IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
SFX ENTERTAINMENT, INC., *et al.*,[1] Debtors.	Case No. 16-10238 (MFW)
	(Jointly Administered)
	Ref. Docket Nos. 848, 849

NOTICE OF FILING OF
FIRST AMENDED DISLCOSURE STATEMENT AND BLACKLINE VERSION

PLEASE TAKE NOTICE that on July 26, 2016, SFX Entertainment, Inc. and its affiliated debtors (collectively, the "**Debtors**") filed the *Disclosure Statement with Respect to the Joint Plan of Reorganization of SFX Entertainment Inc., et al., Under Chapter 11 of the Bankruptcy Code* [Docket No. 848] (the "**Disclosure Statement**") with the United States Bankruptcy Court for the District of Delaware (the "**Court**").

PLEASE TAKE NOTICE that attached hereto as **Exhibit 1**, the Debtors are filing the *First Amended Disclosure Statement with Respect to the Second Amended Joint Plan of Reorganization of SFX Entertainment, Inc., et al., Under Chapter 11 of the Bankruptcy Code* (the "**Amended Disclosure Statement**") and exhibits thereto with the Court.

[1] The Debtors in these Chapter 11 Cases, along with the last four (4) digits of each Debtor's federal tax identification number, if applicable, are: 430R Acquisition LLC (7350); Beatport, LLC (1024); Core Productions LLC (3613); EZ Festivals, LLC (2693); Flavorus, Inc. (7119); ID&T/SFX Mysteryland LLC (6459); ID&T/SFX North America LLC (5154); ID&T/SFX Q-Dance LLC (6298); ID&T/SFX Sensation LLC (6460); ID&T/SFX TomorrowWorld LLC (7238); LETMA Acquisition LLC (0452); Made Event, LLC (1127); Michigan JJ Holdings LLC (n/a); SFX Acquisition, LLC (1063); SFX Brazil LLC (0047); SFX Canada Inc. (7070); SFX Development LLC (2102); SFX EDM Holdings Corporation (2460); SFX Entertainment, Inc. (0047); SFX Entertainment International, Inc. (2987); SFX Entertainment International II, Inc. (1998); SFX Intermediate Holdco II LLC (5954); SFX Managing Member Inc. (2428); SFX Marketing LLC (7734); SFX Platform & Sponsorship LLC (9234); SFX Technology Services, Inc. (0402); SFX/AB Live Event Canada, Inc. (6422); SFX/AB Live Event Intermediate Holdco LLC (8004); SFX/AB Live Event LLC (9703); SFX-94 LLC (5884); SFX-Disco Intermediate Holdco LLC (5441); SFX-Disco Operating LLC (5441); SFXE IP LLC (0047); SFX-EMC, Inc. (7765); SFX-Hudson LLC (0047); SFX-IDT N.A. Holding II LLC (4860); SFX-LIC Operating LLC (0950); SFX-IDT N.A. Holding LLC (2428); SFX-Nightlife Operating LLC (4673); SFX-Perryscope LLC (4724); SFX-React Operating LLC (0584); Spring Awakening, LLC (6390); SFXE Netherlands Holdings Coöperatief U.A. (6812); SFXE Netherlands Holdings B.V. (6898). The Debtors' business address is 902 Broadway, 15th Floor, New York, NY 10010.

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PLEASE TAKE NOTICE that attached hereto as **Exhibit 2** is a blackline comparison of the Amended Disclosure Statement and the Disclosure Statement, along with a blackline comparison of revised exhibits.

Dated: August 25, 2016

GREENBERG TRAURIG, LLP

/s/ Dennis A. Meloro

Dennis A. Meloro (DE Bar No. 4435)
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
Email: melorod@gtlaw.com

-and-

Nancy A. Mitchell (admitted *pro hac vice*)
Maria J. DiConza (admitted *pro hac vice*)
Nathan A. Haynes (admitted *pro hac vice*)
MetLife Building
200 Park Avenue
New York, NY 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
Email: mitchelln@gtlaw.com
diconzam@gtlaw.com
haynesn@gtlaw.com

Counsel to the Debtors and Debtors-in-Possession

EXHIBIT 1

Amended Disclosure Statement

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
SFX ENTERTAINMENT, INC., *et al.*,[1]	Case No. 16-10238 (MFW)
Debtors.	(Jointly Administered)

FIRST AMENDED DISCLOSURE STATEMENT WITH RESPECT TO THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF SFX ENTERTAINMENT, INC., *ET AL.* UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dennis A. Meloro (DE Bar No. 4435)
GREENBERG TRAURIG, LLP
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
melorod@gtlaw.com

Nancy A. Mitchell
Maria J. DiConza
Nathan A. Haynes
Matthew L. Hinker
GREENBERG TRAURIG, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
mitchelln@gtlaw.com
diconzam@gtlaw.com
haynesn@gtlaw.com
hinkerm@gtlaw.com

Counsel for the Debtors and Debtors-in-Possession

DATED: August 25, 2016

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DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION PROPOSED BY SFX ENTERTAINMENT, INC. *ET AL.* AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

EXCEPT AS OTHERWISE PROVIDED HEREIN, CAPITALIZED TERMS NOT OTHERWISE DEFINED IN THIS DISCLOSURE STATEMENT HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN. UNLESS OTHERWISE NOTED, ALL DOLLAR AMOUNTS PROVIDED IN THIS DISCLOSURE STATEMENT AND THE PLAN ARE GIVEN IN UNITED STATES DOLLARS.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE CHAPTER 11 CASES, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT ALL SUCH SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE UNDERLYING DOCUMENTS AND TO THE EXTENT THAT THEY MAY CHANGE AS PERMITTED BY THE PLAN AND APPLICABLE LAW. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS, AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. EXCEPT WITH RESPECT TO THE PRO FORMA FINANCIAL PROJECTIONS SET FORTH IN THE ATTACHED **EXHIBIT B** (THE "**PROJECTIONS**") AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS DO NOT UNDERTAKE ANY OBLIGATION TO, AND DO NOT INTEND TO, UPDATE THE PROJECTIONS; THUS, THE PROJECTIONS WILL NOT REFLECT THE IMPACT OF ANY SUBSEQUENT EVENTS NOT ALREADY ACCOUNTED FOR IN THE ASSUMPTIONS UNDERLYING THE PROJECTIONS. THE DEBTORS DISCLAIM ANY OBLIGATION, EXCEPT AS

SPECIFICALLY REQUIRED BY LAW, TO PUBLICLY UPDATE OR REVISE ANY SUCH STATEMENTS TO REFLECT ANY CHANGE IN THE DEBTORS' EXPECTATIONS OR IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENTS MAY BE BASED, OR THAT MAY AFFECT THE LIKELIHOOD THAT ACTUAL RESULTS WILL DIFFER FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. FURTHER, THE DEBTORS DO NOT ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS DISCLOSURE STATEMENT WILL BE DISTRIBUTED TO REFLECT SUCH OCCURRENCES. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. MOREOVER, THE PROJECTIONS ARE BASED ON ASSUMPTIONS THAT, ALTHOUGH BELIEVED TO BE REASONABLE BY THE DEBTORS, MAY DIFFER FROM ACTUAL RESULTS. ANY FORWARD-LOOKING STATEMENT SHOULD BE CONSIDERED IN LIGHT OF FACTORS DISCUSSED IN SECTION VIII "CERTAIN RISK FACTORS TO BE CONSIDERED" IN THIS DISCLOSURE STATEMENT. WE CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK AS OF THE DATE THEY ARE MADE.

ALL HOLDERS OF CLAIMS OR INTERESTS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN, THE PLAN SUPPLEMENT DOCUMENTS ONCE FILED, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016(C) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTORS IN THESE CASES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT

SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER APPLICABLE EVIDENTIARY RULES. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS IN THESE CASES. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR WITH RESPECT TO ANY QUESTIONS OR CONCERNS REGARDING TAX, SECURITIES, OR OTHER LEGAL CONSEQUENCES OF THE PLAN.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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TABLE OF EXHIBITS

I. INTRODUCTION

SFX Entertainment, Inc. ("**SFXE**") and each of its affiliated debtors and debtors-in-possession (collectively, the "**Debtors**"), submit this disclosure statement (as may be further amended, supplemented or modified from time to time, the "**Disclosure Statement**") pursuant to section 1125 of title 11 of the United States Code (the "**Bankruptcy Code**"), for use in the solicitation of votes on the Second Amended Joint Plan of Reorganization of SFX Entertainment, Inc., *et al.* under Chapter 11 of the Bankruptcy Code, dated August 25, 2016 (as the same may be further amended, supplemented or modified from time to time, the "**Plan**"). A copy of the Plan is attached as **Exhibit A** to this Disclosure Statement. Unless otherwise provided herein, all capitalized terms used in this Disclosure Statement but not otherwise defined herein have the meanings ascribed to such terms in Article I of the Plan.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, their reasons for seeking protection and reorganization under chapter 11 of the Bankruptcy Code, significant events that have occurred during the Chapter 11 Cases and the anticipated organization, operations, and financing of the Debtors upon their successful emergence from bankruptcy protection. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of Confirmation of the Plan, certain risk factors associated with the Plan and the securities that may be issued under the Plan, and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

The Debtors engaged in extensive negotiations with the DIP Lenders as well as the Ad Hoc Group (as defined below), which represents over 70% of the Noteholders (as defined below), regarding the potential terms of the Debtors' restructuring. As a result of those negotiations, the Debtors determined it was in the best interest of their estates to pursue Confirmation of the Plan.

THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THEM TO SUCCESSFULLY REORGANIZE AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR CONSTITUENTS. THE DEBTORS URGE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN.

II. SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The following is a brief overview of the treatment of Claims under the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Article VI of this Disclosure Statement, entitled "Detailed Summary of the Second Amended Joint Plan of Reorganization of SFX Entertainment, Inc. *et al.* under Chapter 11 of the Bankruptcy Code."

The Plan proposes the issuance of two classes of securities: New Series A Preferred Stock and Reorganized SFXE Common Stock. The shares of New Series A Preferred

Stock to be issued shall have a face amount and a liquidation value as of the Effective Date equal to (i) the Tranche B DIP Facility Claims, exclusive of any Incremental Tranche B DIP Loan Claims, *plus* (ii) the Original Foreign Loan Claims, *plus* (iii) an additional amount, earned on the Effective Date, equal to 2% of the amount of the Tranche B DIP Facility Claims (other than the Incremental Tranche B DIP Loan Claims) and the Original Foreign Loan Claims. The New Series A Preferred Stock shall, among other things, (i) accrue PIK dividends at 15% per annum and shall be perpetual preferred with a mandatory redemption at the Liquidation Preference, upon a Liquidity Event, (ii) have voting rights entitling it to vote on a 20:1 ratio to the voting rights of the Reorganized SFXE Common Stock, and (iii) have such other terms and conditions as set forth in the Restated Charter Documents or the New Series A Preferred Stock Certificate.

The shares of Reorganized SFXE Common Stock to be issued shall be issued pursuant to the Plan and the Restated Charter Documents.

The Plan also proposes the issuance of three classes of CVRs: the Class A CVRs, the Class B CVRs, and Litigation CVRs. Holders of Class A CVRs shall receive rights that, upon the occurrence of a Liquidity Event, entitle such holder to a Cash payment equal to such holder's *pro rata* share (calculated based on the percentage that a Holder's Class A CVRs represent of the total Class A CVRs allocated) of the product of (x) twelve-and-a-half percent (12.5%) of the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering), and (y) a fraction, the numerator of which is the total number of Class A CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class A CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election; provided, however, that the Class A CVRs shall be subject to dilution by the Class B CVRs.

Holders of Class B CVRs shall receive rights that, upon the occurrence of a Liquidity Event, shall entitle such holder to a Cash payment equal to such holder's *pro rata* share (calculated based on the percentage that a Holder's Class B CVRs represent of the total Class B CVRs allocated) of the product of (x) ten percent (10%) of the amount by which the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering) exceeds the CVR Equity Value Threshold, and (y) a fraction, the numerator of which is the total number of Class B CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class B CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. The Class B CVRs shall dilute the Class A CVRs above the CVR Equity Value Threshold.

Holders of Litigation CVRs shall receive rights that, upon the occurrence of the Litigation CVR Payment Date, shall entitle such holder to a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Litigation CVRs represent of the total Litigation CVRs allocated) of the product of (x) fifty percent (50%) of the Litigation CVR Net Proceeds (if any) and (y) a fraction, the numerator of which is the total number of Litigation CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Litigation CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. Any value on account of Litigation CVRs that were not allocated as a result of the Cash Payment Option or the Convenience Class Election shall remain with the Reorganized Debtors.

The Plan organizes the Debtors into three (3) groups: (1) the 2019 Debtors, (2) the Foreign Debtors and (3) the Non-Obligor Debtors. In Group 1 (the 2019 Debtors), there are six (6) Classes of Claims and two (2) Classes of Interests. In Group 2 (the Foreign Debtors), there are six (6) Classes of Claims and one (1) Class of Interests. In Group 3 (the Non-Obligor Debtors), there are five (5) Classes of Claims and one (1) Class of Interests. These Classes take into account the differing nature and priority of the various Claims and Interests under the Bankruptcy Code.

The Debtors believe that the Plan provides the best means currently available for the Debtors' emergence from chapter 11.

Estimated Claim amounts are set forth below and calculated, unless otherwise provided, as of the Petition Date. Estimated percentage recoveries are also set forth below for certain Classes of Claims. Estimated percentage recoveries have been calculated based upon a number of assumptions, including the estimated amount of Allowed Claims in each Class.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. The Debtors have not yet fully reviewed and analyzed all Claims and Interests. Estimated Claim amounts for each Class set forth below are based upon the Debtors' review of their books and records and Filed Proofs of Claim, and include estimates of a number of Claims that are contingent, disputed, and/or unliquidated.

UNCLASSIFIED CLAIMS	
Description and Amount of Claims or Interests and Projected Recoveries	**Summary of Treatment**
Administrative Claims of all Debtors[2]	• Unimpaired.

[2] This estimate does not include estimates for ordinary course payables or deferred revenue.

Estimated Aggregate Allowed amount of Administrative Claims exclusive of Professional Fee Claims: approximately $275,000 Estimated Recovery: 100%	• Except to the extent that an Allowed Administrative Claim has been paid prior to the Effective Date, or is otherwise provided for herein, and unless otherwise agreed to by the Debtors, or the Reorganized Debtors, as applicable, and the Holder of such Allowed Administrative Claim, all Holders of an Allowed Administrative Claim shall receive, in full and complete settlement, release and discharge of such Administrative Claim, either (a) payment in full in Cash on or as soon as is reasonably practicable after the later of: (i) the Effective Date if such Administrative Claim is Allowed as of the Effective Date; (ii) the date such Administrative Claim is Allowed by Final Order of the Bankruptcy Court; and (iii) the date such Allowed Administrative Claim becomes due and payable or (b) with the consent of the Required DIP Lenders, such other treatment to render such Allowed Administrative Claim Unimpaired.
Priority Tax Claims of all Debtors Estimated Aggregate Allowed amount of Priority Tax Claims: approximately $102,000 Estimated Recovery: 100%	• Unimpaired. • Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Effective Date, or unless otherwise agreed to by the Debtors with the consent of the Required DIP Lenders, or the Reorganized Debtors, as applicable, and the Holder of an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall, at the sole option of the Debtors or the Reorganized Debtors, as applicable, receive on account of such Allowed Priority Tax Claim and in full and complete settlement, release, and discharge of such Claim: (i) Cash in the amount equal to such Allowed Priority Tax Claim on or as soon as is reasonably practicable after the later of (a) the Effective Date (or as soon as thereafter as reasonably practicable) and (b) the date on which such Claim is Allowed by a Final Order of the Bankruptcy Court; or (ii) such other treatment to render such Allowed Priority Tax Claim Unimpaired; provided, further, that the Bankruptcy Court may retain non-exclusive jurisdiction over IRS claims, audit deficiencies and other issues arising therefrom to the extent allowable under applicable bankruptcy and non-bankruptcy law.
DIP Claims	• Impaired. • Tranche A DIP Facility Claims: Tranche A DIP Facility

Aggregate Allowed amount of DIP Claims: $100,560,180 Allowed Tranche A DIP Facility Claims: $30,600,020 Estimated Recovery: 100% Allowed Tranche B DIP Facility Claims: $73,472,955 Estimated Recovery: approximately 100%	Claims shall be Allowed in an amount equal to (a) the aggregate outstanding principal amount under the Tranche A DIP Facility of $30,600,020, *plus* (b) all accrued and unpaid cash interest on the Tranche A DIP Loans under the Tranche A DIP Facility as of the Effective Date, *plus* (c) any default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Tranche A DIP Facility as of the Effective Date. On the Effective Date, each Holder of an Allowed Tranche A DIP Facility Claim shall receive, in full and complete settlement, release, and discharge of such Claim, either: (A) payment in full, in Cash, from the proceeds of the Third Party First Lien Facility, or (B) (x) payment in full, in Cash, of such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of all accrued and unpaid cash interest due on the Tranche A DIP Loans as of the Effective Date, and (y) such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of the New First Lien Facility after conversion of the Tranche A DIP Facility Claims (*less* the total amount of accrued and unpaid cash interest paid in Cash on the Effective Date to all Holders of Allowed Tranche A DIP Facility Claims) into the New First Lien Facility. • Tranche B DIP Facility Claims: Tranche B DIP Facility Claims shall be Allowed in an amount equal to: (a) the aggregate outstanding funded principal amount under the Tranche B DIP Facility (as of August 22, 2016) of $57,600,000, *plus* (b) the aggregate principal amount of any additional amounts funded under the Tranche B DIP Facility from and after August 22, 2016, *plus* (c) $2,304,000 representing a commitment fee paid-in-kind on February 10, 2016 on Tranche B DIP Loans (other than Incremental Foreign Loans) in accordance with the DIP Credit Documents, *plus* (d) $[____] representing interest paid-in-kind through but not including [DATE][3] on Tranche B DIP Loans (other than Incremental Foreign Loans) under the Tranche B DIP Facility, plus all interest payable-in-kind from and after such date on the Tranche

[3] TO BE INSERTED: The last day of the applicable paid-in-kind interest period preceding the date of this Disclosure Statement.

	B DIP Loans under the Tranche B DIP Facility through the Effective Date, *plus* (e) $[____] representing interest paid-in-kind through but not including [DATE][4] on the Incremental Foreign Loans under the Foreign Loan Agreement, plus all interest payable-in-kind from and after such date on the Incremental Foreign Loans under the Foreign Loan Agreement through the Effective Date, *plus* (f) any default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Tranche B DIP Facility as of the Effective Date. On the Effective Date, each Holder of a Tranche B DIP Facility Claim (other than an Incremental Tranche B DIP Loan Claim), together with the Holders of Allowed Original Foreign Loan Claims as set forth in Section 3.02(c) of the Plan, shall receive, in full and complete settlement, release, and discharge of such Claim, such Holder's *pro rata* share (calculated based on the percentage such Holder's Allowed Tranche B DIP Facility Claim (exclusive of any Incremental Tranche B DIP Loan Claim) represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of (1) 100% of the New Series A Preferred Stock, and (2) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any. On the Effective Date, each Holder of an Incremental Tranche B DIP Loan Claim, if any, shall receive, in full and complete settlement, release, and discharge of such Claim, a loan under the New Second Lien Facility equal to the Allowed Incremental Tranche B DIP Loan Claim after conversion of the Incremental Tranche B DIP Loan Claim into the New Second Lien Facility.
Professional Fee Claims Estimated Aggregate Allowed Amount of Professional Fee	• Unimpaired. • All final requests for payment of Professional Fee Claims pursuant to sections 327, 328, 330, 331, 363, 503(b), or 1103 of the Bankruptcy Code (other than Professional

[4] TO BE INSERTED: The last day of the applicable paid-in-kind interest period preceding the date of this Disclosure Statement.

Claims: approximately $25,000,000 Estimated Recovery: 100%	Fee Claims made by Ordinary Course Professionals) must be made by application Filed with the Bankruptcy Court and served on the Reorganized Debtors, their counsel, counsel to the Required DIP Lenders, the Fee Examiner, and other necessary parties-in-interest **no later than sixty (60) days after notice of the Effective Date having been entered on the docket**, unless otherwise ordered by the Bankruptcy Court. Objections to such applications must be Filed and served on the Reorganized Debtors, their counsel, counsel to the Required DIP Lenders, and the requesting Professional or other Entity on or before the date that is thirty (30) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application was served. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court. • **The Reorganized Debtors may, with application to or approval by the Bankruptcy Court, retain professionals and pay reasonable professional fees and expenses in connection with services rendered to the Reorganized Debtors after the Effective Date.**
CLASSIFIED CLAIMS	
Class 1 Claims: Other Priority Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Allowed Amount of Class 1 Claims: $0 Estimated Recovery: 100%	• Unimpaired. • The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 1 Claim and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 1 Claim shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 1 Claim (a) payment of the Allowed Class 1 Claim in full in Cash on or as soon as is reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim is Allowed by a Final Order of the Bankruptcy Court or (b) with the consent of the Required DIP Lenders, such other treatment permitted by section 1129(a)(9) of the Bankruptcy Code.

	• Class 1 Claims are Unimpaired and are therefore not entitled to vote on the Plan.
Class 2 Claims: Other Secured Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Allowed Amount of Class 2 Claims: approximately $300,000 Estimated Recovery: 100%	• Unimpaired. • On or as soon as is reasonably practicable after the later of (A) the Effective Date and (B) the date on which an Other Secured Claim is Allowed by a Final Order of the Bankruptcy Court, each Holder of an Allowed Class 2 Claim shall receive, in full and complete settlement, release and discharge of such Claim, in the sole discretion of the Debtors or the Reorganized Debtors, as applicable: (i) payment in full in Cash, including the payment of interest allowable under section 506(b) of the Bankruptcy Code, if any; (ii) with the consent of the Required DIP Lenders, reinstatement pursuant to section 1124 of the Bankruptcy Code; (iii) with the consent of the Required DIP Lenders, the Collateral securing any such Allowed Other Secured Claim; or (iv) with the consent of the Required DIP Lenders, such other consideration so as to render such Allowed Other Secured Claim Unimpaired. • Class 2 Claims are Unimpaired and the Holders of Allowed Class 2 Claims are therefore not entitled to vote on the Plan.
Class 3 Claims: Original Foreign Loan Claims against the Foreign Debtors Estimated Aggregate Allowed Amount of Class 3 Claims: $25,361,414 Estimated Recovery: approximately 100%	• Impaired. • Class 3 Claims: Class 3 Claims shall be Allowed in an amount equal to (a) the aggregate outstanding amount due in respect of the Initial Foreign Loans as of February 10, 2016 of $21,936,194.49, *plus* (b) $[____], representing interest subsequently paid-in-kind through but not including [DATE][5] on the Initial Foreign Loans, plus all interest payable-in-kind from and after such date on the Initial Foreign Loans through the Effective Date, *plus* (c) any other default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Foreign Loan Documents with respect to the Initial Foreign Loans as of the Effective Date. Each Holder of an Allowed Class 3 Claim (together with

[5] TO BE INSERTED: the last day of the applicable paid-in-kind interest period preceding the date of this Disclosure Statement.

	those Holders of Tranche B DIP Facility Claims as set forth in Section 3.01(c)(ii) of the Plan), shall receive, on the Effective Date, in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim, such Holder's *pro rata* share (calculated based on the percentage such Holder's Allowed Original Foreign Loan Claim represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of (A) 100% of the New Series A Preferred Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any. • Class 3 Claims are Impaired and the Holders of Class 3 Claims shall be entitled to vote to accept or reject the Plan.
Class 4 Claims: (i) General Unsecured Claims and Prepetition Second Priority Note Claims against the 2019 Debtors; (ii) General Unsecured Claims against the Foreign Debtors; and (iii) General Unsecured Claims against the Non-Obligor Debtors Estimated Allowed Class 4 Claims (2019 Debtors): $362,000,000 Estimated Recovery: approximately 0.2%-1.3%[6] Estimated Allowed Class 4 Claims (Foreign Debtors): $2,500 Estimated Recovery: 100% Estimated Allowed Class 4 Claims (Non-Obligor Debtors): $2,300	• Impaired for Class 4 Claims (2019 Debtors) only. Unimpaired for Class 4 Claims (Foreign Debtors) and Class 4 Claims (Non-Obligor Debtors). • Class 4 Claims (2019 Debtors): Prepetition Second Priority Note Claims shall be Allowed in the aggregate amount, as of the Petition Date, of $309,196,875. Except to the extent that a Holder of an Allowed Class 4 Claim (2019 Debtors) makes the Convenience Class Election, if eligible, or agrees to a less favorable treatment, each Holder of an Allowed Class 4 Claim (2019 Debtors), in exchange for full and final satisfaction, settlement, release and compromise of such Claim, shall receive, on the Effective Date: **To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to accept the Plan**: at the Holder's election, either (A) such Holder's *Pro Rata share* of (i) Class A CVRs (or Series A Warrants, as applicable), and (ii) Class B CVRs (or Series B Warrants, as applicable) and (iii) Litigation CVRs, or (B) such Holder's *Pro Rata* share of the Cash Pool Payment Amount; or **To the extent the Holders of Allowed Class 4 Claims**

[6] This estimated recovery excludes recovery on Litigation CVRs and is based on an estimated enterprise value of $137.5 million.

