this Agreement.

11.9 Interpretation. When used in this Agreement, (a) the masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others whenever the context so indicates or permits, and (b) any reference herein to "including" shall be interpreted as "including without limitation."

11.10 Counterparts; Facsimile Signatures. One or more counterparts of this Agreement may be delivered by facsimile transmission, with the intention that they shall have the same effect as an original counterpart hereof. This Agreement may be executed by the parties on one or more counterparts, all of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

11.11 Headings. The Section headings contained in this Agreement are included for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

11.12 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

11.13 Attorneys' Fees. In connection with any litigation arising under this Agreement, the party which substantially prevails in enforcing any terms of this Agreement or proves that the other party or parties materially breached the terms of this Agreement shall be entitled to receive its fees and expenses (including reasonably attorneys' fees and expenses, reasonable experts' fees and expenses and court costs) from the non-prevailing party.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AEG MANAGEMENT SD, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

ARENA GROUP 2000, L.P.,
a California limited partnership

By: Arena Founders, L.P.,
a California limited partnership, Managing
General Partner

By: Founders of Arena Group 2000
Corporation, a California
corporation,
General Partner

By: _____
Ronald E. Hahn, CEO

AEG FACILITIES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

CONSENT AND UNDERTAKING OF HAHN

Ronald E. Hahn ("R. Hahn") agrees to be obligated by Sections 2.4(d) and 2.9(b) of the foregoing Contribution and Sale Agreement (the "Agreement"). In addition, R. Hahn (a) consents to the transactions contemplated by the Agreement, and acknowledges and agrees that neither AEG Management SD, LLC nor AEG Facilities, Inc. will have any liability for any of the indebtedness owed to R. Hahn by Arena Group 2000, L.P., and (b) waives and releases any right he may have to challenge the transactions contemplated by the Agreement, whether based on fraudulent conveyance claims or otherwise.

Ronald E. Hahn

Exhibit A

Description of Premises

Exhibit B

Description of Sports Arena Square Property

Exhibit C

Description of Parking Lot Parcel

Exhibit D

Newco LLC Agreement

Exhibit E

Form of Assignment and Assumption Agreement

Exhibit F

Form of Assignment and Assumption of Leases

Exhibit G

Form of Bill of Sale

Exhibit H

Form of Assignment of Membership Interest

Exhibit I Form of R. Hahn Employment Agreement

Exhibit J

Form of E. Hahn Employment Agreement

Schedule 1.1

Permitted Encumbrances

The Primary Assumed Indebtedness

The Contributed Leases

The Contributed Agreements

Schedule 2.1(a)(i)

Contributed Assets

The Contributed Assets include, but are not limited to, the following:

Schedule 2.1(a)(ii)

Excluded Assets

Insurance Policies

Rights under employee benefit plans

Recovery in pending litigation [need description]

Deferred Tax Assets

Any interest in AG 2000 Hockey Partners LLC

Any interest in AG 2000 Football Partners LLC

Schedule 2.1(b)

Assumed Liabilities

Schedule 4.10

Contributed Agreements

1. **Second Amended and Restated Memorandum of Understanding dated as of July 24, 1995 by and between the City and AG 2000.**

[Others to come]