Estimated Recovery: 100%	**(2019 Debtors) vote as a Class to <u>reject</u> the Plan**: at the Holder's election, either (A) such Holder's *Pro Rata* share of (i) Class A CVRs (or Series A Warrants, as applicable) and (ii) Litigation CVRs, or (B) such Holder's *Pro Rata* share of the Cash Pool Payment Amount. Holders of Prepetition Second Priority Note Claims against the 2019 Debtors shall be entitled to a single Distribution under the Plan. <u>CVR/Cash Payment Option Mechanics</u>: Each Holder of a Class 4 Claim (2019 Debtors) must identify its election to receive CVRs or, in the alternative, the payment on account of the Cash Payment Option on the Ballot; <u>provided</u> that if the Holder elects to receive CVRs, the Holder must also identify whether or not it is an Accredited Investor. If a Holder of an Allowed Class 4 Claim (2019 Debtors) (i) fails to properly fill out a Ballot, (ii) fails to timely submit a Ballot, or (iii) becomes entitled to vote on the Plan after the Voting Deadline, then the Holder of such Allowed Class 4 Claim (2019 Debtors) shall be deemed to have elected to receive Class A CVRs, Class B CVRs, and/or Litigation CVRs, as applicable, in lieu of the payment on account of the Cash Payment Option, and shall be presumed to not be an Accredited Investor for purposes of the Plan. Holders of Class 4 Claims (2019 Debtors) that elect to receive (or are deemed to have elected to receive) Class A CVRs and Class B CVRs shall be deemed to have also elected to receive Series A Warrants and Series B Warrants, respectively, to the extent such New Warrants are issued, as provided under Section 5.07(f) of the Plan. <u>Convenience Class Election Mechanics</u>: A Holder of a General Unsecured Claim against the 2019 Debtors that votes in favor of the Plan is eligible to make the Convenience Class Election. Each eligible Holder of a General Unsecured Claim must vote in favor of the Plan and identify on the Ballot its election to voluntarily and irrevocably reduce the Allowed amount of its General Unsecured Claim to $50,000 and to receive the treatment specified for Class 5 Claims set forth in Section 3.02(e) of the Plan with respect to such reduced Allowed General Unsecured Claim. For the avoidance of doubt, (x) an Allowed General Unsecured Claim subject to the Convenience Class Election shall be treated as a single

	reduced Claim of $50,000 and shall not be subdivided into multiple Claims of $50,000 or less for purposes of receiving Distributions as a Convenience Claim, and (y) any such Holder who makes the Convenience Class Election shall not be entitled to receive any other recovery or Distribution on account of such Claim. • Class 4 Claims (Foreign Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 4 Claims (Foreign Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 4 Claim (Foreign Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 4 Claim (Foreign Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 4 Claim (Foreign Debtors): (A) payment in full in Cash; (B) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (C) such other consideration so as to render such Allowed Class 4 Claim (Foreign Debtors) Unimpaired. • Class 4 Claims (Non-Obligor Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 4 Claims (Non-Obligor Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 4 Claim (Non-Obligor Debtors) and the Debtors or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 4 Claim (Non-Obligor Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 4 Claim (Non-Obligor Debtors): (A) payment in full in Cash; (B) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (C) such other consideration so as to render such Allowed Class 4 Claim (Non-Obligor Debtors) Unimpaired. • Class 4 Claims (2019 Debtors) are Impaired and the Holders of Allowed Class 4 Claims (2019 Debtors) shall be entitled to vote to accept or reject the Plan. • Class 4 Claims (Foreign Debtors) and Class 4 Claims (Non-Obligor Debtors) are Unimpaired and the Holders of Allowed Class 4 Claims (Foreign Debtors) and Allowed Class 4 Claims (Non-Obligor Debtors) are

	therefore not entitled to vote on the Plan.
Class 5 Claims: Convenience Claims against the 2019 Debtors Estimated Aggregate Amount of Allowed Class 5 Claims: $5,460,000 Estimated Recovery: 10%	• Impaired. • On the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Class 5 Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim, a one-time payment in Cash equal to such Holder's *Pro Rata* share of the Convenience Class Cash Pool. • Class 5 Claims are Impaired and the Holders of Allowed Class 5 Claims shall be entitled to vote on the Plan.
Class 6 Claims: Subordinated Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Amount of Allowed Class 6 Claims: $15,900,000 Estimated Allowed Class 6 Claims (2019 Debtors): $15,900,000 Estimated Recovery: 0% Estimated Amount of Allowed Class 6 Claims (Foreign Debtors): $0 Estimated Recovery: 100% Estimated Amount of Allowed Class 6 Claims (Non-Obligor Debtors): $0 Estimated Recovery: 100%	• Impaired for Class 6 Claims (2019 Debtors) only. Unimpaired for Class 6 Claims (Foreign Debtors) and Class 6 Claims (Non-Obligor Debtors). • Class 6 Claims (2019 Debtors): Holders of Class 6 Claims (2019 Debtors) shall not be entitled to receive or retain any Distributions or other property on account of such Claims under the Plan. Pursuant to the Plan, all Subordinated Claims against the 2019 Debtors shall be deemed settled, cancelled, extinguished and discharged on the Effective Date. • Class 6 Claims (Foreign Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 6 Claims (Foreign Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 6 Claim (Foreign Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 6 Claim (Foreign Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 6 Claim (Foreign Debtors): (i) payment in full in Cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Foreign Debtors) Unimpaired. • Class 6 Claims (Non-Obligor Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 6 Claims (Non-Obligor Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the

	Holder of an Allowed Class 6 Claim (Non-Obligor Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 6 Claim (Non-Obligor Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 6 Claim (Non-Obligor Debtors): (i) payment in full in Cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Non-Obligor Debtors) Unimpaired. • Class 6 Claims (2019 Debtors) are Impaired but will not receive any Distributions, and are therefore not entitled to vote on the Plan. • Class 6 Claims (Foreign Debtors) and Class 6 Claims (Non-Obligor Debtors) are Unimpaired and are therefore not entitled to vote on the Plan.
Class 7 Claims: Intercompany Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Allowed Amount of Class 7 Claims: $10,600,000 Estimated Recovery: 100%	• Unimpaired. • On the Effective Date, Allowed Class 7 Claims shall, at the election of the Debtors (with the consent of the Required DIP Lenders), or the Reorganized Debtors, as applicable, be either (i) reinstated, (ii) set off against other Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary in one or a series of transactions, or (iii) released, waived, and discharged. • Class 7 Claims are Unimpaired and are therefore not entitled to vote on the Plan.
Class 8 Interests: Interests in (i) the Guarantor Debtors; (ii) the Foreign Debtors; and (iii) the Non-Obligor Debtors Estimated Recovery: 100%	• Unimpaired. • As of the Effective Date, each Holder of Class 8 Interests shall, at the election of the Debtors (with the consent of the Required DIP Lenders), or the Reorganized Debtors, as applicable, be either (i) reinstated, or (ii) released, waived, and discharged. • Class 8 Interests are Unimpaired and are therefore not entitled to vote on the Plan.
Class 9 Interests: Interests in SFXE	• Impaired.

Estimated Recovery: 0%	• On the Effective Date, each Holder of an Interest in SFXE shall not receive or retain any Distribution or other property on account of such Interests under the Plan. All Interests in SFXE and all stock certificates, instruments, and other documents evidencing such Interests in SFXE shall be cancelled as of the Effective Date. • Class 9 Interests are Impaired but will not receive any Distributions, and are therefore not entitled to vote on the Plan.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND THUS **STRONGLY RECOMMEND** THAT YOU VOTE TO **ACCEPT** THE PLAN.

III. SOLICITATION, PLAN VOTING INSTRUCTIONS AND VOTING PROCEDURES

A. Notice to Holders of Claims Against and Interests in the Debtors

APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT MEANS THAT THE BANKRUPTCY COURT HAS FOUND THAT THIS DISCLOSURE STATEMENT CONTAINS INFORMATION OF A KIND AND IN SUFFICIENT AND ADEQUATE DETAIL AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTORS TO ENABLE HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT WHETHER TO ACCEPT OR REJECT THE PLAN. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF THE PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF CLAIMS ENTITLED TO VOTE AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES, SUPPLEMENTS AND EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT, AND NO PERSON HAS BEEN AUTHORIZED TO DISTRIBUTE ANY INFORMATION CONCERNING THE DEBTORS OTHER THAN THE INFORMATION CONTAINED HEREIN OR THEREIN. NO SUCH INFORMATION SHOULD BE RELIED UPON IN MAKING A DETERMINATION TO VOTE TO ACCEPT OR REJECT THE PLAN.

TO THE EXTENT THERE IS ANY CONFLICT BETWEEN THE SOLICITATION PROCEDURES ORDER AND THE PROVISIONS OF THE DISCLOSURE STATEMENT WHICH RELATE TO THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN AND/OR THE TABULATION OF VOTES RELATED THERETO, THE SOLICITATION PROCEDURES ORDER SHALL CONTROL.

B. Parties-in-Interest Entitled to Vote

Pursuant to section 1126 of the Bankruptcy Code, a holder of a claim against or interest in a debtor may vote to accept or to reject a plan of reorganization if (a) the claim or interest is "allowed" and (b) the claim or interest is "impaired" by such plan.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan of reorganization unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before such default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan of reorganization on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan of reorganization. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on such plan.

C. Classes Entitled to Vote to Accept or Reject the Plan

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims or interests is determined by calculating the number and the amount of claims or interests voting to accept such plan, based on the actual total allowed claims or interests voting on the plan. Acceptance by a class requires more than one-half of the number of total allowed claims or interests in the class to vote in favor of the plan and at least two-thirds in dollar amount of the total allowed claims or interests in the class to vote in favor of the plan.

Pursuant to the Plan, **Class 3 Claims, Class 4 Claims (2019 Debtors) and Class 5 Claims** are Impaired by, and entitled to receive a Distribution under, the Plan, and only the

Holders of Claims in these Classes are entitled to vote to accept or reject the Plan. **Class 1 Claims, Class 2 Claims, Class 4 Claims (Foreign Debtors), Class 4 Claims (Non-Obligor Debtors), Class 6 Claims (Foreign Debtors), Class 6 Claims (Non-Obligor Debtors), Class 7 Claims, and Class 8 Interests** are Unimpaired by the Plan, and such Holders are conclusively presumed to have accepted the Plan and are therefore not entitled to vote to accept or reject the Plan. **Class 6 Claims (2019 Debtors)** and **Class 9 Interests** are Impaired by the Plan and are not receiving a Distribution, therefore such Holders are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

D. Calculation of Claims for Voting Purposes; Claim Objection Deadline

Pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(2), any Holder of a Claim (a) that is either (i) not scheduled, or (ii) scheduled (x) as contingent, unliquidated, undetermined or disputed, (y) in the amount of $0.00 or (z) as unknown; (b) that is not the subject of a Proof of Claim Filed by the applicable Bar Date set by the Bankruptcy Court or is not otherwise deemed timely Filed by the Bankruptcy Court; (c) that is satisfied by the Debtors; (d) that is Filed in the amount of $0.00; (e) that has been resolved pursuant to stipulation or order entered by the Bankruptcy Court; or (f) that is subject to an objection, will not be treated by the Debtors as a Creditor (as such term is defined in the Plan) with respect to such Claim for purposes of voting on, or objecting to, the Plan.

In order to calculate the amount of Claims for voting purposes, Claims will be (a) counted in the amount Allowed by the Plan; (b) counted in the amount listed on the Schedules if (i) the Claim is not scheduled (x) as contingent, unliquidated, disputed or undetermined or (y) in the amount of $0.00, (ii) no Proof of Claim has been timely Filed (or otherwise deemed timely Filed by the Bankruptcy Court under applicable law), (iii) such Claim has not been satisfied by the Debtors, and (iv) such Claim has not been resolved pursuant to a stipulation or order entered by the Bankruptcy Court; (c) counted in the amount listed in a timely Filed Proof of Claim (or otherwise deemed timely Filed by the Bankruptcy Court under applicable law) if (i) the Claim amount is not disputed, contingent, undetermined or unliquidated, (ii) the Claim was not Filed in the amount of $0.00, (iii) the Proof of Claim has not been amended or superseded by another Proof of Claim, and (iv) the Claim is not the subject of a Claim Objection (as defined below); (d) allowed in the amount temporarily allowed by the Bankruptcy Court for voting purposes only pursuant to rule 3018(a) of the Bankruptcy Rules as set forth below; or (e) reclassified and/or allowed in a fixed, reduced amount if the Debtors have requested that such Claim be reclassified and/or allowed in a fixed, reduced amount pursuant to a Claim Objection to such Claim.

Pursuant to Bankruptcy Rule 3018(a), the deadline for the Debtors to File and serve any objections (each, a "**Claim Objection**") to a Claim for purposes of voting on the Plan in a different Class or different amount than is set forth in the Proof of Claim timely Filed by the applicable Bar Date as set by the Bankruptcy Court, shall be **_____, 2016** (the "**Claim Objection Deadline**"). For the avoidance of doubt, the Debtors shall retain their right to object to a Claim at a later date on any ground(s) so long as such objection is not for voting purposes. Responses, if any, to the Claim Objection shall be Filed no later than **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)**. The Bankruptcy Court may conduct a hearing on any Claim Objection at the Confirmation Hearing or such earlier time as may be scheduled by the

Bankruptcy Court. The ruling by the Bankruptcy Court on any Claim Objection will be considered a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, if at all, for voting purposes only, in the amount determined by the Bankruptcy Court. Any party with a response to a Claim Objection may be heard at the Confirmation Hearing. If, and to the extent that, the Debtors and such party are unable to resolve the issues raised by the Claim Objection on or prior to the Confirmation Hearing, any such Claim Objection will be heard at the Confirmation Hearing.

Creditors seeking to have a Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a) must File a motion (the "**Claims Estimation Motion**") for such relief no later than **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)** (the "**Claims Estimation Motion Deadline**") which date is eighteen (18) days prior to the Voting Deadline (as defined below). The Bankruptcy Court shall hear such Claims Estimation Motion at the Confirmation Hearing or such earlier time as may be scheduled by the Bankruptcy Court. Any such Claims Estimation Motion may be resolved by agreement between the Debtors and the movant without the requirement for further order or approval of the Bankruptcy Court. The deadline for the Debtors to file and serve any objections (each, a "**Claims Estimation Objection**") to a Claims Estimation Motion shall be **_____, 2016** (the "**Claims Estimation Objection Deadline**"). Responses to any Claims Estimation Objection may be Filed with this Court up to and including the date of the Confirmation Hearing, and any party with a response to a Claims Estimation Objection may be heard at the Confirmation Hearing.

E. Solicitation Materials

In soliciting votes for the Plan pursuant to this Disclosure Statement, the Debtors, through Kurtzman Carson Consultants, LLC (the "**Voting Agent**"), will send to Holders of Claims who are entitled to vote, a solicitation package (the "**Solicitation Package**"), which shall include, among other things copies of (a) this Disclosure Statement together with the Plan and all other exhibits annexed thereto, (b) the Solicitation Procedures Order, excluding the exhibits annexed thereto, (c) the notice of, among other things, (i) the date, time, and place of the hearing to consider Confirmation of the Plan and related matters and (ii) the deadline for filing objections to Confirmation of the Plan ((i) and (ii) collectively, the "**Confirmation Hearing Notice**"), (d) one or more Ballots (and return envelopes) to be used in voting to accept or to reject the Plan, and (e) other materials that the Bankruptcy Court may direct or approve, as more fully set forth in the Solicitation Procedures Order.

Prior to the Confirmation Hearing, the Debtors intend to file a Plan Supplement that includes, among other things, the Plan Supplement Documents. As the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made available on the Debtors' restructuring website, without charge, at http://kccllc.net/sfx.

F. Voting Procedures, Ballots, and Voting Deadlines

The record date with respect to Holders of Claims is **_____, 2016** (the "**Voting Record Date**"). The Voting Record Date is used to (1) compare the Holders of Claims against (a) the Classes of Claims entitled to vote to accept or reject the Plan (each, a "**Voting**

Class"), who are entitled to receive Solicitation Packages and vote to accept or reject the Plan, and (b) the Classes not entitled to vote to accept or reject the Plan (each, a "**Non-Voting Class**"), who shall receive a package (the "**Non-Voting Package**") consisting of the Confirmation Hearing Notice and notice of non-voting status, and (2) determine whether Claims have been properly assigned or transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of a Claim. However, with respect to any transferred Claim, the transferee shall be entitled to receive a Solicitation Package and cast a Ballot on account of the transferred Claim only if the parties have completed all actions necessary to effect the transfer of the Claim pursuant to Bankruptcy Rule 3001(e) by the Voting Record Date. In the event a Claim is transferred after the transferor has executed and submitted a Ballot to the Voting Agent, the transferee of such Claim shall be bound by any such vote (and the consequences thereof) made by the Holder of such transferred Claim as of the Voting Record Date. The Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' Creditors and other parties in interest.

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying Ballot.

All votes to accept or reject the Plan must be cast by using the Ballot enclosed with the Solicitation Packages. Unless the Debtors determine otherwise in their sole and absolute discretion, in order for your vote to be counted your Ballot must be properly completed as set forth below and in accordance with the voting instructions on the Ballot and received no later than **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)** (the "**Voting Deadline**") at the following address:

SFX Ballot Processing Center
c/o Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, CA 90245

Unless otherwise provided in the instructions accompanying the Ballots, the following Ballots will not be counted in determining whether the Plan has been accepted or rejected:

- any Ballot that is otherwise properly completed, executed and timely returned to the Voting Agent, but does not indicate an acceptance or rejection of the Plan, or indicates both an acceptance and a rejection of the Plan;
- any Ballot received after the Voting Deadline, except in the Debtors' discretion or by order of the Bankruptcy Court;
- any Ballot containing a vote that the Bankruptcy Court determines, after notice and a hearing, was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code;

- any Ballot that is illegible or contains insufficient information to permit the identification of the Creditor;
- any Ballot that partially accepts, or partially rejects, the Plan;
- any Ballot cast by a Person or Entity that does not hold a Claim in a Voting Class;
- any unsigned Ballot or Ballot without an original signature, except in the Debtors' discretion; and
- any Ballot transmitted to the Voting Agent by facsimile, e-mail or other electronic means, except in the Debtors' discretion.

The Ballots do not require Holders of Claims to return any stock certificates, debt instruments, or other evidences of their Claim with their Ballot.

Except as otherwise provided herein, or in the Solicitation Procedures Order: (a) if no Holders of Claims eligible to vote in a particular Class vote to accept or reject the Plan, the Plan will be deemed accepted by the Holders of such Claims in such Class, and (b) any Class of Claims that does not have a Holder of an Allowed Claim or Interest or a Claim temporarily allowed by the Bankruptcy Court as of the date of the Confirmation Hearing will be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

Each Holder of a Claim must vote all of its Claims within a particular Class either to accept or reject the Plan and may not split such votes within a Voting Class. Accordingly, an individual Ballot that partially rejects and partially accepts the Plan on account of multiple Claims within the same Voting Class shall not be counted. By signing and returning a Ballot, each Holder of a Claim will certify to the Bankruptcy Court and the Debtors that no other Ballots with respect to such Claim have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such other Ballots indicated the same vote to accept or reject the Plan.

It is important that the Holder of a Claim in the Classes entitled to vote follow the specific instructions provided on such Holder's Ballot(s) and the accompanying instructions.

If you have any questions about (a) the procedure for voting your Claim, (b) the Solicitation Package that you have received, or (c) the amount of your Claim, or if you wish to obtain, at your own expense (unless otherwise specifically required by Bankruptcy Rule 3017(d)), an additional copy of the Plan, this Disclosure Statement, the Plan Supplement or any appendices or exhibits to such documents, please contact the Voting Agent at (877) 833-4150, or if calling from outside the United States and Canada, at (917) 281-4800, or at the following address:

SFX Ballot Processing Center
c/o Kurtzman Carson Consultants, LLC
2335 Alaska Avenue

El Segundo, CA 90245

For further information and general instructions on voting to accept or reject the Plan, see the instructions accompanying your Ballot.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN BY COMPLETING THEIR BALLOTS AND RETURNING THEM BY THE VOTING DEADLINE (_____, 2016 AT 5:00 P.M. (PREVAILING EASTERN TIME)). IF YOU (1) VOTE TO ACCEPT THE PLAN, (2) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN AND YOU SUBMIT A BALLOT BUT YOU DO NOT MARK YOUR BALLOT TO INDICATE YOUR REFUSAL TO GRANT THE CONSENSUAL RELEASES IN ARTICLE XI OF THE PLAN, YOU ARE AUTOMATICALLY DEEMED TO CONSENT TO AND WILL BE BOUND BY THE THIRD PARTY RELEASES IN ARTICLE XI OF THE PLAN.

G. Waiver of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Voting Agent and the Debtors, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of Ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the right to contest the validity of any such withdrawals of Ballots. Subject to any contrary order of the Bankruptcy Court, the Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive, without notice, any defects, irregularities or conditions of delivery as to any particular Ballot, including failure to timely file such Ballot. Unless otherwise ordered by the Court, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine, and delivery of such Ballots shall not be deemed to have been made until such irregularities have been cured or waived. Neither the Debtors nor any other Person or Entity will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor shall any such party incur any liability for failure to provide such notification. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will not be counted, except as otherwise provided herein or in the Solicitation Procedures Order.

H. Withdrawal of Ballots; Revocation

Unless otherwise provided, any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. To be valid, a notice of withdrawal must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be actually received by the Voting Agent prior to the Voting Deadline.

The Debtors intend to consult with the Voting Agent to determine whether any withdrawals of Ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the right to contest the validity of any such withdrawals of Ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast Ballot.

Unless otherwise provided, any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change such vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. In the event where more than one timely, properly completed Ballot is received, the last valid Ballot received before the Voting Deadline will supersede and revoke any earlier received Ballot, provided that if a Holder of Claims casts multiple Ballots on account of the same Claim or Class of Claims, which are received by the Voting Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

I. Request for Ballot(s); Further Information; Additional Copies

If you have any questions or require further information about the voting procedures for voting your Claim or about the packet of material you received, if you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Order), or if you are the Holder of a Claim who believes you are entitled to vote on the Plan, but you did not receive a Ballot or your Ballot is damaged or illegible, please contact the Voting Agent at:

SFX Ballot Processing Center
c/o Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, CA 90245

J. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128(a) of the Bankruptcy Code, the Bankruptcy Court, after notice, may hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Confirmation Hearing will commence on **_____, 2016 at _____ (prevailing Eastern Time)**, before the Honorable Mary F. Walrath, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment Filed with the Bankruptcy Court and served on the master service list and the Entities who have Filed an objection to the Plan ("**Plan Objection**"). The Bankruptcy Court, in

its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing.

The Plan may be modified if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

All Plan Objections must be Filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest in accordance with the Solicitation Procedures Order so that they are received on or before **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)** (the "**Plan Objection Deadline**"). The Debtors or any other party supporting Confirmation of the Plan, may file a response to any Plan Objections no later than **_____, 2016**, which is seven (7) days prior to the date of the Confirmation Hearing. At that same time, the Debtors will also file their proposed findings of fact and conclusions of law with a form of order confirming the Plan, and may file any memorandum of law in support of Confirmation of the Plan.

The Confirmation Order shall approve all provisions, terms, and conditions of the Plan, unless such provisions, terms or conditions are otherwise satisfied or waived pursuant to the Plan provisions described in Article VI herein.

IV. GENERAL INFORMATION CONCERNING THE DEBTORS

A. Overview of Debtors' Corporate History

SFXE is a leading producer of live events and digital entertainment content focused exclusively on electronic music culture and world-class festivals. SFXE commenced material operations in 2012 with the intent of acquiring and operating companies within the electronic dance music ("**EDM**") industry, specifically those engaged in the promotion and production of live music events, festivals and digital offerings attractive to EDM fans in the United States and abroad. Over the next three years, SFXE acquired a number of leading EDM brands, such as TomorrowWorld, Beatport, Mysteryland, Sensation and Electric Zoo, and expanded its operations worldwide.

Today, the Debtors and their non-debtor subsidiaries and affiliates (collectively, "**SFX**" or the "**Company**") are actively engaged in the production and promotion of EDM festivals and events both domestically and abroad. In addition, the Company manages large, event-driven nightclubs that serve as venues for performances by key EDM talent. As of the Petition Date, the Debtors and their 120 non-debtor subsidiaries operated a business that spanned the globe, with operations in over 30 countries. The Debtors are substantially all of the domestic companies comprising SFX as well as select foreign holding companies. SFX's foreign operating subsidiaries and affiliates are not debtors in these cases. As of the Petition Date, the Debtors had more than 325 employees and, together with the non-Debtor entities, had more than 625 employees.

The Company's strategy was to take advantage of the heightened interest in EDM and the associated attractive demographic by building the largest integrated EDM business in the world. Through consolidation, the Company sought to take advantage of scale including the ability to: (i) share services and corporate overhead; (ii) sell across platforms (e.g., live and

online); (iii) increase purchasing power; (iv) establish common branding; (v) create a touring infrastructure to mitigate event costs; (vi) engage the best EDM talent; and (vii) attract large sponsors. The Company's strategy also sought to take advantage of its platform to enhance revenue by attracting sponsors for their festivals and other activities. The vast majority of the over 3 million tickets the Debtors sold in 2015 were attributable to the 18- to 34-year old demographic. This age bracket is highly desirable to marketers, and presented the Debtors with opportunities to enter into lucrative corporate sponsorships.

The Debtors' business also included control of a portion of its ticketing function, as well as online streaming platforms that enabled EDM fans and professionals access to music, news, ticketing, social networks and events. The Company's streaming and ticketing operations complemented their EDM operations and provided another revenue stream. As a result of the Company's roll-up strategy, SFX owned or operated more than 106 festivals and produced over 1,134 other events across the world in 2015, all in the vibrant and growing EDM community.

The Company's growth strategy was successful in building a platform but resulted in high acquisition-related costs. The Company's operating costs have remained high, as the Company had not yet completed the integration of the acquired companies. In addition, certain of the acquisitions did not add the expected level of value to the Company's platform.

B. Debtors' Corporate Structure

SFXE is a corporation formed under the laws of the State of Delaware. It began its business on July 7, 2011 as SFX EDM Holdings Corporation (f/k/a SFX Entertainment Inc.), which is now a wholly-owned subsidiary of SFXE. SFXE was incorporated on June 5, 2012; between June 5, 2012 and February 13, 2013, SFXE operations were conducted under the name SFX Holding Corporation. On October 15, 2013, SFXE completed its initial public offering and became a publicly traded company on NASDAQ, trading under the ticker symbol "SFXE". As of the Petition Date, there were a total of 98,805,935 shares of common stock issued and outstanding.

The Company has two operating segments under which the various SFX companies belong: (i) "Live Events", which is the production and promotion of the live EDM events, and includes revenue from ticket sales, concessions of food, beverages and merchandise, ticketing fees and commissions, promoter and management fees, event-specific sponsorships and advertising; and (ii) "Platform," which is the Company's 365-day per year engagement with the Company's fans outside of live events, and includes the sale of audio files, merchandise and certain marketing and digital activities.

Over the past few years, the Company acquired rights to host festivals under trusted brands that attract millions of EDM fans worldwide. As discussed above, the Company made a number of acquisitions to expand its global reach in Europe, Australia and South America. As SFX acquired new companies, the management team expanded to include a new generation of promoters, producers and executives who are innovators and leaders in the EDM community. These team members were generally managers or former owners of the acquired companies who received equity in the Company and other consideration, some of which has been payable over time. The Company's acquisition strategy included the acquisition of foreign

subsidiaries that house much of the Company's creative talent and intellectual property, as well as online platforms enabling EDM fans and professionals alike to access music, news, ticketing, social networks and events.

Some of these acquisitions involved the purchase of entire businesses. In other instances, the Company entered into joint ventures or purchased non-controlling interests, such as in connection with the acquisition of the Rock in Rio festival.

C. Debtors' Prepetition Capital Structure

1. *Overview*

To fund its roll-up strategy, the Company raised significant capital. As of the Petition Date, the Debtors had outstanding debt obligations in the aggregate principal amount of over $345 million, consisting mainly of their obligations under the Credit Agreement (as defined below), Original Foreign Loan (as defined below) and Notes (as defined below). The Company also raised $45 million in preferred stock issuances in September 2015 and an additional $7.5 million thereafter in November and December 2015.

2. *Prepetition First Lien Debt and Original Foreign Loan*

39. On February 7, 2014, SFXE and certain of the Debtors (the "**Credit Facility Borrowers**") entered into a credit agreement (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") with the lenders party thereto and Barclays Bank PLC, as administrative agent and collateral agent (in such capacities, together with its successors and permitted assigns, the "**Administrative Agent**"), which provided the Company with a $30 million revolving credit facility (the "**Revolving Credit Facility**").

The Credit Agreement was fully and unconditionally guaranteed by the Company's present and future wholly-owned domestic subsidiaries (collectively, the "**Guarantors**"). The Revolving Credit Facility was secured by a first-priority lien on substantially all of the present and future assets of SFXE and the Guarantors, subject to certain exceptions and permitted liens.

On March 16, 2015, the Credit Facility Borrowers entered into Amendment No. 2 to the Credit Agreement (the "**Second Amendment**") and a commitment letter with Sillerman Investment Company III LLC ("**SIC**"), an entity controlled by Mr. Robert F.X. Sillerman ("**Sillerman**"). Among other things, the Second Amendment modified the Credit Agreement, as previously amended, by removing certain financial covenants, eliminating the incurrence tests to which certain exceptions to the negative covenants were subject and modifying the applicable margin of the borrowings under the Credit Agreement. Further, SIC agreed to cash collateralize any credit extension under the Credit Agreement, in the aggregate amount of $31.5 million, and deposit a maximum of such amount into a deposit account that was subject to a first-priority lien in favor of the Administrative Agent.

On September 17, 2015, the Credit Agreement was assigned to GoldenTree Asset Management LP and its affiliates (collectively, "**GoldenTree**") and the Credit Facility Borrowers also entered into that Amendment and Restatement Agreement (the "**Revolver**

Restatement") with the Administrative Agent and the lenders party thereto. Among other things, the Revolver Restatement modified the Credit Agreement by (i) reinstating a maximum total leverage ratio and a minimum interest coverage ratio financial covenant; (ii) increasing the applicable margins for base rate loans and Eurodollar loans to 9.00% per annum and 10.00% per annum, respectively, and instituting a 1.00% LIBOR floor; (iii) eliminating or restricting certain exceptions to the negative covenants; and (iv) extending the maturity date of the Credit Agreement from February 7, 2017 to September 17, 2017. Additionally, SIC's cash collateral was released and SIC agreed to purchase $30 million of Series A Preferred Stock (as discussed below).

On November 17, 2015, the Company delivered notice to the parties to the Credit Agreement disclosing the event of default as a result of the non-funding of the Series A Preferred Stock (as discussed below).

In November 2015, Catalyst Fund Limited Partnership V ("**Catalyst**") expressed interest in purchasing the entire first-lien Credit Agreement position from GoldenTree. Prior to the purchase, Catalyst discussed with the Credit Facility Borrowers the terms and conditions on which they would forbear on the default caused by the non-funding of the Series A Preferred Stock and extend additional credit.

On December 31, 2015, GoldenTree assigned all its rights as a lender under the Credit Agreement to Catalyst. Concurrently therewith, the Credit Facility Borrowers and Catalyst entered into that Forbearance Agreement and First Amendment to Credit Agreement (the "**Forbearance and Amendment Agreement**"). Among other things, the Forbearance and Amendment Agreement modified the Credit Agreement by (i) providing for a forbearance period through the earlier to occur of January 28, 2016 or the occurrence of an event of default under the Credit Agreement, during which Catalyst agreed not to exercise its rights with respect to certain existing and identified defaults by the Company under the Credit Agreement; (ii) appointing Catalyst as the Administrative Agent under the Credit Agreement in replacement of Barclays Bank PLC; (iii) increasing the applicable interest rates for loans under the Credit Agreement to 20.00% per annum; (iv) providing for interest payments to be due on the last day of each calendar month; (v) providing for an early termination payment of $1.5 million in the event the Company prepaid the loans under the Credit Agreement; (vi) requiring the Company to engage a Chief Restructuring Officer ("**CRO**") reasonably acceptable to Catalyst; and (vii) restricting and limiting certain commercial and dividend payments and asset sales by the Company during the term of the Credit Agreement.

In addition, the Forbearance and Amendment Agreement contemplated the provision of a $20 million loan facility (the "**Original Foreign Loan**") to Debtor SFXE Netherlands Holdings Coöperatief U.A., a material European subsidiary of the Company (the "**Original Foreign Loan Borrower**"), to be guaranteed on a first-lien basis by select non-domestic subsidiaries of the Company (the "**Original Foreign Loan Guarantors**"). Subsequently, on January 14, 2016, the Original Foreign Loan Borrower, the Original Foreign Loan Guarantors, SFXE, Catalyst, and Catalyst Media Coöperatief U.A., as facility agent and security agent (in such capacities, the "**Original Foreign Loan Agent**") entered into that certain Facility Agreement (the "**Original Foreign Loan Agreement**"), which memorialized the terms and conditions of the Original Foreign Loan.

Under the terms of the Forbearance and Amendment Agreement, the Company paid a $1 million forbearance fee to Catalyst simultaneously with the closing of the Original Foreign Loan. The Original Foreign Loan provides for an early termination fee of $1.5 million and matures in January 2017. Proceeds of the Original Foreign Loan were used to support the operations of the Company, including its European operations. As of the Petition Date, the Original Foreign Loan had been fully drawn.

3. *Prepetition Second Lien Senior Secured Notes Due 2019*

On February 4, 2014, the Company issued $220 million aggregate principal amount of 9.625% second lien senior secured notes due 2019 (the "**Notes**", and the holders thereof, the "**Noteholders**"). In connection with the issuance of the Notes, SFXE, certain of its subsidiaries and U.S. Bank National Association, as trustee (in such capacity, the "**Indenture Trustee**") and collateral agent, entered into an indenture which governs the Notes (the "**Indenture**").

On September 24, 2014, the Company issued $75 million aggregate principal amount of the Notes in private offerings, including $10 million that was issued in a private placement to SIC. The Company used the net proceeds from the offering for working capital, general corporate purposes, and to fund acquisitions. The Notes issued in September 2014 have the same terms as the Notes issued in February 2014 and are also governed by the Indenture.

The Notes are second-priority lien senior secured obligations of the Company and are fully and unconditionally guaranteed by the Guarantors. The Notes and the guarantees thereof are secured by a second-priority lien on substantially all of the present and future assets of SFXE and the Guarantors, subject to certain exceptions and permitted liens.

On the Petition Date, the principal outstanding amount of the Notes was $295,000,000. The Notes mature on February 1, 2019 and accrue interest at a rate of 9.625% per annum, which is payable semi-annually in arrears on February 1 and August 1 of each year.

4. *Intercreditor Agreement*

SFXE, the Guarantors, the Administrative Agent and the Indenture Trustee entered into that certain First Lien/Second Lien Intercreditor Agreement, dated February 7, 2014 (the "**Intercreditor Agreement**"). The Intercreditor Agreement governed certain of the respective rights and interests of the Lenders under the Credit Agreement and the Noteholders.

5. *General Unsecured Claims*

As of the Petition Date, the aggregate amount of all general unsecured Claims against the Debtors was approximately [$225] million. This number includes Claims relating to acquisition, intercompany obligations, and trade claims.

6. *Equity Interests*

a. Series A Preferred Stock

On September 17, 2015, in connection with the Revolver Restatement and the release of the cash in the collateral account associated therewith, the Company entered into a subscription agreement with SIC, pursuant to which SIC agreed to purchase a total of $30 million in Series A Preferred Stock in a series of transactions. SIC purchased $15 million of Series A Preferred Stock on September 17, 2015. SIC agreed to purchase the remaining $15 million in six (6) subsequent closings (of $2.5 million each) to be held every fifth day after the initial closing (i.e., 30 days) (the "**Additional Sillerman Investment**").

On November 2, 2015 the Company delivered notice to SIC that SIC did not timely purchase the entire amount of the Series A Preferred Stock. SIC notified the Board of Directors that the failure to purchase the Series A Preferred Stock was due to an asserted failure by the Company to fulfill certain alleged obligations to Sillerman. On November 17, 2015, the Company delivered notice to the parties to the Credit Agreement disclosing the event of default as a result of the non-funding of the Series A Preferred Stock. Subsequently, SIC purchased an additional $5 million of Series A Preferred Stock on November 23, 2015 and $2.5 million of Series A Preferred Stock on December 17, 2015.

As of the Petition Date, there were 225 issued and outstanding shares of Series A Preferred Stock, all of which are owned by Sillerman and entities controlled by Sillerman (collectively, the "**Sillerman Entities**").

b. Series B Convertible Preferred Stock

On September 17, 2015, SFX entered into a Securities Purchase Agreement with funds managed by Allianz Global Investors U.S. LLC ("**Allianz**"), whereby Allianz purchased $30 million of Series B Convertible Preferred Stock. Allianz is an institutional investor that owns a significant portion of the Notes. As of the Petition Date, there were 30,000 issued and outstanding shares of Series B Convertible Preferred Stock, all of which are owned by Allianz.

The shares of Series B Convertible Preferred Stock are senior to Series A Preferred Stock and common stock. At any time after issuance, holders of Series B Convertible Preferred Stock could convert such shares to common stock. Additionally, Series B Convertible Preferred Stock would automatically convert to common stock on a rolling basis, beginning 36 months after the Series B Convertible Preferred Stock was issued.

c. Common Stock

As discussed above, the Company went public in October 2013 at $13 per share. As of December 31, 2015 a total of 98,805,935 shares of common stock were outstanding. The Sillerman Entities own approximately 40.3% of the outstanding common stock.

During the two months immediately prior to the Petition Date, the Company's stock traded below $1. In the days leading up to the Petition Date, the stock was trading in the

vicinity of $0.10 per share. The Company's stock was delisted from NASDAQ on or about March 4, 2016.

D. Events Leading to the Filing of the Chapter 11 Cases

1. *The 2015 Merger Offers and Other Sale Efforts*

On February 24, 2015, Sillerman approached the Board of Directors with an offer to acquire all the common stock of SFXE (the "**First Merger Offer**"). The Board of Directors appointed a committee of independent board members (the "**Merger Special Committee**") to review the proposed Merger. The Merger Special Committee retained Steptoe & Johnson LLP and Moelis & Company LLC ("**Moelis**") as its counsel and financial advisor, respectively.

On May 26, 2015, SFXE entered into an agreement and plan of merger (the "**Merger Agreement**") with SIC affiliates, SFXE Acquisition LLC (the "**SIC Purchaser**") and SFXE Merger Sub, Inc. (the "**SIC Merger Sub**"), a Delaware corporation and wholly-owned subsidiary of the SIC Purchaser. During a subsequent go-shop period, Moelis marketed the Company and discussed a potential sale with numerous parties. There was, however, ultimately no interest that resulted in a higher valuation than as proposed under the Merger Agreement. The go-shop period expired, and the SIC Purchaser and the SIC Merger Sub did not provide the required financing commitments. Accordingly, on or about August 17, 2015, the Company terminated the Merger Agreement.

The Company, with Moelis' assistance, continued to pursue a potential sale of its assets, including both a sale of the entire Company and a sale of certain non-core assets. A number of parties received access to datarooms and engaged in diligence calls with Company management with the assistance of Moelis. By October 22, 2015, the Company had received preliminary indications of interest from 12 parties interested in acquiring the Company or parts thereof.

This included an offer from Sillerman on October 14, 2015 (the "**Second Merger Offer**", and together with the First Merger Offer, the "**Merger Offers**"), whereby Sillerman proposed to acquire all of the outstanding shares of SFXE's common stock not presently held, directly or indirectly, by Sillerman and his affiliates. Sillerman withdrew the Second Merger Offer on November 17, 2015. None of the other offers ultimately materialized into a definitive agreement to purchase any of the Company's assets, and the Merger Special Committee was subsequently terminated in December 2015.

2. *Further Efforts to Restructure*

Beginning in the fall of 2015, the Debtors' already strained liquidity became more critical. The confluence of factors mentioned above came to a head, with vendors and counterparties demanding payments and tighter trade terms. With these cash demands rising, finding additional funding for the business was crucial to ensure continued operations.

In its efforts to source this funding, the Company began discussions with an ad hoc group of Noteholders (the "**Ad Hoc Group**") as to a potential restructuring of the Notes and

recapitalization of the Company. As of the Petition Date, the Ad Hoc Group held over 70% of the outstanding principal amount of the Notes.

In addition, the Debtors entered into similar discussions with Catalyst, who also expressed interest in providing DIP financing to the Debtors in the event that the Company filed for chapter 11 bankruptcy.

Both Catalyst and the Ad Hoc Group provided funding proposals to the Debtors. After careful consideration, the Debtors determined to proceed with the Catalyst proposal, which presented a clear path to obtain and quickly effectuate the financing critical to the Debtors' operations in a manner consistent with the terms of the Debtors' other obligations, including the Notes. After substantial negotiations, on December 31, 2015, the Company entered into the Forbearance and Amendment Agreement (discussed above).

On January 3, 2016, FTI Consulting, Inc. ("**FTI**") was retained and Michael E. Katzenstein was appointed as the CRO. Shortly thereafter, on January 14, 2016, as discussed above, the parties executed the Original Foreign Loan Agreement, which provided $20 million in operating capital, some of which was utilized by the domestic Debtors pursuant to intercompany loans.

While the Original Foreign Loan provided the Debtors with much-needed liquidity, the Company still did not have sufficient funds to make the February 1 cash interest payment on the Notes and to cover its operating expenses. The Debtors thus continued discussions with Catalyst over the terms of a potential DIP financing for a chapter 11 bankruptcy. The Debtors were also approached by the Ad Hoc Group, which made a proposal that included both DIP financing and the RSA (as defined below) and presented a clear path to an exit from chapter 11.

After careful consideration of the two proposals, the Debtors determined that the proposal by the Ad Hoc Group was economically superior to the Catalyst proposal. Further, execution of the Catalyst proposal undoubtedly would have been complicated by costly litigation with the Ad Hoc Group with respect to priming, intercreditor and other issues.

3. *Appointment of the Special Committee*

On January 31, 2016, the Board of Directors of SFXE appointed a special committee of the Board comprised of independent members (the "**Special Committee**"). The Board of Directors delegated to the Special Committee the power and authority to manage and oversee the financial restructuring of the business, assets, liabilities, and interests of the Company and its subsidiaries after the filing and during the pendency of these Chapter 11 Cases, including but not limited to operational issues and implementation of the transactions contemplated by and other terms and conditions, such as milestones, of the RSA.

4. *The Restructuring Support Agreement*

On January 31, 2016, the Company, certain of the Noteholders, and Sillerman entered into a Restructuring Support Agreement (the "**RSA**"). The RSA sought to provide for the Debtors' expedient emergence from these Chapter 11 cases. The RSA contemplated a

significant deleveraging of the Debtors' balance sheet, which would have allowed the reorganized Debtors to operate effectively and emerge as a profitable enterprise going forward. Moreover, the RSA sought to avoid a free-fall bankruptcy, which would have disrupted the Debtors' operations.

Throughout the pendency of these Chapter 11 Cases, however, the RSA was met with resistance from the Debtors' constituents, including objections from the Creditors' Committee (as defined below) and the U.S. Trustee. Accordingly, the hearing to consider the motion to approve assumption of this agreement was adjourned repeatedly. The RSA was subsequently terminated by the Noteholders on June 1, 2016 due to the occurrence of defaults on certain covenants and the Debtors' failure to meet performance milestones.

V. THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

On February 1, 2016, the Debtors commenced the Chapter 11 Cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Since the Petition Date, the Debtors have continued to operate as debtors-in-possession subject to the supervision of the Bankruptcy Court, and in accordance with the Bankruptcy Code. The Debtors are authorized to operate their business and manage their properties in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of commencement of the Chapter 11 Cases was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by Creditors, the enforcement of liens against property of the Debtors, and the continuation of litigation against the Debtors during the pendency of the Chapter 11 Cases. The relief provided the Debtors with the "breathing room" necessary to assess and reorganize their business and prevent Creditors from obtaining an unfair recovery advantage while the Chapter 11 Cases are continuing. The automatic stay will remain in effect, unless modified by the Bankruptcy Court, until the entry of a final decree closing the Chapter 11 Cases.

B. First Day Orders

The first day hearing (the "**First Day Hearing**") was held in the Chapter 11 Cases before the Bankruptcy Court on February 3, 2016. At the First Day Hearing, the Bankruptcy Court heard certain requests for immediate relief Filed by the Debtors to facilitate the transition between the Debtors' prepetition and postpetition business operations, and objections thereto, and entered the following orders:

- Order Authorizing and Directing the Joint Administration of the Debtors' Chapter 11 Cases for Procedural Purposes Only [Docket No. 49];
- Interim Order (A) Authorizing the Maintenance of Bank Accounts and Continued Use of Existing Business Forms and Checks, (B) Authorizing the Continued Use of Cash Management System, (C) Waiving Certain

Investment and Deposit Guidelines and (D) Granting Administrative Expense Status to Postpetition Intercompany Claims [Docket No. 50] (the Final Order was entered on March 4, 2016 [Docket No. 195]);

- Interim Order Authorizing (A) the Debtors to Pay (I) All or a Portion of the Prepetition claims of Certain Critical Vendors and Foreign Vendors and (II) Certain Prepetition Mechanics' Liens and Shipping and Warehousing Charges in the Ordinary Course of Business, and (B) Financial Institutions to Honor and Process Related Checks and Transfers [Docket No. 51] (the Final Order was entered on March 4, 2016) [Docket No. 196];

- Order Authorizing, But Not Directing, Debtors to (A) Maintain Existing Insurance Policies, Pay All Policy Premiums and Consultant Fees Arising Thereunder and Renew or Enter Into New Policies, and (B) Continue Insurance Premium Financing Programs, Pay Insurance Premium Financing Obligations Arising in Connection Therewith and Renew or Enter Into New Premium Financing Arrangements [Docket No. 52];

- Interim Order Pursuant to Sections 105(a) and 366 of the Bankruptcy Code (A) Prohibiting Utilities from Altering, Refusing or Discontinuing Services, (B) Deeming Utilities Adequately Assured of Future Performance, and (C) Establishing Procedures for Determining Adequate Assurance of Payment [Docket No. 54] (the Final Order was entered on March 3, 2016 [Docket No. 184]);

- Interim Order Authorizing (A) the Debtors to Pay Prepetition Sales, Franchise and Similar Taxes in the Ordinary Course of Business, and (B) Banks and Financial Institutions to Honor and Process Checks and Transfers Related Thereto [Docket No. 55] (the Final Order was entered on March 3, 2016 [Docket No. 184]);

- Order (A) Authorizing the Debtors to Honor Certain Prepetition Ticket Obligations to Customers and to Otherwise Continue Certain Prepetition Customer Practices in the Ordinary Course of Business [Docket No. 56];

- Interim Order Establishing (I) Notification, Objection and Hearing Procedures for Transfers of Equity Securities and (II) Establishing a Record Date for Notice and Sell-Down Procedures for Trading in Claims Against the Debtors' Estates [Docket No. 57] (pursuant to the terms of the Interim Order, the Interim Order was deemed final as of March 4, 2016 as no objections were received on or prior to this date);

- Order (A) Authorizing Debtors to Pay (I) All Prepetition Employee Obligations and (II) Prepetition Withholding Obligations, and (B) Directing Banks to Honor Related Transfers [Docket No. 58] (a supplemental Order on the payment of commissions, which incorporated

comments by the U.S. Trustee and the Creditors' Committee, was entered on March 3, 2016 [Docket No. 185]);

- Order Authorizing Retention and Appointment of Kurtzman Carson Consultants, LLC as Claims and Noticing Agent [Docket No. 59]; and

- Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503 and 507 (I) Authorizing the Debtors to Obtain Senior Secured Priming Superpriority Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling A Final Hearing, and (VII) Granting Related Relief [Docket No. 62] (an Amended Interim Order was entered on February 9, 2016 [Docket No. 82] and the Final Order was entered on March 8, 2016 [Docket No. 203]).

C. Retention of Professionals

During the Chapter 11 Cases, the Bankruptcy Court has authorized the retention of various professionals by the Debtors, including:

- Greenberg Traurig, LLP, as bankruptcy counsel [Docket No. 179];

- Bayard, P.A., as litigation and conflicts counsel [Docket No. 264];

- Kaye Scholer LLP, as counsel for the Special Committee [Docket No. 175];

- Moelis & Company LLC, as investment banker [Docket No. 265];

- Kurtzman Carson Consultants, LLC, as claims and noticing agent [Docket No. 59] and administrative agent [Docket No. 180];

- Ernst & Young LLP, as tax advisors [Docket No. 373];

- Jones Lang LaSalle Brokerage, Inc. as real estate broker [Docket No. 647]; and

- Ordinary Course Professionals [Docket No. 176].

In addition to the retention of the above professionals, the Bankruptcy Court authorized the retention of FTI as crisis and turnaround manager [Docket No. 177]. The Bankruptcy Court also authorized FTI to provide a Chief Restructuring Officer and Associate Chief Restructuring Officer to the Debtors, and the appointments of Michael E. Katzenstein and Christopher T. Nicholls, respectively, to those positions. On April 5, 2016, the Bankruptcy Court further authorized an expanded scope of services to be rendered as well as the employment of additional personnel from FTI's Australia offices to provide assistance in representing the Debtors' interests with respect to a material non-debtor affiliate. On June 21, 2016, the

Bankruptcy Court additionally authorized (i) an expanded scope of services to be rendered, (ii) the employment of additional personnel from FTI's Brazil offices to provide assistance in representing the Debtors' interests with respect to certain wholly-owned indirect non-debtor Brazilian Entities, and (iii) the appointment of the Debtors' Associate Chief Restructuring Officer as Chief Executive Officer of Debtor Beatport, LLC.

The fees and expenses of the professionals retained by the Debtors are entitled to be paid by the Debtors subject to approval by the Bankruptcy Court and in accordance with the *Administrative Order Establishing Procedures for Final, Interim and Monthly Compensation and Reimbursement of Expenses of Professionals Retained in these Chapter 11 Cases and Reimbursement of Expenses of Committee Members Appointed in these Chapter 11 Cases* [Docket No. 181]. On June 3, 2016, the Bankruptcy Court entered an order appointing Direct Fee Review LLC as fee examiner in these Chapter 11 Cases and establishing related procedures for the review of certain professional claims [Docket No. 699].

D. Creditors' Committee

On February 12, 2016, the U.S. Trustee appointed an Official Committee of Unsecured Creditors (the "**Creditors' Committee**") [Docket No. 99]. Subsequently, the Bankruptcy Court authorized the retention of Pachulski Stang Ziehl & Jones LLP as the Creditors' Committee's bankruptcy counsel [Docket No. 338], Conway Mackenzie, Inc. as the Creditors' Committee's financial advisor [Docket No. 355] and Van Benthem & Keulen N.V. as the Creditors' Committee's foreign counsel [Docket No. 670].

E. DIP Credit Facility and Assignment of Original Foreign Loan Agreement

On February 2, 2016, the Debtors Filed the *Motion of the Debtors for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503 and 507 (I) Authorizing the Debtors to Obtain Senior Secured Priming Superpriority Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**DIP Motion**") [Docket No. 28]. Pursuant to the DIP Motion, the Debtors sought the Bankruptcy Court's approval of a $115 million (which amount was later revised to $87.6 million) debtor-in-possession credit facility providing for two different tranches of term loans, to be provided by certain members of the Ad Hoc Group. The Bankruptcy Court entered an Interim Order on February 3, 2016 [Docket No. 62], and an Amended Interim Order on February 9, 2016 [Docket No. 82]. The final credit agreement for the debtor-in-possession facility (the "**DIP Credit Agreement**") was executed on February 10, 2016 (the "**DIP Closing Date**").

On March 2, 2016, M&M Management BVBA and ID&T BVBA Filed an objection to the DIP Motion [Docket No. 155], which objection was consensually resolved. On March 3, 2016, the Creditors' Committee Filed its objection to the DIP Motion [Docket No. 187]. On March 8, 2016, the Bankruptcy Court entered a Final Order approving the requested relief, as modified per the rulings of the Court and further negotiations between the Debtors, the lenders under the DIP Credit Agreement, and the Creditors' Committee (the "**Final DIP Order**") [Docket No. 203].

The DIP Credit Agreement provides for a multiple-draw, senior secured, super-priority debtor-in-possession term loan facility in an aggregate principal amount of up to $87.6 million (the "**DIP Facility**"), which consists of $30.0 million of tranche A loans ("**Tranche A DIP Facility**") made by the tranche A lenders (the "**Tranche A Lenders**") on the DIP Closing Date and up to $57.6 million of tranche B loans ("**Tranche B DIP Facility**") made by the tranche B lenders (the "**Tranche B Lenders**") from time to time. The Tranche B DIP Facility also includes borrowings incurred, after the Petition Date, as incremental loans under the Foreign Loan Facility (as defined below) (the "**Incremental Foreign Loans**"), *plus* any Incremental Tranche B DIP Loans (as defined below).

Under the DIP Credit Agreement, the Debtors may request up to $15.0 million of additional term loans under the Tranche B DIP Facility, subject to the consent of the Tranche B Lenders (the "**Incremental Tranche B DIP Loans**"). Subject to certain exceptions, carve-outs and permitted liens as set forth in the DIP Credit Agreement, the obligations under the DIP Facility are secured by first priority perfected security interests and liens on substantially all of the assets of the Debtors in accordance with the relevant provisions of the Bankruptcy Code.

Outstanding amounts under the Tranche A DIP Facility bear an interest rate of 12% per annum, payable in cash in arrears on a monthly basis, and outstanding amounts under the Tranche B DIP Facility bear an interest rate of 10% per annum, payable in-kind in arrears on a monthly basis. Upon an event of default under the DIP Credit Agreement, an additional 2% per annum is added to each respective interest rate, payable in cash in respect of the Tranche A DIP Facility and payable in-kind in respect of the Tranche B DIP Facility. The DIP Credit Agreement also provided for the payment of (i) an up-front commitment fee, payable in cash on the DIP Closing Date, equal to 2% of the Tranche A DIP Facility to the Tranche A Lenders (the "**Cash Commitment Fee**") and (ii) commitment fees, payable in kind, equal to 2% of the Tranche A DIP Facility to the Tranche A Lenders and 4% of the Tranche B DIP Facility to the Tranche B Lenders. Commitment fees paid in-kind were added to the principal amounts outstanding under the Tranche A DIP Facility and the Tranche B DIP Facility and interest accrues thereon. The Company may voluntarily prepay the Tranche A DIP Facility with the net cash proceeds from certain asset sales. The DIP Credit Agreement does not contain any mandatory prepayments prior to the Termination Date (as defined below).

The DIP Facility terminates on the earliest to occur of (i) January 31, 2017, (ii) forty-five days after the Petition Date, if the Bankruptcy Court had not yet entered a final DIP Order, (iii) the effective date of the Plan, (iv) the date on which the DIP Facility loans are accelerated and the unfunded amounts of the DIP Facility are terminated in accordance with the DIP Credit Agreement, by operation of law or otherwise; and (v) the consummation of a sale of all or substantially all of the assets of the Company and its subsidiaries pursuant to Section 363 of the Bankruptcy Code (the earliest of the aforementioned events, the "**Termination Date**"). Upon the Termination Date, all outstanding amounts under the DIP Facility, plus any accrued and unpaid interest or additional fees, become immediately due and payable, except to the extent that the outstanding DIP Facility loans are converted into new debt or equity in the Reorganized Debtors upon the Effective Date.

The Original Foreign Loan Agreement was assigned by Catalyst to the DIP Lenders on February 10, 2016, and Stichting Grabrok became the successor to the Original

Foreign Loan Agent (the "**New Agent**"). On March 4, 2016, the DIP Lenders, the New Agent, SFXE and the Original Foreign Loan Borrower (the "**Foreign Loan Parties**") entered into an amendment and restatement of the Original Foreign Loan (the "**First Foreign Loan Amendment**") which provided for (i) a $13.0 million increase in the commitment thereunder and (ii) the accession of various SFX entities as obligors. On May 6, 2016, the Foreign Loan Parties entered into a second amendment and restatement of the Original Foreign Loan (the "**Second Foreign Loan Amendment**"), which increased the commitment thereunder and outstanding amounts thereunder to $44.0 million. On June 3, 2016, the Foreign Loan Parties entered into a third amendment and restatement of the Original Foreign Loan (the "**Third Foreign Loan Amendment**"), which increased the commitment thereunder and outstanding amounts thereunder to $52,000,000. On July 15, 2016, the Foreign Loan Parties entered into a fourth amendment and restatement of the Original Foreign Loan, which increased the commitment thereunder and outstanding amounts thereunder to $56,600,000 (the "**Fourth Foreign Loan Amendment**"). On August 11, 2016, the Foreign Loan Parties entered into a fifth amendment and restatement of the Original Foreign Loan, which increased the commitment thereunder and outstanding amounts thereunder to $61,600,000 (the "**Fifth Foreign Loan Amendment**", and together with the Original Foreign Loan Agreement, First Foreign Loan Amendment, Second Foreign Loan Amendment, Third Foreign Loan Amendment, and Fourth Foreign Loan Amendment, the "**Foreign Loan Facility**"). For the avoidance of doubt, pursuant to the Final DIP Order, these incremental draws constitute DIP Obligations.

On February 10, 2016, the Company made an initial $43.0 million draw from the DIP Facility, consisting of $30.0 million from the Tranche A Facility and $13.0 million of the Tranche B Facility. The Tranche A Facility funds were used to fully satisfy the First Lien Obligations to Catalyst, and the Tranche B Facility funds were used to pay the Cash Commitment Fee and operational costs.

On February 23, 2016, the Company made a $1.0 million draw from the Tranche B Facility in order to provide an intercompany loan to a non-Debtor foreign subsidiary. On March 4, 2016, May 6, 2016, June 3, 2016, and July 15, 2016, the Company made subsequent draws of $13.0 million, $11.0 million, $8.0 million, and $4.6 million, respectively, in Incremental Foreign Loans for operational and restructuring costs. An additional $2.0 million was drawn from the Tranche B DIP Facility on July 13, 2016 to provide an intercompany loan to certain non-Debtor subsidiaries in Brazil.

The Debtors have been and continue to be subject to certain covenants and restrictions under the DIP Credit Agreement, including, without limitation, restrictions on the incurrence of additional debt, liens, and making restricted payments; compliance with certain bankruptcy-related covenants; financial and operational reporting and approval requirements; disposition of assets; and achievement of certain milestones for progress in the Bankruptcy Court proceedings and in the restructuring transaction; in each case, as set forth in the DIP Credit Agreement and/or the order(s) of the Bankruptcy Court.

F. Non-Core Asset Sales

The Debtors initiated sales processes for three of their non-core assets, each as discussed in greater detail below. In connection with these sales, the Debtors formulated a key

employee incentive program and a key employee retention program for executives and non-insider employees, respectively, of these non-core assets. On March 2, 2016, the Debtors Filed a motion to approve implementation of these plans. The U.S. Trustee Filed its objection on March 15, 2016 [Docket No. 218], to which the Debtors Filed a Reply on March 17, 2016 [Docket No. 235] and a Supplement on March 18, 2016 [Docket No. 258], the latter of which resolved the United States Trustee's remaining objections. On March 17, 2016, the Creditors' Committee Filed a statement that it did not object to this Motion, as the Debtors had resolved the Creditors' Committee's informal objections [Docket No. 240]. The Bankruptcy Court issued an order (the "**NCU KEIP/KERP Order**") approving implementation of these programs on March 23, 2016 [Docket No. 275].

1. ***Beatport***

On February 29, 2016, the Debtors Filed a motion (the "**Beatport Bid Procedures Motion**") for entry of an order approving bid and notice procedures in connection with a sale (the "**Beatport Sale**") of all or substantially all of the assets of Debtor Beatport, LLC ("**Beatport**") [Docket No. 135]. On March 23, 2016, the Bankruptcy Court entered an order approving the bid and notice procedures set forth in the Beatport Bid Procedures Motion [Docket No. 276]. The Notice of Bid Procedures, Auction Date and Sale Hearing for the Beatport Sale was Filed on March 28, 2016 [Docket No. 307]. On April 14, 2016, the Debtors Filed a motion (the "**Beatport Sale Motion**") for entry of an order authorizing the Beatport Sale, approving the final form of asset purchase agreement, and authorizing the assumption and assignment or rejection of certain executory contracts and unexpired leases [Docket No. 436].

In connection with the Beatport Sale, Moelis contacted a number of potentially interested parties, many of whom signed non-disclosure agreements in order to begin the diligence and bidding process. No acceptable offers were received. Subsequently, the Debtors decided that a realignment of the Beatport business would be in the best interests of the Debtors' estates. Such strategy consisted of (i) the suspension of Beatport's news, events and streaming services, as well as its mobile application, on May 10, 2016 and (ii) the appointment of Christopher T. Nicholls as Beatport's Chief Executive Officer. On July 12, the Debtors Filed a notice withdrawing the Beatport Sale Motion [Docket No. 816].

Going forward, Beatport will return to its traditional focus as an online music store selling high quality tracks, utilizing its reputation as (i) the most-recognized brand in EDM culture across all genres, regions and formats and (ii) the leading digital store for DJs specializing in EDM to return to profitability.

2. ***Fame House***

On February 29, 2016, the Debtors Filed a motion (the "**Fame House Bid Procedures Motion**") for entry of an order approving bid and notice procedures in connection with a sale (the "**Fame House Sale**") of all or substantially all of the assets of Debtor SFX Marketing LLC ("**Fame House**") [Docket No. 136]. On March 17, 2016, the Debtors Filed a motion (the "**Fame House Sale Motion**") for entry of an order authorizing the Fame House Sale, approving the final form of asset purchase agreement, and authorizing the assumption and assignment or rejection of certain executory contracts and unexpired leases [Docket No. 245].

On March 18, 2016, the Bankruptcy Court entered an order approving the bid and notice procedures set forth in the Fame House Bid Procedures Motion [Docket No. 250].

On March 10, 2016, the Debtors Filed a motion for entry of an order directing the U.S. Trustee to appoint a Consumer Privacy Ombudsman ("**CPO**") [Docket No. 206]. On March 21, 2016, the Bankruptcy Court entered an order directing the United States Trustee to appoint a CPO [Docket No. 266]; the CPO was appointed on March 22, 2016 [Docket No. 269]. The CPO filed its report, which supported the Debtors' procedures for protecting personally identifiable information as part of the Fame House Sale, on May 24, 2016 [Docket No. 645].

On March 29, 2016, TriNet Group Inc. and its subsidiaries ("**TriNet Group**") Filed an objection to and reservation of rights on the Fame House Sale Motion [Docket No. 309]. This objection subsequently became moot when UMG (defined below) rejected its contract as part of its bid.

In connection with the Fame House Sale, Moelis contacted a number of potentially interested parties, some of whom signed non-disclosure agreements in order to begin the diligence and bidding process. As there was only one Qualified Bidder (as defined in the Fame House Bid Procedures Motion), an auction was not held. The Debtors determined to negotiate a definitive final purchase agreement with the Qualified Bidder, UMG Commercial Services, Inc., ("**UMG**") which agreement was signed on May 23, 2016. The Bankruptcy Court entered an Order approving the Fame House Sale on May 26, 2016 [Docket No. 666], and the transaction closed on May 31, 2016.

Pursuant to the NCU KEIP/KERP Order, the Debtors Filed a notice on June 15, 2016, which disclosed that no key employee incentive payments had been made in respect of the Fame House Sale [Docket No. 747].

3. ***Flavorus***

On March 17, 2016, the Debtors Filed a motion (the "**Flavorus Bid Procedures Motion**") for entry of an order approving bid and notice procedures in connection with a sale (the "**Flavorus Sale**") of all or substantially all of the assets of Debtor Flavorus Inc. ("**Flavorus**") [Docket No. 244]. On April 5, 2016, the Bankruptcy Court entered an order approving the bid and notice procedures set forth in the Flavorus Bid Procedures Motion [Docket No. 352].

On May 5, 2016, the Debtors Filed a motion (the "**Flavorus Sale Motion**") for entry of an order authorizing the Flavorus Sale, approving the final form of asset purchase agreement, and authorizing the assumption and assignment or rejection of certain executory contracts and unexpired leases [Docket No. 556]. On May 19, 2016, TriNet Group Filed an objection to and reservation of rights on the Flavorus Sale Motion [Docket No. 614], which subsequently became moot when Vivendi (defined below) rejected its contract as part of its bid.

In connection with the Flavorus Sale, Moelis contacted a number of potentially interested parties, some of whom signed non-disclosure agreements in order to begin the diligence and bidding process. The bid deadline occurred on May 19, 2016, at which time the Debtors determined that there were two Qualified Bids (as defined in the Flavorus Bid

Procedures Motion). The auction, originally scheduled to be held on May 23, 2016, was postponed and held on June 2-3, 2016. The Debtors negotiated a final purchase agreement with the successful bidder, Vivendi Ticketing U.S. LLC ("**Vivendi**"), and the Bankruptcy Court entered an Order approving the Flavorus Sale on June 8, 2016 [Docket No. 718]. The transaction closed on June 24, 2016.

Pursuant to the NCU KEIP/KERP Order, the Debtors Filed a notice on July 25, 2016, disclosing the KEIP hurdle sale prices in respect of the Flavorus Sale [Docket No. 845].

G. Guevoura Fund, Ltd. Adversary Proceeding

On September 11, 2015, Guevoura Fund Limited ("**Guevoura**") brought an action (the "**Civil Case**") against SFXE and certain of its directors (collectively, the "**Defendants**") in the United States District Court for the Southern District of New York. On December 23, 2015, Guevoura filed a consolidated amended class action complaint, alleging violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and Section 20(a) of the Exchange Act. The Civil Case was filed as a class action on behalf of all investors who purchased or otherwise acquired the common stock of SFXE between February 25, 2015 and November 17, 2015.

The complaint alleged that the Defendants made false and misleading statements concerning Sillerman's First Merger Offer and Second Merger Offer (in February and October 2015, respectively) merger proposals and the merger agreement that had been signed in connection with the February proposal (described in more detail in Section IV.D.I. above). In particular, the complaint alleged that Sillerman never intended to complete either of the transactions and knew he could not obtain financing, yet made the proposal to artificially inflate SFXE's stock price in order to renegotiate SFXE's debt covenants, refinance its debt and/or raise capital, and keep it as an attractive acquisition candidate for a third-party purchaser at a time when SFXE's financial condition was declining.

On January 22, 2016, the Defendants filed separate motions to dismiss the complaint in the Civil Case. On February 24, 2016, the Debtors Filed a complaint for declaratory and injunctive relief in the Bankruptcy Court, seeking to extend the automatic stay provisions of the Bankruptcy Code to Sillerman and the other individual Defendants [Adv. Proc. No. 16-50078, Docket Nos. 1, 3]. On April 4, 2016, Guevoura Filed an objection to the Debtors' motion [Docket No. 14], to which the Debtors Filed a reply on April 14, 2016 [Docket No. 17]. On April 18, 2016, the Bankruptcy Court entered an Order to adjourn the hearing to consider this motion until the motions to dismiss the complaint in the Civil Case are granted or denied, in whole or in part [Docket No. 18]. As of the date hereof, this motion remains pending.

H. Claims Process

1. *Schedules of Assets and Liabilities and Statements of Financial Affairs*

The Debtors Filed their Schedules of Assets and Liabilities on April 13, 2016 and their Statements of Financial Affairs on April 14, 2016 [Docket Nos. 382 – 425, 438 – 481] (collectively, the "**Schedules and Statements**"). Among other things, the Schedules and

Statements set forth the Claims of known Creditors against the Debtors as of the Petition Date, based upon the Debtors' books and records.

2. *Bar Date*

On April 5, 2016, the Bankruptcy Court entered an order (the "**Bar Date Order**"), in accordance with Bankruptcy Rule 3003(c), fixing May 17, 2016 (the "**General Bar Date**") as the last day for filing Proofs of Claim in these Chapter 11 Cases for all Claims against the Debtors, excluding those of governmental units, as defined in section 101(27) of the Bankruptcy Code. For Holders of Claims against the Debtors which arise from the rejection by the Debtors of an executory contract or unexpired lease, proofs of claim must be Filed on or before the later of (i) the General Bar Date; (ii) thirty (30) days after service of an order by the Bankruptcy Court authorizing such rejection; or (iii) such other date, if any, as the Court may fix in the order authorizing such rejection. On May 5, 2016, the Bankruptcy Court entered an order (the "**Supplemental Bar Date Order**") amending and supplementing the Bar Date Order to clarify that any direct or indirect non-Debtor subsidiary of a Debtor with a Claim against a Debtor would not be required to file a Proof of Claim on or before the General Bar Date [Docket No. 555].

The Bar Date Order also fixed August 1, 2016, at 5:00 p.m. (Prevailing Eastern Time) as the last day for filing Proofs of Claim in these Chapter 11 Cases for all governmental units, as defined in section 101(27) of the Bankruptcy Code (the "**Governmental Unit Bar Date**"). Certain parties, as more particularly set forth in the Bar Date Order and the Supplemental Bar Date Order, have been exempted from filing their Proofs of Claim on or before the applicable Bar Dates.

3. *Causes of Action; Avoidance and Other Claims*

The Debtors intend to retain all Causes of Action relating to their estates. In connection therewith, the Debtors and their advisors investigated possible Causes of Action the Debtors may assert against third parties, including claims against insiders, breaches of fiduciary duty by former directors and officers of the Debtors, and Avoidance Actions, such as fraudulent transfer claims under federal and state law.

Possible Causes of Action against Sillerman and/or other former directors and officers of the Debtors include (i) potential fiduciary duty claims for (x) breaches of SIC's commitment to purchase Series A Preferred Stock, (y) the two failed Merger Offers and (z) other general breaches of fiduciary duty relating to insider transactions and funding issues, and (ii) Avoidance Actions for (a) amounts reimbursed to Sillerman and (b) warrants issued to Sillerman. Other possible Avoidance Actions include those for licensing fees, employee compensation, a cash collateral release, certain settlement payments, and the termination fee that the Company paid in connection with the termination of the Merger Agreement.

The Reorganized Debtors shall have sole and exclusive authority to determine whether to pursue any causes of action, as more particularly set forth in Section 5.09 of the Plan.

I. Other Matters Addressed During the Chapter 11 Cases

In addition to the first day relief sought in the Chapter 11 Cases, the Debtors have sought authority with respect to matters designed to assist in the administration of the Chapter 11 Cases, maximize the value of the Debtors' Estates, and provide the foundation for the Debtors' emergence from Chapter 11. Set forth below is a brief summary of certain of the principal motions the Debtors have Filed during the pendency of the Chapter 11 Cases.

1. *Motion to Assume Moreno Settlement Agreement*

On February 11, 2016, the Debtors Filed the *Motion For an Order, Pursuant to Sections 105(a) and 365(a) of the Bankruptcy Code, Authorizing the Assumption of Settlement Agreement* [Docket No. 94] pursuant to which the Debtors sought to assume a prepetition settlement agreement and release in connection with a civil case filed by Paolo Moreno, Gabriel Moreno and Lawrence Vavra in the United States District Court for the Central District of California. The Creditors' Committee has submitted informal objections to the Debtors; as of the date hereof, the hearing to consider this motion remains adjourned.

2. *Motion to Assume Vos Employment Agreement, as Amended*

On March 2, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Authorizing the Debtors to Assume Employment Agreement, as Amended, Effective* Nunc Pro Tunc *to the Petition Date* [Docket No. 161], pursuant to which the Debtors sought to amend and assume the employment agreement of Mr. Veenerick Vos, an employee involved in the Debtors' major sponsorship efforts. On March 18, 2016, the Bankruptcy Court entered an Order approving this Motion [Docket No. 251].

3. *Motions for Relief From or Modification of Automatic Stay*

On March 16, 2016, Jessica Janes Filed a motion requesting relief from the automatic stay to enable her to pursue a state court litigation claim, whereby she agreed to limit her recovery to available insurance proceeds under the applicable policy [Docket No. 316]. The Bankruptcy Court entered an Order approving this motion on April 18, 2016 [Docket No. 493].

On March 17, 2016, the Debtors Filed a motion for entry of an order modifying the automatic stay to allow for advancement/payment under D&O insurance policies [Docket No. 243], due to the pending civil cases against various directors and officers of the Debtors. The Bankruptcy Court entered an Order approving this motion on April 4, 2016 [Docket No. 337].

On April 25, 2016, Grace Walmsley Filed a motion requesting relief from the automatic stay to enable her to pursue a personal injury claim, whereby she agreed to limit her recovery to available insurance proceeds under the applicable policy [Docket No. 512]. The Bankruptcy Court entered an Order approving this motion on May 23, 2016 [Docket No. 627].

On May 20, 2016, Amnesia International, LLC Filed a motion requesting relief from the automatic stay to terminate a management agreement with Debtor SFX-Nightlife

Operating, LLC [Docket No. 620]. As of the date hereof, the hearing to consider this motion remains pending.

On June 1, 2016, Angel Santiago Filed a motion requesting relief from the automatic stay to enable him to pursue a personal injury claim, whereby he agreed to limit his recovery to available insurance proceeds under the applicable policy [Docket No. 691]. The Bankruptcy Court entered an Order approving this motion on June 21, 2016 [Docket No. 784].

4. ***Motion to Approve Artist Carve Out Agreement***

On March 17, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order (I) Approving Artist Carve Out Agreement with Agents, (II) Authorizing the Assumption of Certain Artist Agreements, and (III) Granting Related Relief* [Docket No. 241], pursuant to which the Debtors sought to approve the Artist Carve Out Agreements, which provided artists and agents assurance of compensation for postpetition performances and, in connection therewith, assuming artist agreements. On April 4, 2016, the Bankruptcy Court entered an Order approving the relief sought in this motion [Docket No. 339].

5. ***Motion to Approve Implementation of Key Employee Programs***

On March 17, 2016, the Debtors Filed the *Motion of the Debtors for an Order Approving the Implementation of (I) Key Employee Incentive Plans and (II) a Key Employee Retention Plan* (the "**US KEIP/KERP Motion**") [Docket No. 246], pursuant to which the Debtors sought to implement two key employee incentive plans for certain executives, and a key employee retention plan for certain non-insider employees, both in connection with the Debtors' retained corporate and North America businesses. On April 14, 2016, the Debtors Filed a supplement to the US KEIP/KERP Motion, which made certain disclosures informally requested by the U.S. Trustee and attached a revised list of program participants [Docket No. 431]. Concurrently therewith, the Debtors Filed a motion to seal portions of the supplement [Docket No. 433]. On April 18, 2016, the Bankruptcy Court entered an Order approving the relief sought in the US KEIP/KERP Motion and the motion to seal [Docket Nos. 490 and 491, respectively].

On July 14, 2016, the Debtors Filed the *Motion to Supplement Key Employee Retention Plan* (the "**Motion to Supplement**") [Docket No. 822], pursuant to which the Debtors identified certain additional employees with whom the Debtors sought to supplement their key employee retention plan approved in connection with the US KEIP/KERP Motion. The majority of the additional employees are employees of the Debtors' Beatport business that was initially held for sale, but is now anticipated to remain a part of the Debtors' ongoing business operations. On August 4, 2016, the Bankruptcy Court entered an Order approving the relief sought in the Motion to Supplement [Docket No. 883].

6. ***Motion to Extend Time to Assume, Assume and Assign, or Reject Unexpired Nonresidential Real Property Leases***

On April 15, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Extending the Time Within Which the Debtors May Assume, Assume and Assign, or Reject Unexpired Nonresidential Real Property Leases* [Docket No. 486], pursuant to which the Debtors sought to extend such time from May 31, 2016 to August 29, 2016. On May 3, 2016,

the Bankruptcy Court entered an Order approving the extension [Docket No. 544]. On August 18, 2016, the Bankruptcy Court entered the *Bridge Order Extending the Deadline to Assume or Reject Unexpired Non-Residential Leases* [Docket No. 924], extending such deadline to September 16, 2016.

7. *Motion to Approve MMG Settlement and Authorize Related Transactions*

On July 14, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order (A) Approving the Settlement, (B) Authorizing the Debtors to (i) Reject the Nightlife Contracts, (ii) Amend and Assume the Management Agreements, (iii) Enter into the New Grutman Employment Agreement and the Grutman Consulting Agreement and (iv) Grant Releases and (C) Granting Related Relief* (the "**MMG Approval Motion**") [Docket No. 826], pursuant to which the Debtors sought Bankruptcy Court approval of a settlement agreed upon by individual parties in connection with the Debtors' outstanding obligations with respect to Debtor SFX-Nightlife Operating LLC's acquisition of the assets of Nightlife Holdings LLC as well as outstanding payment obligations owed to the Debtors by third parties on account of related agreements. Additionally, the Debtors sought authorization to reject certain of the related agreements and to enter into new agreements in connection with the proposed settlement. On August 3, 2016, the Bankruptcy Court entered an Order approving the relief sought in the MMG Approval Motion [Docket No. 877].

J. Matters Related to the Debtors' Foreign Subsidiaries

In addition to the relief sought in the Chapter 11 Cases as addressed above, the Debtors have also sought authority with respect to issues relating to their foreign subsidiaries. Set forth below is a brief summary of such matters.

1. *Motion to Approve Paylogic Settlement Agreement*

On March 2, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Approving the Paylogic Settlement Agreement* (the "**Paylogic Motion**") [Docket No. 170], pursuant to which the Debtors sought to approve a settlement agreement brought by individual parties in connection with the Debtors' obligation to acquire the remaining 25% of equity interests of Paylogic Holding B.V. Concurrently therewith, the Debtors Filed a motion to seal portions of the Paylogic Motion [Docket No. 172]. The Creditors' Committee did not object, formally or informally, to either motion. On March 18, 2016, the Bankruptcy Court entered Orders approving both motions [Docket Nos. 252 and 253]. The settlement agreement became effective on March 18, 2016.

2. *Motion to Approve Alda Settlement Agreement*

On May 5, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Approving the Alda Settlement Agreement* (the "**Alda Motion**") [Docket No. 562], pursuant to which the Debtors sought to approve a settlement agreement brought by several individual and entity parties in connection with the Debtors' obligation to make certain deferred payments in connection with the purchase of equity interests in Alda Holding B.V. Concurrently therewith, the Debtors Filed a motion to seal portions of the Alda Motion (the "**Alda Sealing**

Motion") [Docket No. 563]. The U.S. Trustee Filed an objection to the Alda Sealing Motion on May 19, 2016 [Docket No. 619]. The Debtors subsequently Filed a notice to withdraw the Alda Sealing Motion [Docket No. 637] and Filed the Alda Motion in its unredacted form [Docket No. 638] on May 24, 2016. On May 26, 2016, the Bankruptcy Court entered an Order approving the Alda Motion [Docket No. 667]. The settlement agreement became effective on May 26, 2016.

3. *Potential Future Non-Debtor Transactions*

Certain parties have held preliminary discussions with select non-Debtor operators regarding a potential sale to such operators of a non-controlling interest in certain of non-Debtor affiliates and related assets. It is not anticipated that any such transaction would be consummated prior to the Effective Date and, in any event, would need to comply with all relevant organizational documents and legal requirements then in effect.

VI. DETAILED SUMMARY OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF SFX ENTERTAINMENT, INC. *ET AL.* UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

A. Overall Structure of the Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and interest holders. Upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of a chapter 11 case.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor of, or equity security holder in, the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions, and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes for such debt the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

The terms of the Plan are based upon, among other things, the Debtors' assessment of its ability to achieve the goals of its business plan, to make the Distributions contemplated under the Plan, to pay its continuing obligations in the ordinary course of business and continue negotiations with the DIP Lenders. Under the Plan, Claims against and Interests in the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, the Reorganized Debtors will distribute Cash, Interests and other property in respect of certain Classes of Claims and Interests as provided in the Plan. The Classes of Claims against and

Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan, and the other property to be distributed under the Plan, are described below.

B. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides Claims against and Interests in the Debtors into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which, pursuant to section 1123(a)(1), do not need to be classified). The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications to the classifications under the Plan to permit Confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims ultimately Allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained in the Plan with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the Plan may be adversely (or favorably) affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Assets. The Debtors may seek Confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, if necessary. Specifically, section 1129(b) of the Bankruptcy Code permits Confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all Impaired classes of Claims and interests. See Section II above and Article III of the Plan. Although the Debtors believe that the Plan can be confirmed under section 1129(b) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

1. *Special Provisions Regarding Insured Claims*

Under the Plan, an Insured Claim is any Allowed Claim or portion of an Allowed Claim that is insured under the Debtors' insurance policies, but only to the extent of such coverage. Distributions under the Plan to each Holder of an Allowed Insured Claim shall be in accordance with the treatment provided under the Plan for General Unsecured Claims; provided, however, that the maximum amount of any Distribution under the Plan on account of an Allowed Insured Claim shall be limited to an amount equal to the applicable self-insured retention under the relevant insurance policy; provided, further, however, that, to the extent a Holder has an Allowed Insured Claim, the amount of which exceeds the total coverage available from the relevant insurance policies of the Debtors, such Holder shall have an Allowed General Unsecured Claim in the amount by which such Allowed Insured Claim exceeds the coverage available from the Debtors' insurance policies. Nothing in this section shall constitute a waiver of any Causes of Action the Debtors may hold against any Person, including the Debtors' insurance carriers; and nothing in this section is intended to, shall, or shall be deemed to preclude any Holder of an Allowed Insured Claim from seeking and/or obtaining a Distribution or other recovery from any insurer of the Debtors in addition to (but not in duplication of) any Distribution such Holder may receive under the Plan; provided, however, that the Debtors do not waive, and expressly reserves their rights to assert that any insurance coverage is property of the Estate to which it is entitled.

The Plan does not expand the scope of, or alter in any other way, the rights and obligations of the Debtors' insurers under their policies, and the Debtors' insurers will retain any and all defenses to coverage that such insurers may have, including the right to contest and/or litigate with any party, including the Debtors, the existence, primacy and/or scope of available coverage under any alleged applicable policy. The Plan shall not operate as a waiver of any other Claims the Debtors' insurers have asserted or may assert in any Proof of Claim or the Debtors' rights and defenses to such Proofs of Claim.

2. *Reservation of Rights Regarding Claims and Interests*

Except as otherwise explicitly provided in the Plan, nothing herein or in the Plan shall affect the Debtors' or the Debtor representative's rights and defenses, both legal and equitable, with respect to any Claims or Interests, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

C. Means for Implementation of the Plan

1. *Source of Consideration for Plan Distributions*

Unless otherwise provided in the Plan, the Debtors and the Reorganized Debtors, as applicable, are authorized to execute and deliver any documents necessary or appropriate to obtain Cash for funding the Plan, enter into and use proceeds from the Reorganized SFXE Credit Facility, New Second Lien Facility, and/or any funds held by the Debtors on the Effective Date

or available under the DIP Facility, (i) to make Distributions required by the Plan, (ii) to pay other expenses of the Chapter 11 Cases, to the extent so ordered by the Bankruptcy Court, and (iii) for general corporate purposes. Further, the Debtors and the Reorganized Debtors shall (with the consent of the Required DIP Lenders) be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan.

2. *Continued Corporate Existence*

Except as may be implemented pursuant to Section 5.07(h) of the Plan, each of the Reorganized Debtors shall continue to exist after the Effective Date with all powers of a corporation or a limited liability company under the laws of the respective jurisdiction governing their formation or incorporation and pursuant to the New Governance Documents and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable federal or state law, except as such rights may be limited, modified and conditioned by the Plan, the Plan Supplement, and any other documents and instruments executed in connection therewith.

3. *General Corporate Matters*

The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors to take or cause to be taken all actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on, and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the partners, members, stockholders, directors or managers of the Debtors or the Reorganized Debtors. Such actions may include (1) the adoption and filing of the Restated Charter Documents and the other New Governance Documents, (2) the appointment of the New SFXE Board, (3) the adoption and implementation of the Management Incentive Plan, (4) the authorization, issuance and/or Distribution pursuant to the Plan of the Reorganized SFXE Credit Agreement, New Second Lien Credit Agreement, the New Series A Preferred Stock, the Reorganized SFXE Common Stock, the CVRs or New Warrants (as applicable), and the Litigation CVRs, (5) the execution, delivery and/or filing, as applicable, of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law, and (6) the execution, delivery and/or filing, as applicable, of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, security, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree. On the Effective Date, the appropriate officers, partners, members, directors and managers of the Debtors and the Reorganized Debtors are authorized and directed to execute and deliver the agreements, documents, and instruments contemplated by the Plan or the Plan Supplement, in the name and on behalf of the Debtors or the Reorganized Debtors.

4. *Post Effective Date Boards*

On the Effective Date, the operations of the Reorganized Debtors shall become the responsibility of their respective boards of directors or managers, subject to and in accordance with the New Governance Documents of each Reorganized Debtor, which shall provide that each Reorganized Debtor shall continue to operate under the laws of their respective jurisdictions of incorporation or formation.

The New SFXE Board shall be appointed by the Required Tranche B DIP Lenders.

Except (x) for the specified corporate actions to be identified in the documents included in the Plan Supplement, and which shall require approval of holders of the New Series A Preferred Stock holding at least 75% of the New Series A Preferred Stock, and (y) as otherwise required by non-waivable applicable law, after the Effective Date, the New SFXE Board shall make all decisions relating to the Reorganized Debtors.

As shall be set forth in the New Governance Documents, the New SFXE Board shall consist of a number of members and be appointed in a manner, subject to applicable law, to be agreed upon by the Required Tranche B DIP Lenders or otherwise provided in the New Governance Documents. In accordance with section 1129(a)(5) of the Bankruptcy Code, at, or prior to, the Confirmation Hearing, the initial directors of the Reorganized Debtors, including the members of the New SFXE Board, shall be comprised of the individuals identified in a disclosure to be Filed as part of the Plan Supplement.

5. *Officers of the Reorganized Debtors*

The initial officers of the Reorganized Debtors shall be selected as set forth in the Plan Supplement. After the Effective Date, the Reorganized Debtors may remove or appoint officers in accordance with applicable non-bankruptcy law.

6. *Indemnification Obligations*

Upon the Effective Date, the Indemnification Obligations shall not be discharged or impaired by Confirmation, shall survive Confirmation and shall remain unaffected thereby after the Effective Date (regardless of whether a Proof of Claim is Filed); provided, however, that, notwithstanding the foregoing, (x) the right of an Indemnified Person to receive any indemnities, reimbursements, advancements, payments or other amounts arising out of, relating to or in connection with the Indemnification Obligations shall be limited to, and an Indemnified Person's sole and exclusive remedy to receive any of the foregoing shall be exclusively from, the director and officer insurance policies of the Debtors in effect on the Effective Date, and no Indemnified Person shall seek, or be entitled to receive, any of the foregoing from (directly or indirectly) the Reorganized Debtors and (y) the survival of the Indemnity Obligations shall not be deemed an assumption by the Debtors of any contract, agreement, resolution, instrument or document in which such Indemnity Obligations are contained, memorialized, agreed to, embodied or created (or any of the terms or provisions thereof) if such contract, agreement, resolution, instrument or document requires the Debtors or the Reorganized Debtors to make any payments or provide any arrangements (including any severance payments) to any such director,

officer, employee or agent other than indemnification payments and reimbursement and advancement of expenses.

Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' assumption of each of the director and officer liability insurance policies.

Upon and after the Effective Date, the Debtors or the Reorganized Debtors, as the case may be, shall obtain and maintain reasonably sufficient tail coverage, as determined by the Debtors, under a director and officer liability insurance policy to cover Persons who are covered as of the Effective Date by the Debtors' officers' and directors' liability insurance policies with respect to actions and omissions occurring prior to the Effective Date.

7. ***Restructuring Implementation Steps***

The transactions contemplated by the Plan will require the following:

(a) Execution and Delivery of the Reorganized SFXE Credit Agreement. On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate or limited liability company (as applicable) proceedings or action, to enter into the Reorganized SFXE Credit Agreement. The Debtors or Reorganized Debtors, as applicable, are hereby authorized to enter into such agreements, collateral documents and other documents, and issue such instruments, including, without limitation, promissory notes, as may be necessary to effectuate their entry into the Reorganized SFXE Credit Agreement and to consummate the transactions contemplated thereby (including by granting security interests in and Liens on their respective assets and properties to secure the obligations under the Reorganized SFXE Credit Agreement and such other agreements, documents and instruments), in each case, in form and substance reasonably acceptable to the Debtors, or Reorganized Debtors, as applicable, and (I) if a Third Party First Lien Facility is obtained, the Required Tranche B DIP Lenders or (II) if a Third Party First Lien Facility is not obtained, the Tranche A DIP Lenders.

(b) Execution and Delivery of the New Second Lien Credit Agreement. On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate or limited liability company (as applicable) proceedings or action, to enter into the New Second Lien Credit Agreement. The Debtors or Reorganized Debtors, as applicable, are hereby authorized to enter into such agreements, collateral documents and other documents, and issue such instruments, including, without limitation, promissory notes, as may be necessary to effectuate their entry into the New Second Lien Credit Agreement and to consummate the transactions contemplated thereby (including by granting

security interests in and Liens on their respective assets and properties to secure the obligations under the New Second Lien Credit Agreement and such other agreements, documents and instruments), in each case, in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and those Tranche B DIP Lenders that participate as lenders under the New Second Lien Facility.

(c) Authorization and Issuance of the New Series A Preferred Stock. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to issue shares of New Series A Preferred Stock pursuant to the New Series A Preferred Stock Certificate to the Holders of Tranche B DIP Facility Claims and Class 3 Claims. All documentation with respect to the New Series A Preferred Stock shall be in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(d) Authorization and Issuance of Reorganized SFXE Common Stock. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to issue and deliver shares of Reorganized SFXE Common Stock pursuant to the Plan.

(e) Authorization of New Stockholders Agreement. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to enter into the New Stockholders Agreement containing the terms and conditions governing the rights of holders of New Series A Preferred Stock, holders of Reorganized SFXE Common Stock and, to the extent issued, holders of the New Warrants. All documentation with respect to the New Stockholders Agreement shall be in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(f) Authorization and Issuance of CVRs or New Warrants. On, or as soon as reasonably practicable after, the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to allocate non-transferable contingent value rights designated Class A CVRs (the "**Class A CVRs**") and non-transferable contingent value rights designated Class B CVRs (the "**Class B CVRs**") to Holders of Class 4 Claims (2019 Debtors) as required by the Plan.

The Class A CVRs and the Class B CVRs shall be allocated on the Effective Date without any payment or consideration from the holders

thereof; provided, however, that any Class A CVR and/or Class B CVR that would have been allocated to a Holder of an Allowed Class 4 Claim (2019 Debtors), had such Holder not elected the Cash Payment Option or the Convenience Class Election, will not be allocated. Notwithstanding anything to the contrary set forth in the Plan, in the event that Holders of Class 4 Claims (2019 Debtors) vote as a Class to reject the Plan, the Class B CVRs that would have been allocated to the Holders of Class 4 Claims (2019 Debtors) had such Class voted to accept the Plan will not be allocated.

(i) *Class A CVRs*

Upon the occurrence of a Liquidity Event, Holders to whom Class A CVRs were allocated shall receive a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Class A CVRs represent of the total Class A CVRs allocated) of the product of (x) twelve-and-a-half percent (12.5%) of the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering), and (y) a fraction, the numerator of which is the total number of Class A CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class A CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election; provided, however, that the Class A CVRs shall be subject to dilution by the Class B CVRs.

(ii) *Class B CVRs*

Upon the occurrence of a Liquidity Event, Holders to whom Class B CVRs were allocated shall receive a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Class B CVRs represent of the total Class B CVRs allocated) of the product of (x) ten percent (10%) of the amount by which the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the

number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering) exceeds the CVR Equity Value Threshold, and (y) a fraction, the numerator of which is the total number of Class B CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class B CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. The Class B CVRs shall dilute the Class A CVRs above the CVR Equity Value Threshold.

(iii) *Documentation of CVRs*

All documentation with respect to the CVRs shall be consistent with Section 5.07 of the Plan and otherwise in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(iv) *Agreements of CVR Holders*

Each Holder of an Allowed Class 4 Claim (2019 Debtors) that receives an allocation of CVRs, by receiving such allocation, shall automatically be deemed to consent and agree with the Reorganized Debtors and with each other holder of a CVR that (i) the Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of a CVR, the amount of the CVR held by such holder, and whether such CVR is a Class A CVR or a Class B CVR; (ii) the CVRs will not be represented by any certificate and may not be transferred or assigned; (iii) the CVRs do not bear any stated rate of interest; (iv) the CVRs shall not entitle the holder thereof to vote or receive dividends or to be deemed the holder of capital stock or any other securities of the Reorganized Debtors which may at any time be distributable thereunder for any purpose; and (v) the CVRs shall not confer upon the holder thereof (in its capacity as a holder of the CVRs) any of the rights of a stockholder of the Reorganized Debtors (including appraisal rights, any right to vote for the election of directors or upon any matter submitted to stockholders of the Reorganized Debtors at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise).

(v) *Contingent Nature of CVRs*

The CVRs represent the right to receive contingent distributions of value under the Plan. Distributions on account of CVRs will be

made only to the extent required by the Plan and, if no such distributions are required to be made hereunder, the CVRs will terminate and cease to exist and holders thereof will receive no value on account of the CVRs.

(vi) *Termination of CVRs*

The CVRs shall terminate on the earlier to occur of (i) the fifth (5^{th}) anniversary of the Effective Date, and (ii) the consummation of a Liquidity Event, subject, in both cases, to the right of the holder of such CVRs to receive any Cash payment pursuant to the terms of the CVRs, if any, that may be owing in respect of a Liquidity Event that occurs concurrently with such termination.

(vii) *New Warrants in lieu of CVRs*

If on the Effective Date, the Reorganized Debtors determine that the issuance of the New Warrants, in lieu of the allocation of the CVRs, or the issuance of Reorganized SFXE Common Stock upon exercise of any of the New Warrants will not subject the Reorganized Debtors to any reporting requirements under the Securities Exchange Act, the CVRs will not be allocated, and instead each Holder's right to receive Class A CVRs and/or Class B CVRs shall automatically convert into a right to receive Series A Warrants and/or Series B Warrants, respectively. The terms of the Series A Warrants and Series B Warrants will be as provided for in the Plan Supplement. The Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of a New Warrant, the amount of the New Warrant held by such holder, and whether such New Warrant is a Series A Warrant or a Series B Warrant. The Restated Charter Documents, the New Stockholders' Agreement and the warrant agreement that governs the New Warrants shall contain restrictions on the transfer of New Warrants and shares of Reorganized SFXE Common Stock that would prevent transfers of any New Warrant or share of Reorganized SFXE Common Stock if such transfer would, if consummated, result in Reorganized SFXE having, in the aggregate, 450 or more holders of record (as such concept is understood for purposes of Section 12(g) of the Securities Exchange Act) of New Warrants and shares of Reorganized SFXE Common Stock. Subject to the terms of the immediately preceding sentence and to other transfer restrictions that will be included in the Restated Charter Documents, the New Stockholders' Agreement and the warrant agreement that governs the New Warrants, the New Warrants shall be transferable after first providing the Reorganized SFXE notice at least five (5) Business Days prior to the proposed transfer.

(g) Authorization and Issuance of Litigation CVRs. On, or as soon as reasonably practicable after, the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to allocate non-transferable contingent value rights designated as Litigation CVRs (the "**Litigation CVRs**") to Holders of Allowed Class 4 Claims (2019 Debtors) as required by this Plan. The Litigation CVRs shall be allocated on the Effective Date without any payment or consideration from the holders thereof; provided, however, that any Litigation CVRs that would have been allocated to a Holder of an Allowed Class 4 Claim (2019 Debtors), had such Holder not elected the Cash Payment Option or the Convenience Class Election, will not be allocated.

The Litigation CVRs shall entitle the Holders thereof to receive their *pro rata* share (calculated based on the percentage that a Holder's Litigation CVRs represent of the total Litigation CVRs allocated) of the product of (x) fifty percent (50%) of the Litigation CVR Net Proceeds (if any) and (y) a fraction, the numerator of which is the total number of Litigation CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Litigation CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. Any value on account of Litigation CVRs that were not allocated as a result of the Cash Payment Option or the Convenience Class Election shall remain with the Reorganized Debtors.

(i) *Litigation Committee*

The Litigation Committee shall be responsible for (x) overseeing all matters related to the Litigation CVR Claims and making all determinations with respect thereto, including, without limitation, to retain counsel and other professionals and to investigate, analyze, compromise, adjust, arbitrate, mediate, sue on or defend, pursue, prosecute, abandon, dismiss, exercise rights, powers, and privileges with respect to, or otherwise deal with and settle the Litigation CVR Claims, and (y) evaluating all issues relating to the Litigation CVRs including, without limitation, making all determinations with respect thereto, in each of (x) and (y) above, in the exercise of their business judgment.

(ii) *Documentation of Litigation CVRs*

All documentation with respect to the Litigation CVRs shall be consistent with Section 5.07 of the Plan and, prior to the Effective Date, be in form and substance reasonably acceptable to the Debtors and the Required Tranche B DIP Lenders. For the avoidance of doubt, the terms of the Litigation CVRs shall not be

modified after the Effective Date without the consent of each affected holder thereof.

(iii) *Agreement of Litigation CVR Holder*

Each Holder of an Allowed Class 4 Claim (2019 Debtors) that receives an allocation of a Litigation CVR, by receiving such allocation, shall automatically be deemed to consent and agree with the Reorganized Debtors and with each other Holder to whom Litigation CVRs was allocated, that (i) the Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of the Litigation CVR and the amount of the Litigation CVR held by such holder; (ii) the Litigation CVR Claims vest in the Reorganized Debtors and that the Reorganized Debtors, through the Litigation Committee, shall have the sole right to enforce, prosecute, abandon, dismiss, compromise or settle such Litigation CVR Claims; (iii) the Litigation CVRs will not be represented by any certificate and may not be transferred or assigned; (iv) the Litigation CVR does not bear any stated rate of interest; (v) the Litigation CVR shall not entitle the holder thereof to vote or receive dividends or to be deemed the holder of capital stock or any other securities of the Reorganized Debtors which may at any time be distributable thereunder for any purpose; and (vi) the Litigation CVR shall not confer upon the holder thereof (in its capacity as a holder of the Litigation CVR) any of the rights of a stockholder of the Reorganized Debtors (including appraisal rights, any right to vote for the election of directors or upon any matter submitted to stockholders of the Reorganized Debtors at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise).

(iv) *Contingent Nature of Litigation CVRs*

The Litigation CVRs represent the right to receive contingent distributions of value under the Plan. The potential Litigation CVR Net Proceeds are speculative and uncertain and no assurance can be given that any Litigation CVR Net Proceeds will be recovered from pursuing the Litigation CVR Claims. Distributions on account of Litigation CVRs will be made only to the extent required by the Plan and, if no such distributions are required to be made hereunder, the Litigation CVRs will terminate and cease to exist and holders thereof will receive no value on account of the Litigation CVRs.

(v) *Termination of Litigation CVRs*

The Litigation CVRs shall terminate on the earlier to occur of (i) the fifth (5^{th}) anniversary of the Effective Date, and (ii) the consummation of a Liquidity Event (such date referred to in clause (i) and (ii), the "**Litigation CVR Termination Date**"); provided, however, that if on the Litigation CVR Termination Date there is an action on account of a Litigation CVR Claim that is pending (the "**Pending Litigation Claim**"), the Litigation CVRs shall not terminate until such date as such Pending Litigation Claim is settled, resolved or adjudicated pursuant to a Final Order.

(h) Restructuring Transactions. On and after Confirmation, the Reorganized Debtors may enter into such transactions, execute and deliver such agreements, instruments and other documents, and may take such actions as may be necessary or appropriate, in accordance with any applicable law and with the consent of the Required Tranche B DIP Lenders, to effect a company/corporate or operational restructuring of the Debtors' businesses, to otherwise simplify the overall company/corporate or operational structure of the Reorganized Debtors, to achieve company/corporate or operational efficiencies, or to otherwise improve financial results; provided that such transactions or actions are not otherwise inconsistent with the Plan or Distributions to be made under the Plan

8. *Exemption under Section 1145 of the Bankruptcy Code*

The offering, issuance and Distribution of any securities pursuant to the Plan and any and all settlement agreements incorporated therein are exempt from applicable federal and state securities laws (including blue sky laws), registration and other requirements, including but not limited to, the registration and prospectus delivery requirements of Section 5 of the Securities Act, pursuant to section 1145 of the Bankruptcy Code or, if section 1145 of the Bankruptcy Code is not available, pursuant to Section 4(a)(2) of the Securities Act or another available exemption from registration under the Securities Act, as applicable.

9. *Revesting of Assets; Preservation of Causes of Action and Avoidance Actions; Release of Liens; Resulting Claim Treatment*

Except as otherwise provided herein, or in the Confirmation Order, and pursuant to section 1123(b)(3) and sections 1141(b) and (c) of the Bankruptcy Code, on the Effective Date, all of the property and assets of the Debtors and all Causes of Action (and rights with respect thereto) that the Debtors or the Estates may hold against any Person or Entity (other than those expressly released or subject to exculpation pursuant to Sections 11.02 and 11.05 of the Plan, respectively) shall automatically vest or revest in the Reorganized Debtors, free and clear of all Claims, Liens, Interests, charges or other encumbrances other than any Claims, Liens, Interests, charges or other encumbrances arising or created under the New First Lien Facility and the New Second Lien Facility. On and after the Effective Date, the Reorganized Debtors may operate the Debtors' businesses and conduct their affairs and use, acquire or dispose of property

and assets and settle or compromise any Claims, Interests or Causes of Action (and rights with respect thereto) without the supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, subject to the terms of the Plan and the Plan Supplement, and all documents and exhibits thereto implementing the provisions of the Plan.

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, to the fullest extent possible under applicable law, on the Effective Date, the Reorganized Debtors shall retain and may enforce, and shall have the sole right to enforce, prosecute, abandon, dismiss, compromise or settle any claims, demands, rights, and Causes of Action (and rights with respect thereto) that the Debtors may hold against any Entity, including, without limitation, all Avoidance Actions. Subject to Sections 11.02(b) and 11.05 of the Plan, the Reorganized Debtors or their successors may pursue such retained claims, demands, rights or Causes of Action (and rights with respect thereto), including, without limitation, Avoidance Actions, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor holding such Claims, demands, rights, Causes of Action (and rights with respect thereto).

10. ***Exemption from Certain Transfer Taxes***

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation all such instruments or other documents governing or evidencing such transfers without the payment of any such tax, recordation fee, or governmental assessment. Such exemption specifically applies, without limitation, to: (1) the creation of any mortgage, deed of trust, Lien or other security interest; (2) the making or assignment of any lease or sublease; (3) the issuance and/or Distribution pursuant to the Plan of the New Series A Preferred Stock, the Reorganized SFXE Common Stock, the New Warrants, if applicable, and any other securities of the Debtors or the Reorganized Debtors; (4) the allocation of CVRs and the Litigation CVRs; and (5) the making or delivery of any deed, bill of sale, assignment and assumption agreement or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements, equity purchase agreements or asset purchase agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; (d) bills of sale; and (e) assignments executed in connection with any transaction occurring pursuant to the Plan.

11. ***Reorganized Debtors' Obligations under the Plan***

From and after the Effective Date, the Reorganized Debtors shall exercise their reasonable discretion and business judgment to perform their obligations under the Plan. The Plan will be administered and actions will be taken in the name of the Debtors and the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtors shall conduct, among other things, the following tasks:

(a) administer the Plan and take all steps and execute all instruments and documents necessary to effectuate the terms of the Plan;

(b) pursue (including, as it determines through the exercise of their business judgment, prosecuting, enforcing, objecting to, litigating, reconciling, settling, abandoning or resolving) all of the rights, Claims, Causes of Action (including the Litigation CVR Claims), defenses, and counterclaims retained by the Debtors or the Reorganized Debtors;

(c) reconcile Claims and resolve Disputed Claims, and administer the Claims' allowance and disallowance processes as set forth in the Plan, including objecting to, prosecuting, litigating, reconciling, settling, and resolving Claims and Disputed Claims in accordance with the Plan;

(d) make decisions regarding the retention, engagement, payment, and replacement of professionals, employees, and consultants;

(e) administer the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan and (ii) Filing with the Bankruptcy Court on each three (3) month anniversary of the Effective Date reports regarding the Distributions made and to be made to the Holders of Allowed Claims as required by the U.S. Trustee;

(f) exercise such other powers as necessary or prudent to carry out the provisions of the Plan;

(g) file appropriate tax returns;

(h) file a motion requesting the Bankruptcy Court enter a final decree closing the Chapter 11 Cases; and

(i) take such other action as may be necessary or appropriate to effectuate the Plan.

12. ***Cancellation of Existing Notes, Securities and Agreements***

Except for purposes of evidencing a right to a Distribution under the Plan or otherwise as provided hereunder, on the Effective Date, the DIP Credit Documents and the Prepetition Second Priority Notes, and all agreements relating thereto, shall be deemed automatically cancelled, terminated and of no further force or effect, without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the parties, as applicable, thereunder shall be deemed discharged; provided, however, that the DIP Credit Documents and the Prepetition Second Priority Note Documents shall continue in effect solely for the limited purpose of (i) allowing the relevant Holders of the DIP Claims and the Prepetition Second Priority Notes to receive their Distributions under the Plan, (ii) allowing the DIP Agent and the Prepetition Second Priority Trustee, respectively, to make any Distributions on account of the DIP Claims and the Prepetition Second Priority Notes pursuant to the Plan, to perform such other necessary administrative or other functions with respect thereto and with respect to

other obligations set forth under the Plan and the Confirmation Order, and for the DIP Agent and the Prepetition Second Priority Trustee to have the benefit of all the rights and protections and other provisions of the DIP Credit Documents and the Prepetition Second Priority Note Documents, and all other related agreements, respectively, including to seek compensation and reimbursement of reasonable fees and expenses after the Effective Date, and (iii) permitting the DIP Agent and the Prepetition Second Priority Trustee to maintain and assert their Charging Lien or right to indemnification, contribution or other Claim it may have against the DIP Lenders under the DIP Credit Documents and the Prepetition Second Priority Noteholders under the Prepetition Second Priority Note Documents, respectively, subject to any and all defenses any party may have under the Plan or applicable law to any such asserted rights or Claims.

Except as provided for in Sections 3.02(h) of the Plan, on the Effective Date, (i) the existing Interests in the Debtors (other than Intercompany Interests), (ii) any promissory notes, share certificates, whether for preferred or common stock (including treasury stock), unit or limited liability company interest certificates, other instruments evidencing any Claims or Interests in the Debtors, other than a Claim that is being reinstated and rendered Unimpaired and other than Intercompany Interests, (iii) all options, warrants, calls, rights, puts, awards, commitments or any other agreements of any character to acquire Interests in the Debtors, and (iv) all registration rights, preemptive rights, rights of first refusal, rights of first offer, co-sale rights and other investor rights governing or relating to any Interests, in any such case, shall be deemed cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and without further corporate or limited liability company or similar authority (as applicable) proceedings or action, and the obligations of the Debtors under the notes, share certificates, unit or limited liability company interest certificates and other agreements and instruments governing such Claims and Interests in the Debtors shall be discharged subject to the provisions of the Plan. The Holders of or parties to such cancelled notes, shares, share certificates, unit or limited liability company interest certificates and other agreements and instruments shall have no rights arising from or relating to such notes, shares, share certificates, unit or limited liability company interest certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

13. ***Management Incentive Plan***

On the Effective Date or as soon as is reasonably practicable thereafter, the Reorganized Debtors shall adopt and approve the Management Incentive Plan in accordance with the New Governance Documents.

14. ***Transactions on Business Days***

If the date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

15. ***New Governance Documents***

On or immediately before the Effective Date, the Debtors or the Reorganized Debtors will file their respective New Governance Documents with the applicable Secretaries of State and/or other applicable authorities in their respective jurisdiction of formation or incorporation in accordance with the limited liability company and corporate laws of their respective jurisdictions of formation or incorporation.

After the Effective Date, each Reorganized Debtor may amend and restate its certificate of incorporation, certificate of formation and other constituent documents as permitted by the laws of its respective state, province, or country of formation and its respective certificate of incorporation, certificate of formation and other constituent documents.

16. ***Deemed Execution of the New Stockholders' Agreement***

On the Effective Date, without any further action by any party, each Holder of an Allowed Claim that receives New Series A Preferred Stock, the Reorganized SFXE Common Stock and/or, to the extent issued, the New Warrants, shall be deemed to have executed the New Stockholders' Agreement, and the New Stockholders' Agreement shall be deemed to be a valid, binding and enforceable obligation of such Holder (including any obligation set forth therein to waive or refrain from exercising any appraisal, dissenters' or similar rights) even if such Holder has not actually executed and delivered a counterpart thereof.

D. Treatment of Executory Contracts and Unexpired Leases

1. ***Assumption and Rejection of Executory Contracts and Unexpired Leases***

On the Effective Date, except as otherwise provided in Article VI of the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, each of the Debtors' Executory Contracts and Unexpired Leases not previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be deemed rejected as of the Effective Date, except for an Executory Contract or Unexpired Lease that: (i) is listed, either specifically or by category, on the schedule of assumed Executory Contracts and Unexpired Leases in the Plan Supplement which schedule shall be reasonably acceptable in all material respects to the Debtors and the Required DIP Lenders; (ii) was previously assumed or rejected by the Debtors pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date; (iii) previously expired or was terminated pursuant to its own terms; or (iv) is the subject of a motion to assume, assume and assign, or reject Filed by the Debtors on or before the Confirmation Date (in any such case, with the approval of the Required DIP Lenders).

Entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumptions or rejections of such Executory Contracts and Unexpired Leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order, and not assigned to a third party on or prior to the Effective Date, shall revest in and be fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court. To the

maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the counterparty thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default related rights with respect thereto.

Each party to an Executory Contract or Unexpired Lease that does not file and serve upon counsel to the Debtors and the Required DIP Lenders by the deadline set for objections to Confirmation an objection to the Debtors' assumption and/or assignment of such Executory Contract or Unexpired Lease, will be deemed to consent to the assumption and/or assignment of such Executory Contract or Unexpired Lease. Notwithstanding anything to the contrary in the Plan, the Debtors reserve the right to alter, amend, modify, or supplement the schedule of assumed Executory Contracts and Unexpired Leases in the Plan Supplement in their discretion and with the consent of the Required DIP Lenders, prior to the Effective Date on no less than three (3) days' notice to the counterparty thereto.

Notwithstanding anything to the contrary in the Plan, the Debtors and the Reorganized Debtors reserve the right to assert that any license, franchise and partially performed contract is a property right and not an Executory Contract.

2. ***Assignment of Executory Contracts and Unexpired Leases***

To the extent provided under the Bankruptcy Code or other applicable law, any Executory Contract or Unexpired Lease transferred and assigned pursuant to the Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such Executory Contract or Unexpired Lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions the assignment or transfer of any such Executory Contract or Unexpired Lease or that terminates or modifies such Executory Contract or Unexpired Lease or allows the counterparty to such Executory Contract or Unexpired Lease to terminate, modify, recapture, declare a default, accelerate or increase obligations, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such Executory Contract or Unexpired Lease or that terminates or modifies such Executory Contract or Unexpired Lease or allows the counterparty to such Executory Contract or Unexpired Lease to terminate, modify, recapture, declare a default, accelerate or increase obligations, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable provision and is void and of no force or effect.

3. ***Cure Rights for Executory Leases and Unexpired Leases Assumed under the Plan***

Any monetary amounts by which each Executory Contract and Unexpired Lease to be assumed or assumed and assigned pursuant to the Plan is in default shall be satisfied, under

section 365(b)(1) of the Bankruptcy Code, solely by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or assumed and assigned, or (c) any other matter pertaining to assumption and/or assignment, Cure shall occur following the entry of a Final Order by the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided, however, that (i) pending entry of such Final Order the Reorganized Debtors or the applicable assignee shall have the benefits of, and the applicable counterparty shall continue to be subject to, such Executory Contract or Unexpired Lease and (ii) the Debtors or the Reorganized Debtors, as applicable, shall be authorized to reject any Executory Contract or Unexpired Lease to the extent that the Debtors or Reorganized Debtors, in the exercise of their sound business judgment and with the approval of the Required DIP Lenders, conclude that the amount of the Cure obligation as determined by such Final Order, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Debtors or Reorganized Debtors. Cure amounts for an assumed Executory Contract or Unexpired Lease are listed on a schedule of Cure amounts in the Plan Supplement. If no Cure amount for an assumed Executory Contract or Unexpired Lease is listed on such schedule, the Cure amount shall be deemed to be $0.

4. *Continuing Obligations Owed to Debtors*

Except as otherwise provided herein, any confidentiality agreement entered into between the Debtors and any other Person requiring the parties to maintain the confidentiality of each other's proprietary information shall be deemed to be, and shall be treated as though it is, an Executory Contract that is assumed and assigned to the Reorganized Debtors pursuant to section 365 of the Bankruptcy Code, except as otherwise provided in the Plan.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors or Reorganized Debtors under such Executory Contracts or Unexpired Leases. Notwithstanding any applicable non-bankruptcy law to the contrary, the Debtors and the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties, indemnifications or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors from counterparties to rejected Executory Contracts or Unexpired Leases.

Any indemnity agreement entered into between the Debtors and any other Person requiring that Person to provide insurance in favor of the Debtors, to warrant or guarantee such Person's goods or services, or to indemnify the Debtors for claims arising from such goods or services shall be deemed to be, and shall be treated as though it is, an Executory Contract that is assumed and assigned pursuant to section 365 of the Bankruptcy Code (but subject to Section 5.06 of the Plan); provided, however, that if any party thereto asserts any Cure, at the election of the Debtors (with the approval of the Required DIP Lenders), such agreement shall not be deemed assumed, and shall instead be rejected pursuant to section 365 of the Bankruptcy Code under the Plan.

Continuing obligations of third parties to the Debtors under insurance policies, contracts, or leases that have otherwise ceased to be executory or have otherwise expired on or prior to the Effective Date, including, without limitation, continuing obligations to pay Insured Claims, to defend against and process claims, to refund premiums or overpayments, to provide indemnification, contribution or reimbursement, to grant rights of first refusal, to maintain confidentiality, or to honor releases, shall continue and shall be binding on such third parties unless otherwise specifically terminated by the Debtors, under the Plan or otherwise by order of Bankruptcy Court.

All of the Debtors' insurance policies and any agreements, documents or instruments relating thereto shall be treated as Executory Contracts of the Debtors under the Plan and the Bankruptcy Code and shall be assumed by the Debtors pursuant to section 365 of the Bankruptcy Code, and shall continue in full force and effect thereafter in accordance with their respective terms. Any and all Claims (including payments for Cure) arising under or related to any insurance policies or related insurance agreements that are assumed by the Debtors prior to or as of the Effective Date (i) shall not be discharged, (ii) shall be Allowed Administrative Claims (subject to the terms of Section 3.01(a) of the Plan) and (iii) shall be paid in full in the ordinary course of business of the Reorganized Debtors as set forth in Section 3.01(a) of the Plan.

5. ***Limited Extension of Time to Assume or Reject***

In the event of a dispute as to whether a contract or lease between the Debtors and a Person that is not an Insider is executory or unexpired, the right of the Debtors or the Reorganized Debtors to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days, or as otherwise provided in section 365(d) of the Bankruptcy Code, after entry of a Final Order by the Bankruptcy Court determining that the contract or lease is executory or unexpired, provided such dispute is pending as of the Confirmation Date.

6. ***Claims Based on Rejection of Executory Contracts or Unexpired Leases; Rejection Damages Bar Date***

Unless otherwise provided by a Bankruptcy Court order, if the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Reorganized Debtors or any of their properties unless a Proof of Claim is Filed with the Notice and Claims Agent and served upon counsel to the Reorganized Debtors within thirty (30) days after the later of the date of (a) entry of the Confirmation Order and (b) entry of the order rejecting the applicable Executory Contract or Unexpired Lease. The foregoing applies only to Claims arising from the rejection of an Executory Contract or Unexpired Lease; any other Claims held by a party to a rejected contract or lease shall have been evidenced by a Proof of Claim Filed by the applicable Bar Date or shall be barred and unenforceable.

7. ***Postpetition Contracts and Leases***

The Debtors shall not be required to assume or reject any contract or lease entered into by the Debtors after the Petition Date. Any such contract or lease shall continue in effect in

accordance with its terms after the Effective Date as set forth in the Plan, unless the Reorganized Debtors have obtained a Final Order of the Bankruptcy Court approving termination of such contract or lease. Contracts or leases entered into after the Petition Date will be performed by the Reorganized Debtors in the ordinary course of their businesses.

Notwithstanding contrary herein, entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' assumption of each of the Paylogic Settlement Agreement and the Alda Settlement Agreement, and the terms of each of the Paylogic Settlement Agreement and the Alda Settlement Agreement shall become binding on the parties. Pursuant to the Paylogic Settlement Agreement and the Alda Settlement Agreement, the Paylogic Parties and the Alda Parties agreed to settle and compromise their respective Claims against SFXE Netherlands Holdings B.V., a Foreign Debtor; accordingly and notwithstanding anything contrary herein, the Claims held by the Paylogic Parties and Alda Parties shall receive such treatment as provided in the Paylogic Settlement Agreement and Alda Settlement Agreement, respectively.

8. ***Treatment of Claims Arising from Assumption or Rejection***

All Allowed Claims for Cure arising from the assumption of any Executory Contract or Unexpired Lease shall be treated as Administrative Claims pursuant to, but subject to the terms of, Section 3.01(a) of the Plan. All Allowed Claims arising from the rejection of an Executory Contract or Unexpired Lease shall be treated, to the extent applicable, as General Unsecured Claims, unless otherwise ordered by Final Order of the Bankruptcy Court. All other Allowed Claims relating to an Executory Contract or Unexpired Lease shall have such status as they may be entitled to under the Bankruptcy Code as determined by Final Order of the Bankruptcy Court.

9. ***Employee and Benefits Programs***

All employment and severance policies, and all compensation and benefit plans, policies and programs of the Debtors applicable to their respective employees, retirees and directors, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, and life, accidental death and dismemberment insurance plans shall be treated as Executory Contracts under the Plan and will be rejected on the Effective Date (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code), except and to the extent such Executory Contract was (i) previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date or (ii) otherwise specifically listed on the schedule of **assumed** Executory Contracts and Unexpired Leases in the Plan Supplement.

10. ***Reservation of Rights***

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is any objection Filed to the rejection of an Executory Contract or Unexpired Lease, the Debtors (with the consent of the Required DIP

Lenders) or the Reorganized Debtors, as applicable, shall have forty-five (45) days after entry of a Final Order resolving such objection to alter their treatment of such contract or lease to any such alteration.

E. Provisions Governing Distributions

1. *Distributions for Allowed Claims*

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all Distributions to Holders of Allowed Claims as of the Effective Date shall be made on or as soon as practicable after the Effective Date. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 7.03 of the Plan and on such day as selected by the Reorganized Debtors, in their sole discretion.

2. *Interest on Claims*

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Unless otherwise specifically provided for in the Plan or the Confirmation Order, interest shall not accrue or be paid upon any Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Claim becomes an Allowed Claim.

3. *Designation; Distributions by Disbursing Agent*

The Reorganized Debtors or any Disbursing Agent acting on their behalf shall make all Distributions required to be made under the Plan.

If a Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent shall receive, without further approval from the Bankruptcy Court, reasonable compensation for Distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from the Reorganized Debtors, including the reasonable fees, costs and expenses of counsel, which shall be paid by the Reorganized Debtors, provided, however, that the terms and conditions of the Disbursing Agent's engagement shall be in form and substance reasonably acceptable to the Debtors (and the Required DIP Lenders) or the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, in which case all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors unless otherwise agreed.

4. *Means of Cash Payment*

Cash payments under the Plan shall be in U.S. funds, and shall be made, at the option, and in the sole discretion, of the Reorganized Debtors, by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Reorganized Debtors; provided that payments to foreign Creditors may be made, at the option and in the Reorganized Debtors' sole discretion, in such funds (and currency) and by such means as are necessary or customary in a particular

foreign jurisdiction. Cash payments made pursuant to the Plan in the form of checks issued by the Reorganized Debtors shall be null and void if not cashed within 120 days of the date of the issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtors by the Entity to whom such check was originally issued.

For purposes of effectuating Distributions under the Plan, any Claim denominated in foreign currency shall be converted to U.S. Dollars pursuant to the applicable published exchange rate in effect on the Petition Date or, if such Claim is to be paid in the ordinary course, then pursuant to the applicable published exchange rate in effect on the date of such payment.

5. ***Fractional Distributions***

No fractional shares of New Series A Preferred Stock or Reorganized SFXE Common Stock or fractional shares of New Warrants shall be distributed under the Plan. When any Distribution pursuant to the Plan would otherwise result in the issuance of a number of shares (or warrants exercisable into shares) that is not a whole number, the actual Distribution of shares (or warrants exercisable into shares) shall be rounded downward to the nearest whole number. The total number of authorized shares to be distributed pursuant to the Plan shall be adjusted as necessary to account for the foregoing rounding.

6. ***Delivery of Distributions***

Distributions to Holders of Allowed Claims shall be made by the applicable Disbursing Agent (a) at the addresses reflected in the Schedules, (b) at the addresses set forth on the Proofs of Claim Filed by such Holders, (c) at the addresses set forth in any written notices of address changes delivered to the Debtors, the Reorganized Debtors or the Disbursing Agent after the date of the Schedules if no Proof of Claim was Filed or after the date of any related Proof of Claim Filed, or (d) on any counsel that has appeared in the Chapter 11 Cases on such Holder's behalf; and (x) with respect to Holders of Allowed DIP Claims, to, or at the direction of, the DIP Agent, (y) with respect to Holders of Allowed Class 3 Claims (Foreign Debtors), to, or at the direction of, the Foreign Loan Agent and (z) with respect to Holders of Allowed Prepetition Second Priority Note Claims, to, or at the direction of the Prepetition Second Priority Trustee. Except as otherwise reasonably requested by the Prepetition Second Priority Trustee, all Distributions to Holders of Allowed Prepetition Second Priority Note Claims shall be deemed completed when made to the Prepetition Second Priority Trustee, which shall be deemed to be the Holder of all Allowed Prepetition Second Priority Note Claims for purposes of Distributions to be made hereunder. The Prepetition Second Priority Trustee shall hold or direct such Distributions for the benefit of the Holders of all Allowed Prepetition Second Priority Note Claims. As soon as practicable in accordance with the requirements set forth in Article VII of the Plan, the Prepetition Second Priority Trustee shall arrange to deliver such Distributions to or on behalf of such Holders of Allowed Prepetition Second Priority Note Claims. Upon delivery by the Reorganized Debtors of the Distributions in conformity with Section 7.06 of the Plan, the Reorganized Debtors shall be released of all liability with respect to the delivery of such Distributions.

Unless otherwise agreed between the Reorganized Debtors and the Disbursing Agent, amounts in respect of undeliverable Distributions made by the Disbursing Agent shall be

returned to the Reorganized Debtors on the first (1st) anniversary of the Effective Date. Any amount returned to the Reorganized Debtors prior to such anniversary shall be held in trust by the Reorganized Debtors until the earlier of (a) the first anniversary of the Effective Date and (b) such Distribution(s) are claimed, at which time the applicable amount(s) shall be returned to the Disbursing Agent for Distribution pursuant to the Plan. All claims for undeliverable Distributions must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed Distributions shall revert to the Reorganized Debtors free of any restrictions thereon and without any reallocation of the unclaimed Distribution, and the claims of any Holder or successor to such Holder with respect to such Distributions shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

7. *Application of Distribution Record Date*

At the close of business on the Distribution Record Date, the claims registers for all Claims shall be closed, and there shall be no further changes in the record Holders of such Claims. Except as provided herein, the Reorganized Debtors, the Disbursing Agent and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders stated on the claims registers as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Plan to such Persons or the date of such Distributions.

8. *Withholding, Payment and Reporting Requirements*

In connection with the Plan and all Distributions under the Plan, the Reorganized Debtors and the Disbursing Agent shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all Distributions under the Plan shall be subject to any such withholding, payment, and reporting requirements. The Reorganized Debtors and the Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements.

Notwithstanding any other provision of the Plan, and except as provided in the DIP Credit Agreement or the Prepetition Second Priority Indenture, (a) each Holder of an Allowed Claim that is to receive a Distribution of Cash pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental unit, including income, withholding, and other Tax obligations, on account of such Distribution, and including, in the cases of any Holder of a Disputed Claim that has become an Allowed Claim, any Tax obligation that would be imposed upon the Reorganized Debtors in connection with such Distribution, and (b) no Distribution of Cash shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the applicable Reorganized Debtor for the payment and satisfaction of such withholding Tax obligations or such Tax obligation that would be imposed upon the Reorganized Debtors in connection with such Distribution. Any property to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable Distribution pursuant to Section 7.06 of the Plan.

9. *Setoffs*

The Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claim or any Allowed Claim, and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such Claim that the Debtors or the Reorganized Debtors may have against such Holder.

10. *Prepayment*

Except as otherwise provided in the Plan, any ancillary documents entered into in connection herewith, or the Confirmation Order, the Reorganized Debtors shall have the right to prepay, without penalty, all or any portion of an Allowed Claim entitled to payment in Cash at any time.

11. *No Distribution in Excess of Allowed Amounts*

Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim shall receive in respect of such Claim any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim (excluding payments on account of interest due and payable from and after the Petition Date pursuant to the Plan, if any).

12. *Allocation of Distributions*

All Distributions received under the Plan by Holders of Claims shall be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

13. *Minimum Distributions*

No Cash Distribution on account of the Cash Payment Option of less than fifty dollars ($50.00) shall be made by the Disbursing Agent to the Holder of any Claim unless a request therefor is made in writing to the Disbursing Agent within 180 days of the Effective Date. Each Distribution of less than fifty dollars ($50.00) as to which no such request is made shall automatically revert without restriction to the Reorganized Debtors on the 181st day after the Effective Date.

F. Prosecution for Resolving Disputed, Contingent, and Unliquidated Claims and Distributions with Respect Thereto

1. *Prosecution of Objections to Claims*

a. Objections to Claims; Estimation Proceedings

Except as set forth in the Plan or any applicable Bankruptcy Court order, all objections to Claims must be Filed and served on the Holders of such Claims by the Claims

Objection Bar Date, as the same may be extended by the Bankruptcy Court upon motion by the Debtors, the Reorganized Debtors or any other party-in-interest. If a timely objection has not been Filed to a Proof of Claim or the Schedules have not been amended with respect to a Claim that (i) was Scheduled by the Debtors but (ii) was not Scheduled as contingent, unliquidated, and/or disputed, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier. No payments or Distributions shall be made on account of a Claim until such Claim becomes an Allowed Claim. Notice of any motion for an order extending any Claims Objection Bar Date shall be required to be given only to those Persons or Entities that have requested notice in these Chapter 11 Cases or to such Persons as the Bankruptcy Court shall order.

The Debtors (prior to the Effective Date), with the consent of the Required DIP Lenders, or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether the Debtors, the Reorganized Debtors or any other Party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time, including during litigation concerning any objection to any Claim (and during the pendency of any appeal relating to any such objection). In the event the Bankruptcy Court so estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court, as applicable. If the estimated amount constitutes a maximum limitation on such Claim, the Reorganized Debtors may elect to pursue any supplemental proceedings to object to any ultimate payments and Distributions on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanisms.

The Reorganized Debtors will have no obligation to review and/or respond to any Claim that is not Filed by the applicable Bar Date and all such Claims shall be conclusively deemed to receive no Distribution under the Plan unless: (i) the filer has obtained an order from the Bankruptcy Court authorizing it to File such Claim; or (ii) the Reorganized Debtors has consented to the Filing of such Claim in writing.

b. Authority to Prosecute Objections

After the Effective Date, the Reorganized Debtors shall have the sole authority to File objections to Claims and to settle, compromise, withdraw, or litigate to judgment their objections to Claims, including, without limitation, Claims for reclamation under section 546(c) of the Bankruptcy Code. The Reorganized Debtors may settle or compromise their objection to any Disputed Claim without approval of the Bankruptcy Court.

2. *Treatment of Disputed Claims*

a. No Distribution Pending Allowance

Notwithstanding any other provisions of the Plan, no payments or Distributions will be made on account of a Disputed Claim or, if less than the entire Claim is a Disputed

Claim, the portion of a Claim that is Disputed, unless and until such Disputed Claim becomes an Allowed Claim.

b. Distributions on Accounts of Disputed Claims Once Allowed

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions, if any, shall be made by the Disbursing Agent on the applicable Distribution dates to the Holder of such Allowed Claim. Such Distributions shall be made pursuant to the provisions of the Plan governing the applicable Class. Such Distributions shall be based upon the Distributions that would have been made to the Holder of such Claim under the Plan if the Disputed Claim had been an Allowed Claim on the Effective Date in the amount ultimately Allowed.

c. Offer of Judgment

The Reorganized Debtors are authorized to serve upon a Holder of a Disputed Claim an offer to allow judgment to be taken on account of such Disputed Claim, and, pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the Holder of a Disputed Claim must pay the costs incurred by the Reorganized Debtors after the making of such offer, the Reorganized Debtors are entitled to set off such amounts against the amount of any distribution to be paid to such Holder without any further notice to or action, order, or approval of the Bankruptcy Court.

G. Confirmation and/or Consummation

Described below are certain important considerations under the Bankruptcy Code and the Plan relating to Confirmation and/or the occurrence of the Effective Date.

1. *Requirements for Confirmation of the Plan Under the Bankruptcy Code*

Section 1129 of the Bankruptcy Code imposes certain requirements that must be satisfied in order for the Plan can be confirmed. Specifically, before the Plan can be confirmed, the Bankruptcy Court must determine at the Confirmation Hearing that the following requirements for Confirmation have been satisfied:

(a) The Plan complies with the applicable provisions of the Bankruptcy Code.

(b) The Debtors have complied with the applicable provisions of the Bankruptcy Code.

(c) The Plan has been proposed in good faith and not by any means forbidden by law.

(d) Any payment made or promised by the Debtors or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before Confirmation is

reasonable, or if such payment is to be fixed after Confirmation, such payment is subject to the approval of the Bankruptcy Court as reasonable.

(e) The Debtors have disclosed or will disclose in the Plan Supplement (a) the identity and affiliations of (i) any individual proposed to serve, after Confirmation, as a manager, officer, or voting trustee of the Reorganized Debtors, (ii) any affiliate of the Debtors participating in a joint plan with the Debtors, or (iii) any successor to the Debtors under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Claim and Interest Holders and with public policy), and (b) the identity of any Insider that will be employed or retained by the Debtors and the nature of any compensation for such Insider.

(f) With respect to each Class of Claims or Interests in the Debtor, each Impaired Claim and Impaired Interest Holder either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such Holder, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code.

(g) The Plan provides that Administrative Claims and Priority Claims other than Priority Tax Claims will be paid in full on the Effective Date, except to the extent that the Holder of any such Claim has agreed to another less favorable treatment.

(h) If a Class of Claims is Impaired under the Plan, at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by Insiders holding Claims in such Class.

(i) Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

(j) The Plan provides for the continuation after the Effective Date of all retiree benefits, if any, at the level established pursuant to sections 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to Confirmation, for the duration of the period the Debtors has obligated themselves to provide such benefits.

The Debtors believe that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of chapter 11, and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith and not by means forbidden by law.

2. *Conditions Precedent to Confirmation and the Effective Date under the Plan*

a. Conditions Precedent to Confirmation

The following conditions precedent to the occurrence of the Confirmation must be satisfied unless any such condition shall have been waived by the Debtors, with the consent of the Required DIP Lenders:

(i) the Confirmation Order shall have been entered by the Bankruptcy Court;

(ii) the Bankruptcy Court shall have found that adequate information and sufficient notice of the Disclosure Statement, the Plan and the Confirmation Hearing, along with all deadlines for voting on or objecting to the Plan have been given to all relevant parties in accordance with the solicitation procedures governing such service and in substantial compliance with Bankruptcy Rules 2002(b), 3017, 9019 and 3020(b); and

(iii) the Plan and the Plan Supplement, including any exhibits, schedules, amendments, modifications or supplements thereto shall be reasonably acceptable to the Debtors and the Required DIP Lenders, or such other party as specified in the Plan.

b. Conditions Precedent to the Effective Date

The following conditions precedent to the occurrence of the Effective Date must be satisfied or, if permissible under federal, state or local law, waived by the Debtors (with the consent of the Required DIP Lenders) on or prior to the Effective Date in accordance with Section 9.04 of the Plan:

(i) the Confirmation Order shall have become a Final Order;

(ii) after the Confirmation Date but prior to the Effective Date, the Debtors shall not have made any amendment, modification, supplement or other change to the Plan, the Plan Supplement or any Plan Supplement, including any exhibits, schedules, amendments, modifications or supplements thereto, without the consent of the Required DIP Lenders;

(iii) the Cash on hand and the proceeds of any debt issued, or to be issued, on the consummation of the transaction contemplated hereby shall be sufficient to fund the transactions and the Distributions under the Plan;

(iv) the New SFXE Board shall have been selected and shall have agreed to serve;

(v) all conditions precedent to the authorization and/or issuance of the Reorganized SFXE Credit Agreement, the New Second Lien Credit Agreement, the New Series A Preferred Stock, the Reorganized SFXE

Common Stock, the CVRs (or New Warrants, as applicable), and the Litigation CVRs, other than those related to the occurrence of the Effective Date, shall have been satisfied;

(vi) with respect to all actions, documents, certificates, and agreements necessary to implement the Plan (a) all conditions precedent to such documents and agreements shall have been satisfied or waived by the Debtors (with the consent of the Required DIP Lenders, or such other party as specified in the Plan) pursuant to the terms of such documents or agreements, (b) such documents, certificates and agreements shall have been tendered for delivery, (c) to the extent required, such documents, certificates and agreements shall have been filed with and approved by any applicable governmental unit in accordance with applicable laws, and (d) such actions, documents, certificates and agreements shall have been effected or executed;

(vii) all other documents and agreements necessary to implement the Plan on the Effective Date that are required to be in form and substance reasonably acceptable to the Debtors and/or the Required DIP Lenders shall have been executed and delivered and all other actions required to be taken in connection with the Effective Date shall have occurred; and

(viii) all Restructuring Support Advisors have been fully paid under the DIP Order, including the adequate protection obligations on account of the ad hoc group of Prepetition Second Lien Noteholders pursuant to paragraph 11(c) of the DIP Order and the fees, costs, disbursements and expenses of the DIP Lenders pursuant to paragraph 26 of the DIP Order, or pursuant to section 1129(a)(4) of the Bankruptcy Code.

c. Notice of Occurrence of the Effective Date

The Debtors or the Reorganized Debtors shall File a notice of the occurrence of the Effective Date within five (5) Business Days after the Effective Date. Failure to File such notice shall not prevent the effectiveness of the Plan, the Plan Supplement or any related documents.

d. Waiver of Conditions

To the extent permissible under federal, state or local law, each of the conditions set forth in Section 9.02 of the Plan may be waived in whole or in part by the Debtors or the Reorganized Debtors (in each case, with the consent of the Required DIP Lenders) without any notice to other parties-in-interest or the Bankruptcy Court and without a hearing.

e. Consequences of Non-Occurrence of Effective Date

If the Confirmation Order is vacated, (a) the Plan shall be null and void in all respects; (b) any settlement of Claims or Interests in the Debtors provided for hereby shall be null and void without further order of the Bankruptcy Court; and (c) to the extent permitted

under the Bankruptcy Code, the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

H. Retention of Jurisdiction

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law (provided, however, that notwithstanding the foregoing, with respect to all civil proceedings arising in or related to the Chapter 11 Cases and the Plan, the Bankruptcy Court shall have original but not exclusive jurisdiction, in accordance with section 1334(b) of title 28 of the United States Code), over the matters set forth in Section 10.01 of the Plan.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, the provisions of Article X of the Plan shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

I. Effect of Confirmation

1. *Dissolution of Creditors' Committee*

Except to the extent provided herein, upon the Effective Date, the current and former members of the Creditors' Committee and any other creditor, equity or other committee appointed pursuant to section 1102 of the Bankruptcy Code in the Chapter 11 Cases, and their respective officers, employees, counsel, advisors and agents, shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Cases; provided, however, that following the Effective Date, the Creditors' Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (1) Claims and/or applications for compensation by Professionals and requests for allowance of Administrative Claims for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code; (2) any appeals to which the Creditors' Committee is a party; and (3) any adversary proceedings or contested matters as of the Effective Date to which the Creditors' Committee is a party. Following the completion of the Creditors' Committee's remaining duties set forth above, the Creditors' Committee shall be dissolved, and the retention or employment of the Creditors' Committee's respective attorneys, financial advisors and any other agent shall terminate.

J. Releases and Related Matters

1. *Released Parties*

The term "**Released Parties**" means the following: (i) each Debtor, and each Reorganized Debtor; (ii) the DIP Agent; (iii) the DIP Lenders; (iv) the Foreign Loan Agent; (v) each Foreign Loan Lender; (vi) the Prepetition Second Priority Trustee; (vii) the holders of

the Prepetition Second Priority Notes; (viii) the Notice and Claims Agent; (ix) the members of the Special Committee acting in any capacity, including in their capacity as directors of any of the SFX Entities; and (x) with respect to each of the foregoing, all of their respective affiliates, related funds, partners, current and former directors, current and former members, current and former officers, current and former managers, agents, employees, representatives, advisors, counsel, accountants, financial advisors, successors and assigns of each of the foregoing, solely in their capacities as such; provided that the term Released Parties shall not include (A) any person who "opts out" of the Consensual Release and/or is otherwise entitled to vote to accept or reject the Plan, but does not vote to accept the Plan, (B) Sillerman acting in any capacity, (C) Tytel acting in any capacity, (D) any officers, directors, members, managers or employees of the SFX Entities not serving or employed on the Confirmation Date, and (E) any advisor, accountant, agent, representative, counsel, or financial advisor (solely in their capacity as such) of the SFX Entities not actively engaged by the SFX Entities on the Confirmation Date.

2. *Releases by Debtors*

As of the Effective Date, the Debtors, on behalf of themselves and their Estates, the Reorganized Debtors, and, with respect to each of the foregoing Entities, such Entity's predecessors, successors and assigns, Affiliates, Subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities, each solely in their capacity as such), and any Person or Entity seeking to exercise the rights of the Debtors' Estates, including, without limitation, any successor to the Debtors or any estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, shall be deemed to forever release, waive and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, losses, liability or Causes of Action, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other equity for any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date based on, arising under or in any way relating to, in whole or in part, among other things, the Debtors, their Affiliates and former Affiliates, the Debtors' certificate of incorporation, bylaws, and/or operating agreements, the Debtors' operations, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' restructuring, these Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any security, asset, right, or interest of the Debtors or the Reorganized Debtors, the formulation, negotiation, preparation, dissemination, implementation, administration, solicitation, confirmation or consummation of the Chapter 11 Cases, the Plan and related agreements, instruments and other documents (including the Plan Supplement), the Disclosure Statement, the Plan Process Documents, the New Governance Documents, the sale or issuance of the New Series A Preferred Stock, the

Reorganized SFXE Common Stock, the New Warrants (if applicable) or any other debt or security to be offered, issued, or distributed in connection with the Plan, allocation and distribution on account of the CVRs or the Litigation CVRs in accordance with the Plan, or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, the negotiation, formulation or preparation of the Plan, the solicitation of votes with respect to the Plan, or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases or the restructuring of the Debtors or the Reorganized Debtors (collectively, the "Covered Actions"); provided, however, that the foregoing shall not operate to waive or release (i) any Causes of Action (and rights with respect thereto) arising from fraud, gross negligence, willful misconduct or criminal acts; (ii) any Causes of Action (and rights with respect thereto) against any Person or Entity that is not a Released Party; and/or (iii) the rights of the Debtors, the Reorganized Debtors or any Creditor holding an Allowed Claim, if applicable, to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to a Final Order.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the foregoing releases by the Debtors, which includes by reference each of the related provisions and definition contained herein, and further, shall constitute the Bankruptcy Court's finding that each of the foregoing releases by the Debtors is: (1) in exchange for good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by the foregoing releases by the Debtors; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors or the Reorganized Debtors asserting any Claim or Cause of Action released pursuant to the foregoing release by the Debtors.

3. ***Releases by Holders of Claims and Interests***

As of the Effective Date, (i) each of the Released Parties, (ii) every Holder of a Claim against the Debtors, and (iii) every Holder of an Interest in the Debtors, and with respect to each of the foregoing Entities in clauses (i) through (iii), such Entity's predecessors, successors and assigns, Affiliates, Subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities in clauses (i) through (iii), each solely in their capacity as such) (collectively, the "Releasing Parties") shall be deemed to forever release, waive, and discharge each of the (other) Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including Avoidance Actions), and liabilities whatsoever, for all Covered Actions (the "Consensual Release"); provided, however, that the Releasing Parties shall not include Holders of Claims or Interests that are deemed to reject the Plan or that are entitled to vote on the Plan but (x) do not return a Ballot by the Voting Deadline or (y) affirmatively opt-out of the Consensual Release by returning a

properly completed Ballot by the Voting Deadline and indicating on the Ballot that the Person or Entity opts out of the Consensual Release; provided, further, that the Consensual Release shall not release the Indemnification Obligations as limited by Section 5.06 of the Plan.

4. ***Discharge of Claims and Interests***

Except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release, effective as of the Effective Date, of all Claims, Interests and Causes of Action of any nature whatsoever, including any interest accrued on such Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties and, regardless of whether any property shall have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims and Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is Filed or deemed Filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been Disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan. The Plan shall bind all Holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan.

As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors or any of their assets or properties, any other or further Claims, Interests, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination, as of the Effective Date, of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

5. ***Injunctions***

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, Interest, or other debt or liability that is discharged pursuant to Section 11.03 of the Plan, released pursuant to Section 11.02 of the Plan, or is subject to exculpation pursuant to Section 11.05 of the Plan are permanently enjoined from taking any of the following actions against the Released Parties or any of their respective assets or property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding of any kind; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or

order against the Released Parties or their respective assets or property; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a right of setoff, recoupment or subrogation of any kind against any debt, liability, or obligation due to the Released Parties; or (v) commencing or continuing any action, in each such cases in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

Without limiting the effect of the foregoing provisions of Section 11.04 of the Plan upon any Person, by accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim or Interest receiving a Distribution pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in Section 11.04 of the Plan.

Nothing in Section 11.04 of the Plan shall impair (i) the rights of any Holder of a Disputed Claim to establish its Claim in response to an objection Filed by the Debtors or the Reorganized Debtors, (ii) the rights of any defendant in an Avoidance Action Filed by the Debtors to assert defenses in such action, or (iii) the rights of any party to an Executory Contract or Unexpired Lease that has been assumed by the Debtors pursuant to an order of the Bankruptcy Court or the provisions of the Plan to enforce such assumed Executory Contract or Unexpired Lease.

6. ***Exculpation and Limitations of Liability***

The term "Exculpated Parties" means (i) each Debtor and its Affiliates, and each Reorganized Debtor and its Affiliates; (ii) the members of the Special Committee in any capacity, including in their capacity as directors of any of the SFX Entities; and with respect to each of the foregoing, each of their respective direct or indirect subsidiaries, officers and directors, managers, members, employees, agents, representatives, financial advisors, professionals, accountants, and attorneys actively engaged by the SFX Entities on the Confirmation Date pursuant to an agreement (solely in their capacity as such); provided that the term Exculpated Parties shall not include (A) any person who "opts out" of the Consensual Release and/or is otherwise entitled to vote to accept or reject the Plan, but does not vote to accept the Plan, (B) Sillerman acting in any capacity (and any affiliate of Sillerman other than the SFX Entities), (C) Tytel acting in any capacity, (D) any officers, directors, members, managers or employees of the SFX Entities not serving or employed on the Confirmation Date, and (E) any advisor, accountant, agent, representative, counsel, or financial advisor (solely in their capacity as such) of the SFX Entities not actively engaged by the SFX Entities on the Confirmation Date.

On the Effective Date, the Exculpated Parties shall neither have nor incur any liability to any Holder of a Claim or an Interest, the Debtors, the Reorganized Debtors, or any other party-in-interest, or any of their respective agents, employees, representatives, advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the prosecution of the Chapter 11 Cases, the formulation, negotiation, or implementation of the Disclosure Statement or the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, or the consummation of the Plan, except for acts or omissions that are the result of willful misconduct, gross negligence, fraud or criminal acts as determined by a Final Order; provided, however, that (i) the foregoing is not intended to

limit or otherwise impact any defense of qualified immunity that may be available under applicable law; (ii) each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan; and (iii) the foregoing exculpation shall not be deemed to, release, affect, or limit any of the rights and obligations of the Exculpated Parties from, or exculpate the Exculpated Parties with respect to, any of the Exculpated Parties' obligations or covenants arising pursuant to the Plan or the Confirmation Order.

7. ***Preservation of Setoff and Recoupment Rights***

Notwithstanding any provision to the contrary in the Plan, the Confirmation Order, and any documents implementing the Plan, nothing shall bar any Creditor from asserting its setoff or recoupment rights to the extent permitted under section 553 or any other applicable provision of the Bankruptcy Code.

8. ***Votes Solicited in Good Faith***

The Debtors have, and upon confirmation of the Plan shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtors (and each of their respective Affiliates, agents, directors, officers, members, employees, advisors, and attorneys) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the securities offered and sold under the Plan and therefore have not, and on account of such offer and issuance will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer or issuance of the securities offered and distributed under the Plan.

K. Miscellaneous Provisions

1. ***Fees and Expenses of the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee***

On the Effective Date, the Reorganized Debtors shall pay in Cash all fees for services rendered and expenses incurred by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee prior to or after the Petition Date. Following the Effective Date, the Reorganized Debtors shall pay all reasonable fees, costs and expenses incurred by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee in connection with the Distributions required pursuant to the Plan or in assisting in the implementation of the Plan, including, but not limited to, the reasonable fees costs and expenses incurred by the DIP Agent's, Foreign Loan Agent's, or the Prepetition Second Priority Trustee's professionals in carrying out their duties under the DIP Credit Documents, the Foreign Loan Agreement and the Prepetition Second Priority Indenture, respectively. The foregoing reasonable fees, costs and expenses shall be disbursed by the Reorganized Debtors in the ordinary course, upon presentation of reasonably detailed invoices in customary form by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee without the need for approval by the Bankruptcy Court, or the filing of an Administrative Claim Request, but any disputes concerning such fees, costs and expenses shall be resolved by the Bankruptcy Court.

If the Reorganized Debtors dispute any portion of fees and expenses asserted by the DIP Agent, the Foreign Loan Agent, or the Prepetition Second Priority Trustee, the Reorganized Debtors shall pay the undisputed portion of such fees and expenses as set forth herein, and shall notify the party whose fees and/or expenses it disputes within ten (10) Business Days after the presentation of such invoices to the Reorganized Debtors. The party whose fees are in dispute may at any time submit such dispute for resolution to the Bankruptcy Court, provided that the Bankruptcy Court's review shall be limited to a determination under the reasonable standards in accordance with the DIP Credit Agreement, the Foreign Loan Agreement, and the Prepetition Second Priority Indenture. In addition, the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee may assert their respective rights under the DIP Credit Agreement, the Foreign Loan Agreement, and Prepetition Second Priority Indenture to Liens upon or other priority in payment with respect to the Distributions to Holders of the DIP Claims, the Original Foreign Loan Claims, and Prepetition Second Priority Notes to pay the disputed portion of the DIP Agent's, Foreign Loan Agent's, and Prepetition Second Priority Trustee's fees and expenses. Nothing herein shall waive, discharge or negatively affect any lien or priority of payment for any fees, costs and expenses not paid by the Reorganized Debtors and otherwise claimed by the DIP Agent, the Foreign Loan Agent, and Prepetition Second Priority Trustee under the Plan (a "**Charging Lien**").

2. ***FTI Fees and Expenses***

On the Effective Date, in full and complete settlement, release, and discharge of their Allowed Administrative Claims pursuant to sections 105, 363, 503(b) and 507(a)(2) of the Bankruptcy Code, the Debtors or the Reorganized Debtors shall promptly indefeasibly pay in full in Cash (pursuant to section 1129(a)(4) of the Bankruptcy Code or otherwise) all reasonable and documented fees, out-of-pocket costs, expenses, disbursements and charges incurred by FTI in connection with the Chapter 11 Cases up to and including the Effective Date that have not previously been paid (which fees and expenses shall be treated as Administrative Claims under the Plan). All amounts distributed and paid to FTI shall not be subject to setoff, recoupment, reduction or allocation of any kind and shall not require the filing or approval of any additional retention applications or fee applications in the Chapter 11 Cases.

3. ***Restructuring Support Advisors Fees and Expenses***

On the Effective Date, in full and complete settlement, release, and discharge of their Allowed Administrative Claims pursuant to section 503(b) and 507(a)(2) of the Bankruptcy Code, the Debtors or the Reorganized Debtors shall promptly indefeasibly pay in full in Cash (pursuant to section 1129(a)(4) of the Bankruptcy Code or otherwise) all reasonable and documented fees, out-of-pocket costs, expenses, disbursements and charges incurred by the Restructuring Support Advisors in connection with the Chapter 11 Cases up to and including the Effective Date that have not previously been paid (which fees and expenses shall be treated as Administrative Claims under the Plan). All amounts distributed and paid to the Restructuring Support Advisors shall not be subject to any setoff, defense, claim, counterclaim, diminution, recoupment, reduction or allocation of any kind and shall not require the filing or approval of any retention applications or fee applications in the Chapter 11 Cases.

4. *Payment of Statutory Fees*

All fees payable on or before the Effective Date pursuant to section 1930 of title 28 of the United States Code shall be paid by the Debtors on or before the Effective Date and all such fees payable after the Effective Date shall be paid by the applicable Reorganized Debtor. The obligation of each of the Reorganized Debtors to pay quarterly fees to the Office of the United States Trustee pursuant to section 1930 of title 28 of the United States Code shall continue until such time as the Chapter 11 Cases are closed.

5. *Modifications and Amendments*

The Debtors may, with the consent of the Required DIP Lenders, alter, amend, or modify the Plan or any exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date.

The Debtors shall provide parties-in-interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified, or clarified, if the proposed alteration, amendment, modification, or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, the Debtors or Reorganized Debtors, as applicable, may, under section 1127(b) of the Bankruptcy Code and with the consent of the Required DIP Lenders, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims or Interests in the Debtors under the Plan; provided, however, that, to the extent required, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or an order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

6. *Fiduciary Duties*

Nothing in the Plan shall require the Debtors, or any directors or officers of members of the Debtors (solely in such person's capacity as a director or officer or member of the Debtors) to take any action, or to refrain from taking any action, that the Special Committee determines, after consultation with counsel, to be inconsistent with, or a breach of, its fiduciary obligations or that would otherwise contravene applicable law.

7. *Continuing Exclusivity and Solicitation Period*

Subject to further order of the Bankruptcy Court, until the Effective Date, the Debtors shall, pursuant to section 1121 of the Bankruptcy Code, retain the exclusive right to amend the Plan and to solicit acceptances thereof, and any modifications or amendments thereto.

8. *Severability of Plan Provisions*

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court at the request of the Debtors shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, interpretation or severance, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, interpretation or severance. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

9. *Successors and Assigns and Binding Effect*

The rights, benefits, and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such Person or Entity, including, but not limited to, the Reorganized Debtors and all other parties-in-interest in the Chapter 11 Cases.

10. *Compromises and Settlements*

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, THE ALLOWANCE, CLASSIFICATION, AND TREATMENT OF ALL ALLOWED CLAIMS AND ALLOWED INTERESTS AND THEIR RESPECTIVE DISTRIBUTIONS AND TREATMENTS HEREUNDER TAKE INTO ACCOUNT THE RELATIVE PRIORITY AND RIGHTS OF THE CLAIMS AND INTERESTS IN EACH CLASS IN CONNECTION WITH ANY CONTRACTUAL, LEGAL AND EQUITABLE SUBORDINATION RIGHTS RELATING THERETO. AS OF THE EFFECTIVE DATE, ANY AND ALL SUCH RIGHTS DESCRIBED IN THE PRECEDING SENTENCE ARE SETTLED, COMPROMISED AND RELEASED PURSUANT TO THE PLAN. THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING AND DETERMINATION THAT THE SETTLEMENTS REFLECTED IN THE PLAN, ARE (1) IN THE BEST INTERESTS OF THE DEBTORS AND THEIR ESTATES, (2) FAIR, EQUITABLE AND REASONABLE, (3) MADE IN GOOD FAITH, AND (4) APPROVED BY THE BANKRUPTCY COURT PURSUANT TO SECTIONS 363 AND 1123 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019. IN ADDITION, THE ALLOWANCE, CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS TAKES INTO ACCOUNT ANY CAUSES OF ACTION, CLAIMS, OR COUNTERCLAIMS, WHETHER UNDER THE BANKRUPTCY CODE OR OTHERWISE UNDER APPLICABLE

LAW, THAT MAY EXIST BETWEEN THE DEBTORS AND THE RELEASING PARTIES; AND AS BETWEEN THE RELEASING PARTIES AND THE RELEASED PARTIES. AS OF THE EFFECTIVE DATE, ANY AND ALL SUCH CAUSES OF ACTION, CLAIMS AND COUNTERCLAIMS ARE SETTLED, COMPROMISED AND RELEASED PURSUANT TO THE PLAN AND THE CONFIRMATION ORDER.

11. ***Term of Injunctions or Stays***

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

12. ***Revocation, Withdrawal, or Non-Consummation***

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims against, or any Interests in, the Debtors, or any Avoidance Actions or other claims by or against the Debtors or any Person or Entity, (ii) prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person or Entity.

13. ***Plan Supplement***

The Plan Supplement shall be Filed with the Bankruptcy Court at least seven (7) days prior to the Voting Deadline or by such later date as may be established by order of the Bankruptcy Court. Upon such Filing, all documents set forth in the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours, or by downloading such Plan Supplement from the Bankruptcy Court's website at http://www.deb.uscourts.gov (registration required) or the Voting Agent's website at www.kccllc.net/sfx.

VII. PROJECTIONS AND VALUATION

In conjunction with formulating the Plan, the Debtors have estimated the post-confirmation going-concern enterprise value of the Reorganized Debtors (the "**Reorganized Enterprise Value**"), which is set forth in detail in **Exhibit D** to this Disclosure Statement.

THE DEBTORS BELIEVE THAT THE VALUATION SET FORTH IN EXHIBIT D TO THIS DISCLOSURE STATEMENT ACCURATELY REFLECTS THE

REORGANIZED ENTERPRISE VALUE. HOWEVER, THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS WHICH ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS AND MOELIS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE ESTIMATED VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. ADDITIONALLY, THE REORGANIZED ENTERPRISE VALUE ESTIMATED BY MOELIS DOES NOT NECESSARILY REFLECT, AND SHOULD NOT BE CONSTRUED AS REFLECTING, VALUES THAT WILL BE ATTAINED IN THE PUBLIC OR PRIVATE MARKETS. THE VALUE DESCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET TRADING VALUE. SUCH TRADING VALUE MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZED ENTERPRISE VALUE RANGES ASSOCIATED WITH THE DEBTORS' VALUATION ANALYSIS.

VIII. CERTAIN RISK FACTORS TO BE CONSIDERED

THE IMPLEMENTATION OF THE PLAN IS SUBJECT TO A NUMBER OF MATERIAL RISKS, INCLUDING, AMONG OTHERS, THOSE ENUMERATED BELOW. IN EVALUATING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTORS WHO ARE ENTITLED TO VOTE SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN), BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS ASSOCIATED WITH THE PLAN AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

A. Certain Business Considerations

1. *Economic Slowdowns Could Adversely Affect the Debtors' Continuing Profitability*

The Debtors' business and financial results are influenced significantly by general economic conditions, in particular, those conditions affecting discretionary consumer spending and corporate spending. During past economic slowdowns and recessions, many consumers reduced their discretionary spending and advertisers reduced their advertising expenditures. An economic downturn can result in reduced ticket revenue, lower customer spending and more limited and less lucrative sponsorship opportunities.

For consumers, such factors as employment levels, fuel prices, interest and tax rates and inflation can significantly impact attendance and spending at the Debtors' and other EDM events, including the EDM events for which Paylogic and Clubtix, the Debtors' ticketing

arms, provide ticketing services, and consumer willingness to purchase music from Beatport. For the Reorganized Debtors in particular, these risks may be exacerbated by the fact that their core customer demographic and the majority of attendees at their events and festivals are 18- to 34-years old, and this millennial generation is among the groups most negatively affected by economic downturns. Business conditions, in particular corporate marketing and promotional spending, can also significantly impact the Debtors' operating results. These factors affect the Debtors' revenue from sponsorship and advertising. Accordingly, if current economic conditions deteriorate, the Reorganized Debtors' growth and financial results will be adversely affected.

2. *The Debtors' Major Live Events Are Seasonal, Which Will Cause Fluctuations in Quarterly Revenue*

The Debtors' primary live operations are seasonal and results of operations vary from quarter to quarter, so their financial performance in certain quarters may not be indicative of, or comparable to, their financial performance in other quarters.

The Debtors' results of operations, and in particular, the revenue they generate from a given activity, vary substantially from quarter to quarter. They expect most of their largest festivals to occur outdoors, primarily in warmer months. For example, the Debtors' North American and European brands stage most of their festivals and events in late summer and early fall, while in the Southern Hemisphere most of their festivals take place in September, November and December. As such, the Debtors expect their revenues from these festivals to be higher during the third and fourth quarters, and lower in the first and second quarters. Furthermore, because they expect to conduct a limited number of large festivals and other events, small variations in this number from quarter to quarter can cause their revenue and net income to vary significantly for reasons that may be unrelated to the performance of their core business. Other portions of their business, such as their club management business, are generally not subject to seasonal fluctuation or experience much lower seasonal fluctuation. In the future, the Debtors expect these fluctuations to change and perhaps become less pronounced as they grow their business, stage more festivals and events in the Southern Hemisphere and acquire additional businesses. The Debtors believe that their cash needs will vary significantly from quarter to quarter, depending on among other things, the timing of festivals and events, cancellations, ticket on-sales, capital expenditures, seasonal and other fluctuations in business activity, the timing of guaranteed payments or sponsorship and marketing partnership revenues and receipt of ticket sales and fees, financing activities, acquisitions and investments. Accordingly, their results for any particular quarter may vary for a number of reasons, including due to the reasons described herein.

3. *Cancellations or Postponements of Live Events Could Adversely Impact the Debtors' Continuing Profitability and Reputation*

The Debtors incur a significant amount of up-front costs when they plan and prepare for a festival or event. Accordingly, if a planned festival or event is canceled, the Debtors would lose a substantial amount of sunk costs, fail to generate the anticipated revenue and may be forced to issue refunds for tickets sold. If the Debtors are forced to postpone a planned festival or event, they would incur substantial additional costs in connection with their having to stage the event on a new date, may have reduced attendance and revenue and may have

to refund money to ticketholders. In addition, any cancellation or postponement could harm both the Debtors' reputation and the reputation of the particular festival or event.

The Debtors could be compelled to cancel or postpone all or part of an event or festival for many reasons, including such things as low attendance, adverse weather conditions, technical problems, issues with permitting or government regulation, incidents, injuries or deaths at that event or festival, as well as extraordinary incidents, such as terrorist attacks, mass-casualty incidents and natural disasters or similar events. The Debtors often have cancellation insurance policies in place to cover a portion of their insured losses if they are compelled to cancel an event or festival, but the coverage may not be sufficient and may be subject to deductibles. The occurrence of an extraordinary condition at or near the site where a festival or event will be held may make it impossible or difficult to stage the event or make it difficult for attendees to travel to the site of a festival or event.

4. *The Reorganized Debtors Will Be Exposed to Changing Regulations*

The Debtors' businesses and operations are subject to numerous federal, state, and local laws, statutes, regulations, policies and procedures both internationally and domestically, which have historically been subject to constant change, and which could continue to be subject to such changes in the future. There can be no assurance that future regulatory changes will not have a material adverse effect on the Reorganized Debtors, or that regulators or third parties will not raise material issues with regard to the Reorganized Debtors' compliance or noncompliance with applicable regulations, any of which could have a material adverse effect upon the Reorganized Debtors. Enforcement and interpretation of these laws and regulations can be unpredictable, and are often subject to the informal views of government officials. Future regulatory, judicial, legislative, and governmental policy changes in the jurisdictions where the Debtors operate could have a materially adverse effect on the Reorganized Debtors. Any adverse developments implicating the foregoing could cause a material adverse effect on the Reorganized Debtors' businesses, financial condition, result of operations and prospects.

The Debtors have derived, and anticipate continuing to derive, a significant portion of their revenue and earnings from international operations as a result of their foreign acquisitions and the expansion of their domestic acquisitions into foreign territories. Operating in multiple foreign countries poses a substantial amount of risk. For example, the Debtors' business activities subject them to a number of laws and regulations, such as anti-corruption laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy and security requirements, environmental laws, labor laws and anti-competition regulations. As the Debtors look to expand into additional countries, the complexity inherent in complying with these laws and regulations increases, making compliance more difficult and costly and driving up the costs of doing business in foreign jurisdictions, including the incurrence of significant legal, accounting and other expenses. Any failure to comply with foreign laws and regulations could subject the Debtors to fines and penalties, make it more difficult or impossible for them to do business in that country and/or harm their reputation. In addition, the Debtors' acquisition strategy may require them to operate in countries with different business environments, labor conditions, tax obligations and/or other costs, and local customs, including some that conflict with each other or with which they are unfamiliar. This could make it more difficult to operate their business successfully in these countries.

Operating in multiple countries also subjects the Debtors to risk from currency fluctuations. Their primary exposure to movements in foreign currency exchange rates relates to non-U.S. dollar denominated sales and operating expenses. The weakening of foreign currencies relative to the U.S. dollar adversely affects the U.S. dollar value of their foreign currency-denominated sales and earnings. This could either reduce the U.S. dollar value of their prices or, if the Debtors raise prices in the local currency, it could reduce the overall demand for the Debtors' offerings, and either could adversely affect their revenue. Conversely, a rise in the price of local currencies relative to the U.S. dollar could adversely impact the Reorganized Debtors' profitability because it would increase their costs denominated in those currencies, thus adversely affecting gross margins.

Additionally, there continues to be significant uncertainty about the stability of global credit and financial markets in light of the continuing debt crisis in certain European countries. A default or a withdrawal from the Eurozone by any of the countries involved, or the uncertainty alone, could cause the value of the Euro to deteriorate. This, or a change to a local currency, would reduce the purchasing power of affected European customers. The Debtors are unable to predict the likelihood of any of these events, but if any occurs, their business, financial position and results of operations could be materially and adversely affected.

5. *Projected Financial Information*

The Projections annexed as **Exhibit B** to this Disclosure Statement are dependent upon the successful implementation of the business plan and the validity of the assumptions contained therein. These Projections prepared by the Debtors' management reflect numerous assumptions (many of which will be beyond the control of the Reorganized Debtors) including: (i) the Confirmation and consummation of the Plan in accordance with the terms of the Plan; (ii) the anticipated future performance of the Debtors' festivals and other events; (iii) industry performance, results of cost savings programs; (iv) technical process improvements; (v) certain assumptions with respect to competitors of the Debtors; (vi) general business and economic conditions; and (vii) other matters. In addition, unanticipated events and circumstances that occur subsequent to the preparation of the Projections may affect the actual financial results of the Reorganized Debtors. Although the Debtors believe that the Projections are reasonably attainable, variations between the actual financial results and those projected may occur and may have a material effect on the Reorganized Debtors.

Finally, the Projections were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. Rather, the Projections were developed in connection with the planning, negotiation and development of the Plan. Neither the Debtors nor the Reorganized Debtors undertake any obligation to update or otherwise revise the Projections to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events. In management's view, however, the Projections were prepared on a reasonable basis and represent a reasonable view of the expected future financial performance of the Reorganized Debtors after the Effective Date. Nevertheless, the Projections should not be regarded as a representation, guaranty or other assurance by the Debtors, the Reorganized Debtors, or any other person, that

the Projections will be achieved, and Holders are therefore cautioned not to place undue reliance on the projected financial information contained in this Disclosure Statement.

6. *Historical Financial Information May Not Be Comparable*

The financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

7. *Competition*

The businesses owned by the Debtors currently face competition in the market. If existing competitors expand their market share or enter into new markets, competition will intensify. Such increased competition may result in a loss of market share and could have a material adverse effect on the Reorganized Debtors' businesses, results of operations, and financial condition. In particular, the live music, media and ticket industries are highly competitive. Within the live music industry, the Debtors compete with other promoters and venue operators to attract customers and talent to events and festivals, as well as to obtain the support of sponsors and advertisers and other business partners. Their competitors include large promotion and entertainment companies, some with substantial scale, that have begun to focus on EDM, smaller promoters that focus on a single festival or event or a particular region or country, venue operators and other producers of live events. Some of the Debtors' competitors are much larger than and have greater resources and stronger relationships with artists, venues, sponsors and advertisers. Others have substantial experience in and strong relationships in the EDM community and are primarily focused on EDM. These competitors may engage in more extensive development efforts for large-scale events, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential advertisers and sponsors and other business partners.

The Debtors' ticketing business faces intense competition from other national, regional and local primary ticketing service providers to obtain new and retain existing clients on a continuous basis. They also face significant and increasing challenges from companies that sell self-ticketing systems and from clients who choose to self-ticket, through the integration of self-ticketing systems into their existing operations or the acquisition of primary ticket services providers or by increasing sales through venue box offices and season, subscription or group sales. Additionally, they face competition in the resale of tickets from online auction websites and resale marketplaces and from other ticket resellers with capabilities to distribute online. The emergence of new technology, particularly related to online ticketing, has intensified this competition. The high competition that the Debtors face in the ticketing industry could cause the volume of our ticketing services business to decline, which could adversely affect the Debtors' business and financial performance.

8. *Litigation*

The Reorganized Debtors may be subject to various Claims and legal actions arising in the ordinary course of their businesses, particularly arising out of the festivals and other events that they produce. Personal injuries, accidents, as well as other activities or conduct

that occurs at these events may increase the Debtors' expenses, damage their brands, cause them to lose their business licenses or governmental approvals, result in the cancellation of part or all of an event, or result in adverse publicity. The Debtors are not able to predict the nature and extent of any such Claims or legal actions, and cannot guarantee that the ultimate resolution of such Claims or legal actions will not have a material adverse effect on the Reorganized Debtors.

B. Certain Bankruptcy Considerations

The Reorganized Debtors' future results are dependent upon the successful Confirmation and implementation of the Plan. Failure to obtain Confirmation in a timely manner could adversely affect the Debtors' operating results, as the Debtors' ability to obtain financing to fund their operations may be harmed by protracted bankruptcy proceedings.

1. *Non-Confirmation or Delay of Confirmation of the Plan*

The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion when deciding whether to confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan of reorganization and requires, among other things, that the confirmation of a plan of reorganization not be followed by a need for further financial reorganization and that the value of distributions to dissenting creditors and interest holders not be less than the value of distributions such creditors and interest holders would otherwise receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

Although the Debtors believe that the Plan will satisfy all of the requirements for Confirmation under section 1129 of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not be sufficiently material as to require the resolicitation of votes on the Plan.

In the event that any Class of Claims entitled to vote fails to accept the Plan in accordance with section 1126(c) and 1129(a)(8) of the Bankruptcy Code, the Debtors reserve the right (with the consent of the Required DIP Lenders) to: (a) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code; and/or (b) modify the Plan in accordance with Section 12.04 thereof. The Debtors believe that the Plan satisfies the requirements for non-consensual Confirmation set forth in section 1129(b) of the Bankruptcy Code because it does not "discriminate unfairly" and is "fair and equitable" with respect to the Classes that reject or are deemed to reject the Plan, however, there can be no assurance that the Bankruptcy Court will reach the same conclusion, or that any other party in interest in the Chapter 11 Cases will not challenge Confirmation on such grounds.

There can be no assurance that the Plan will be confirmed. If the Plan is not confirmed, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to chapter 7 liquidation cases or that any alternative plan of reorganization would be on terms as favorable to the Holders of Claims against and Interests in the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be substantially eroded to the detriment of all stakeholders.

Likewise, there can be no assurance with respect to timing of the Effective Date, or as to whether the Effective Date will, in fact, occur. The occurrence of the Effective Date is subject to certain conditions precedent as described in Section 9.02 of the Plan, and consummation of the Plan may not occur if any of these conditions are not met. In the event that the Effective Date does not occur, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to chapter 7 liquidation cases or that any alternative plan of reorganization would be on terms as favorable to the Holders of Claims against the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be eroded to the detriment of all stakeholders.

If the Confirmation Order is vacated (a) the Plan shall be null and void in all respects; (b) any settlement of Claims or Interests provided for in the Plan shall be null and void without further order of the Bankruptcy Court; and (c) the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

2. *Classification and Treatment of Claims and Equity Interests*

Section 1122 of the Bankruptcy Code requires that a plan of reorganization classify claims against, and interests in, a debtor. The Bankruptcy Code also provides that a plan of reorganization may place a claim or interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that all Claims against and Interests in the Debtors have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtors presently anticipate that they would seek (i) to modify the Plan to provide for any reclassification that may be required for Confirmation and (ii) to use the acceptances received from any Creditor pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such Creditor ultimately is deemed to be a member. Any such reclassification of Creditors, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such Creditor was initially a member, or any other Class under the Plan, by changing the composition of such Class and, as a result, the votes required for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan after such reclassification. Except to the extent that a modification of classification in the Plan requires resolicitation, the Debtors will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan by any Holder of Claims pursuant to this solicitation will constitute a consent to the Plan's treatment of such Holder regardless of the Class as to which such Holder is ultimately deemed to be a member. The Debtors believe that under the Bankruptcy Rules they would be required to resolicit votes for or against the Plan only when a modification adversely affects the treatment of the Claim of any Creditor or Interest Holder.

The Bankruptcy Code also requires that a plan of reorganization provide the same treatment for each claim or interest of a particular class unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest. The Debtors believe that the

Plan meets this requirement of equal treatment. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court may deny Confirmation of the Plan.

Issues or disputes relating to classification and/or treatment may delay Confirmation and consummation of the Plan, and may increase the risk that the Plan will not be confirmed or consummated.

3. *Claims Estimation*

The Debtors reserve the right to object to the amount or classification of any Claim or Interest except any such Claim or Interest that is deemed Allowed under the Plan or except as otherwise provided in the Plan. There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed amount of Claims will likely differ in some respect from the estimates set forth herein, or in any exhibit attached hereto, including the Plan. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, the actual Allowed amount of Claims may differ in some respect from the estimates set forth herein, or in any exhibit attached hereto, including the Plan.

C. Risks to Creditors Who Will Receive Securities and CVRs

The ultimate recoveries under the Plan to Holders that will receive securities, including those receiving CVRs, will depend on the realizable value of these securities. The securities to be issued pursuant to the Plan are subject to a number of material risks, including, but not limited to, those specified below. Prior to voting on the Plan, each Holder of a Claim in Class 3, Class 4 (2019 Debtors), and Class 5 should carefully consider the risk factors specified or referred to below, as well as all of the information contained in the Plan.

Currently, there is no existing market for the securities to be issued pursuant to the terms of the Plan and there can be no assurance that an active trading market will develop. Furthermore, the CVRs proposed to be issued under the Plan are non-transferable. There can also be no assurance as to the degree of price volatility in any such particular market or as to the prices at which such securities might be traded. Accordingly, no assurance can be given that a Holder of securities issued pursuant to the terms of the Plan will be able to sell such securities in the future or the price at which any such sale may occur. If such market were to exist, the liquidity of the market for such securities and the prices at which such securities will trade will depend upon many factors, including, but not limited to, the number of Holders, investor expectations for the Reorganized Debtors, and other factors beyond the Reorganized Debtors' control.

D. Certain Tax Considerations

There are a number of income tax considerations, risks, and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussions set forth in **Exhibit E** to this Disclosure Statement regarding certain U.S. federal income tax consequences of the transactions proposed by the Plan to the Debtors and the

Reorganized Debtors and to certain Holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

IX. APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

The Debtors believe that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of such securities pursuant to the Plan and (b) subsequent transfers of such securities.

A. Offer and Sale of New Securities; Bankruptcy Code Exemption

Holders of Allowed Claims may receive securities pursuant to the Plan. Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if the following principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (3) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. In reliance upon this exemption, the Debtors believe that the exchange of the securities under the Plan will be exempt from registration under the Securities Act and state securities laws.

In addition, the Debtors will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Thus, under this exemption, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(1) of the Securities Act, unless the Holder is an "underwriter" (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states. Recipients of securities issued under the Plan, however, are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state laws in any given instance and as to any applicable requirement or conditions to such availability.

B. Subsequent Transfers of New Securities

Section 1145(b) of the Bankruptcy Code defines the term "underwriter" for purposes of the Securities Act as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is with a view toward distributing any security received in exchange for such a claim or interest; (2) offers to sell securities offered or sold under a plan of reorganization for the holders of such securities; (3) offers to buy securities offered or sold under a plan of reorganization from the holders of such securities, if the offer to buy is: (a) with a view toward distribution of such securities and (b) under an agreement made in connection with such plan, with the consummation of such plan, or

with the offer or sale of securities under such plan; or (4) is an "issuer" with respect to the securities, as the term "issuer" is defined in Section 2(a)(4) of the Securities Act.

The term "issuer" is defined in Section 2(a)(4) of the Securities Act; however, the reference contained in section 1145(b)(1)(D) of the Bankruptcy Code to Section 2(a)(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Mere ownership of securities of a reorganized debtor could result in a person being considered to be a "control person."

To the extent that persons deemed to be "underwriters" receive securities pursuant to the Plan, resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such persons would not be permitted to resell such securities unless such securities were registered under the Securities Act or other exemptions from such registration requirements were available. Entities deemed to be statutory underwriters for purposes of section 1145 of the Bankruptcy Code may, however, be able, at a future time and under certain conditions, to sell securities without registration pursuant to the resale provisions of Rule 144 under the Securities Act.

Pursuant to the Plan, certificates evidencing the securities will bear a legend substantially in the form below:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE, OR OTHERWISE TRANSFERRED UNLESS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS THE REORGANIZED DEBTORS RECEIVE AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO IT, THAT SUCH RESALE, OFFER FOR SALE OR TRANSFER IS EXEMPT FROM REGISTRATION.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the securities to be issued pursuant to the Plan, or an "affiliate" of the Reorganized Debtors, would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any such person would be such an "underwriter" or "affiliate." PERSONS WHO RECEIVE SECURITIES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER RULE 144 OF THE SECURITIES ACT AND THE CIRCUMSTANCES UNDER WHICH SHARES MAY BE SOLD IN RELIANCE UPON SUCH RULE.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DOES NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE SECURITIES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE DEBTORS ENCOURAGE EACH CREDITOR, INTEREST HOLDER AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE DEBTORS MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE SECURITIES.

X. TAX CONSEQUENCES OF THE PLAN

A detailed discussion of the potential federal income tax consequences of the Plan can be found in the *Analysis of Certain Federal Income Tax Consequences of the Plan* annexed hereto as **Exhibit E**.

XI. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the Plan

Section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan of reorganization is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors prepared the Projections that are annexed hereto as **Exhibit B**.

B. Acceptance of the Plan

A condition to Confirmation, the Bankruptcy Code requires that each Class of Claims or Interests that is Impaired, but still receives a Distribution under the Plan vote to accept the Plan, except under certain circumstances set forth in section 1129(b) of the Bankruptcy Code.

A class is impaired unless the plan of reorganization leaves unaltered the legal, equitable and contractual rights of the holder of such claim. Pursuant to sections 1126(c) and 1126(d) of the Bankruptcy Code, and except as otherwise provided for in section 1126(e) of the Bankruptcy Code: (i) an impaired class of claims has accepted the plan of reorganization if the holders of at least two-thirds (2/3) in dollar amount and more than half (1/2) in number of the voting allowed claims have voted to accept the plan of reorganization and (ii) an impaired class of interests has accepted the plan of reorganization if the holders of at least two-thirds (2/3) in amount of the allowed interests of such class have voted to accept the plan. Thus, Holders of Claims in Class 3, Class 4 (2019 Debtors), and Class 5 (which are Impaired, but receiving Distributions) will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number of the Claims actually voting in each Class cast their ballots in favor of

acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan.

Holders of Class 1 Claims, Class 2 Claims, Class 4 Claims (Foreign Debtors), Class 4 Claims (Non-Obligor Debtors), Class 6 Claims (Foreign Debtors), Class 6 Claims (Non-Obligor Debtors), Class 7 Claims, and Class 8 Interests are Unimpaired by the Plan, and such Holders are conclusively presumed to have accepted the Plan and will not be entitled to vote to accept or reject the Plan. Holders of Class 6 Claims (2019 Debtors) and Class 9 Interests are Impaired by the Plan and are not receiving a Distribution, therefore such Holders are conclusively presumed to have rejected the Plan and will not be entitled to vote to accept or reject the Plan.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

C. Best Interests Test

As noted above, even if a plan of reorganization is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that such plan of reorganization is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if a debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its chapter 11 case was converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced first, by the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make

any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. Liquidation Analysis

The Liquidation Analysis is set forth on **Exhibit C** hereto.

E. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuation

While it is impossible to determine with any specificity the value each Holder of an Impaired Claim will receive as a percentage of its Allowed Claim, the Debtors believe that the financial disclosures and Projections and the Valuation contained in this Disclosure Statement imply a greater or equal recovery to Holders of Claims in Impaired Classes than the recovery available in a chapter 7 liquidation. The Debtors believe that a forced liquidation of the Debtors would materially impair the value available to Creditors to an amount materially less the amounts due to them. Accordingly, the Debtors believe that the Plan satisfies the "best interests" test of section 1129 of the Bankruptcy Code.

F. Confirmation Without Acceptance of All Impaired Classes: The "Cramdown" Alternative

In the event that the Holders of Class 3 Claims, Class 4 Claims (2019 Debtors), or Class 5 Claims do not vote to accept the Plan, and with respect to Class 6 Claims (2019 Debtors) and Class 9 Interests, which are deemed to reject the Plan, the Debtors may seek Confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code provides that a plan of reorganization may be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan of reorganization, at the request of the debtors if the plan of reorganization "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank. The Debtors believe that the Plan does not discriminate unfairly with respect to the Class 3 Claims, Class 4 Claims (2019 Debtors) or Class 5 Claims.

A plan of reorganization is fair and equitable as to a class of unsecured claims that rejects such a plan if the plan of reorganization provides: (i) for each holder of a claim that is a member of the rejecting class to receive or retain, on account of that claim, property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim or (ii) that

the holder of any claim or interest that is junior to the claims of such class will not receive or retain, on account of such junior claim or interest, any property at all.

A plan of reorganization is fair and equitable as to a class of equity interests that rejects such a plan if the plan of reorganization provides: (i) that each holder of an interest that is a member of the rejecting class receive or retain, on account of that interest, property that has a value, as of the effective date of the plan, equal to the greatest of (a) the allowed amount of any fixed liquidation preference to which such holder is entitled, (b) any fixed redemption price to which such holder is entitled, or (c) the value of such interest; or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain, on account of such junior interest, any property at all.

The Debtors believe that they will (i) meet the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Claims in Class 3, Class 4 (2019 Debtors) and Class 5 (if any of those Classes do not vote to accept the Plan), and (ii) meet the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Class 6 Claims (2019 Debtors) and Class 9 Interests, and that the Plan satisfies the foregoing requirements for nonconsensual Confirmation with respect to Class 6 Claims (2019 Debtors), and Class 9 Interests.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords Holders of Claims in Class 3, Class 4 (2019 Debtors) and Class 5 the potential for the greatest realization on the Assets and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances are not received or the Plan is not confirmed and consummated, certain restructuring alternatives may exist including, but not limited to, (a) formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization

If the requisite acceptances to confirm the Plan are not received from the Holders entitled to vote to accept or reject the Plan, or if the Plan is not confirmed by the Bankruptcy Court, the Debtors could formulate and propose a different plan of reorganization. Such alternative plan might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of the Assets.

The Debtors believe that the Plan enables Creditors to realize the greatest possible value under the circumstances and has the greatest likelihoods of consummation.

B. Liquidation under Chapter 7 or Chapter 11

If no plan of reorganization, including the Plan, is confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the

proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors.

The Debtors believe that, in a liquidation under chapter 7, additional administrative expenses involved with the appointment of a trustee or trustees and attorneys, accountants, and other professionals to assist such trustees would cause a substantial diminution in the value of the Estates. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of Unexpired Leases and other Executory Contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Assets.

The Debtors could also be liquidated pursuant to a chapter 11 plan of reorganization. In a liquidation under chapter 11, the Assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, thus resulting in a potentially greater recovery for Holders of Claims against or Interests in the Debtors. Conversely, to the extent the Debtors' businesses incur operating losses, the Debtors' efforts to liquidate the Assets over a longer period of time could result in a lower net distribution to Creditors than they would receive through chapter 7 liquidation. Nevertheless, because there would be no need to appoint a chapter 7 trustee and to hire new professionals, a chapter 11 liquidation might be less costly than a chapter 7 liquidation and thus, provide larger net distributions to Holders of Claims against the Debtors than in chapter 7 liquidation. Any recovery in a chapter 11 liquidation, while potentially greater than in a chapter 7 liquidation, would also be highly uncertain.

Although preferable to a chapter 7 liquidation, the Debtors believe that any alternative liquidation under chapter 11 of the Bankruptcy Code is a much less attractive alternative for Holders of Claims against or Interests in the Debtors than the Plan because of, among other things, the greater return anticipated by the Plan.

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RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that Confirmation and consummation of the Plan are preferable to all other alternative restructuring options. Consequently, the Debtors urge all Holders of Claims in Class 3, Class 4 (2019 Debtors) and Class 5 to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED by the Voting Agent on or before 5:00 p.m. (prevailing Eastern Time) on the Voting Deadline.

/s/Dennis A. Meloro
Dennis A. Meloro (DE Bar No. 4435)
GREENBERG TRAURIG, LLP
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
melorod@gtlaw.com

Nancy A. Mitchell
Maria J. DiConza
Nathan A. Haynes
Matthew L. Hinker
GREENBERG TRAURIG, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
mitchelln@gtlaw.com
diconzam@gtlaw.com
haynesn@gtlaw.com
hinkerm@gtlaw.com

Counsel for the Debtors and Debtors-in-Possession

DATED: August 25, 2016

EXHIBIT A

Second Amended Joint Plan of Reorganization of SFX Entertainment, Inc. *et al.* under Chapter 11 of the Bankruptcy Code

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
SFX ENTERTAINMENT, INC., *et al.*,[1]	Case No. 16-10238 (MFW)
Debtors.	(Jointly Administered)

SECOND AMENDED JOINT PLAN OF REORGANIZATION OF SFX ENTERTAINMENT, INC., *ET AL.* UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dennis A. Meloro (DE Bar No. 4435)
GREENBERG TRAURIG, LLP
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
melorod@gtlaw.com

Nancy A. Mitchell
Maria J. DiConza
Nathan A. Haynes
Matthew L. Hinker
GREENBERG TRAURIG, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
mitchelln@gtlaw.com
diconzam@gtlaw.com
haynesn@gtlaw.com
hinkerm@gtlaw.com

Counsel for the Debtors and Debtors-in-Possession

DATED: August 25, 2016

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DRAFT PLAN HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

[1] The Debtors in these Chapter 11 Cases, along with the last four (4) digits of each Debtor's federal tax identification number, if applicable, are: 430R Acquisition LLC (7350); Beatport, LLC (1024); Core Productions LLC (3613); EZ Festivals, LLC (2693); Flavorus, Inc. (7119); ID&T/SFX Mysteryland LLC (6459); ID&T/SFX North America LLC (5154); ID&T/SFX Q-Dance LLC (6298); ID&T/SFX Sensation LLC (6460); ID&T/SFX TomorrowWorld LLC (7238); LETMA Acquisition LLC (0452); Made Event, LLC (1127); Michigan JJ Holdings LLC (n/a); SFX Acquisition, LLC (1063); SFX Brazil LLC (0047); SFX Canada Inc. (7070); SFX Development LLC (2102); SFX EDM Holdings Corporation (2460); SFX Entertainment, Inc. (0047); SFX Entertainment International, Inc. (2987); SFX Entertainment International II, Inc. (1998); SFX Intermediate Holdco II LLC (5954); SFX Managing Member Inc. (2428); SFX Marketing LLC (7734); SFX Platform & Sponsorship LLC (9234); SFX Technology Services, Inc. (0402); SFX/AB Live Event Canada, Inc. (6422); SFX/AB Live Event Intermediate Holdco LLC (8004); SFX/AB Live Event LLC (9703); SFX-94 LLC (5884); SFX-Disco Intermediate Holdco LLC (5441); SFX-Disco Operating LLC (5441); SFXE IP LLC (0047); SFX-EMC, Inc. (7765); SFX-Hudson LLC (0047); SFX-IDT N.A. Holding II LLC (4860); SFX-LIC Operating LLC (0950); SFX-IDT N.A. Holding LLC (2428); SFX-Nightlife Operating LLC (4673); SFX-Perryscope LLC (4724); SFX-React Operating LLC (0584); Spring Awakening, LLC (6390); SFXE Netherlands Holdings Coöperatief U.A. (6812); SFXE Netherlands Holdings B.V. (6898). The Debtors' business address is 902 Broadway, 15th Floor, New York, NY 10010.

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INTRODUCTION

SFX Entertainment, Inc. ("**SFXE**") and each of its affiliated debtors and debtors-in-possession (collectively, the "**Debtors**"), hereby propose the following Plan pursuant to section 1121 of title 11 of the United States Code for the resolution of the outstanding Claims against and Interests in the Debtors.

Reference is made to the Disclosure Statement for a discussion of (i) the Debtors' history, businesses, properties, results of operations, and projections for future operations, (ii) a summary of this Plan, and (iii) certain related matters, including risk factors relating to the consummation of this Plan and Distributions to be made under this Plan.

Capitalized terms herein shall have the meanings set forth in Article I hereof. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3019, AND THE PLAN, THE DEBTORS, SUBJECT TO SECTIONS 4.05 AND 12.05, RESERVE THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE OR WITHDRAW THE PLAN PRIOR TO ITS SUBSTANTIAL CONSUMMATION.

ARTICLE I
DEFINED TERMS AND RULES OF INTERPRETATION

For purposes of the Plan, except as expressly provided herein or unless the context otherwise requires, (a) all capitalized terms used in the Plan and not otherwise defined in the Plan shall have the meanings ascribed to them in the Disclosure Statement (or any exhibit hereto or thereto), (b) any capitalized term used in the Plan that is not defined in the Plan or Disclosure Statement (or any exhibit hereto or thereto), but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable, (c) whenever the context requires, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender, (d) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (e) any reference in the Plan to an existing document or exhibit means such document or exhibit as it may be amended, modified, or supplemented from time to time, (f) unless otherwise specified, all references in the Plan to sections, articles, schedules, and exhibits are references to sections, articles, schedules, and exhibits of or to the Plan, (g) the words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan in its entirety rather than to any particular paragraph, subparagraph, or clause contained in the Plan, (h) captions and headings to articles and sections are inserted for convenience of reference only

and shall not limit or otherwise affect the provisions hereof or the interpretation of the Plan, and (i) the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

1.1 "**2019 Debtors**" means SFXE and the Guarantor Debtors.

1.2 "**Accredited Investor**" shall have the meaning ascribed to such term under Rule 501 of Regulation D of the Securities Act.

1.3 "**Administrative Claim**" means a Claim for any costs or expenses of administration of the Estates under sections 503(b), 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation, for: (a) any actual and necessary costs and expenses incurred on or after the Petition Date of preserving the Estates and operating the businesses of the Debtors; (b) any Cure payment to be made under, or in connection with, the Plan; (c) any postpetition cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtors in the ordinary course of their businesses; (d) any Professional Fee Claims in the Chapter 11 Cases; (e) the fees and expenses of FTI, as provided in Section 12.02 herein; (f) the fees and expenses of the Restructuring Support Advisors, as provided in Section 12.03 herein; and (g) any Statutory Fees.

1.4 "**Administrative Claim Request**" means a request for the payment of an Administrative Claim.

1.5 "**Administrative Claims Bar Date**" means the deadline for filing all Administrative Claim Requests, except for Professional Fee Claims (which shall be subject to Section 3.01(d) herein), which shall be thirty (30) days after the Effective Date.

1.6 "**Affiliate**" means "affiliate", as defined in section 101(2) of the Bankruptcy Code.

1.7 "**Alda Parties**" means Lewis Holding B.V. and Mountain B.V.

1.8 "**Alda Settlement Agreement**" means that certain Settlement Agreement within the meaning of Section 7:900 *et seq.* of the Dutch Civil Code, by and among SFXE, SFXE Netherlands Holdings B.V., Alda Holding B.V., the Alda Parties, David Lewis and Allan Hardenberg, which was approved by an order of the Bankruptcy Court [Docket No. 667].

1.9 "**Allowed**" means, with respect to any Claim (including any Administrative Claim) and/or Interest or portion thereof (to the extent such Claim or Interest is not Disputed or Disallowed): (a) any Claim or Interest, proof of which (i) was timely Filed with the Bankruptcy Court or the Notice and Claims Agent, (ii) was deemed timely Filed pursuant to section 1111(a) of the Bankruptcy Code, or (iii) was not required to be Filed pursuant to a Final Order; (b) any Claim or Interest that has been, or hereafter is, listed in the Schedules as of the Effective Date as (i) liquidated in an amount other than zero, or (ii) not Disputed or a Contingent Claim (or as to which the applicable Proof of Claim has been withdrawn or Disallowed); (c) any Claim or Interest which has been allowed (whether in whole or in part) by a Final Order (but only to the extent so allowed), and, in (a) and (b) above, as to which no objection to the allowance thereof, or action to subordinate, avoid, classify, reclassify, expunge, estimate or otherwise limit recovery

with respect thereto, has been Filed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order; (d) any Claim or Interest allowed under or pursuant to the terms of the Plan; (e) any Claim arising from the recovery of property under sections 550 or 553 of the Bankruptcy Code which has been allowed in accordance with section 502(h) of the Bankruptcy Code; (f) any Claim relating to a rejected Executory Contract or rejected Unexpired Lease that either (i) is not Disputed or (ii) has been allowed by a Final Order, in either case only if a Proof of Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law; or (g) which is a Professional Fee Claim for which a fee award amount has been approved by Final Order; provided, however, that Claims or Interests allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed" hereunder.

1.10 "**Avoidance Actions**" means any and all Causes of Action (other than those which are released or dismissed as part of and pursuant to the Plan) which a trustee, a debtor-in-possession, the Estates or other appropriate party in interest may assert under sections 502(d), 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, 553 or 724(a) of the Bankruptcy Code or under similar state or federal statutes and common law, including, without limitation, fraudulent transfer laws (whether or not litigation is commenced to prosecute such Causes of Action) and including the Debtors' rights of setoff, recoupment, contribution, reimbursement, subrogation or indemnity (as those terms are defined by the non-bankruptcy law of any relevant jurisdiction) and any other indirect claim of any kind whatsoever, whenever and wherever arising or asserted.

1.11 "**Ballot**" means any ballot (including any beneficial ballot) distributed with the Disclosure Statement for purposes of voting to accept or reject the Plan.

1.12 "**Bankruptcy Code**" means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as in effect on the Petition Date, together with all amendments and modifications thereto that are subsequently made applicable to these Chapter 11 Cases.

1.13 "**Bankruptcy Court**" means the United States Bankruptcy Court for the District of Delaware or such other United States court as may have jurisdiction over the Chapter 11 Cases or any aspect thereof.

1.14 "**Bankruptcy Rules**" means (i) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under section 2075 of title 28 of the United States Code, (ii) the applicable Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware, and (iii) any general or chamber rules, or standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, and each of the foregoing together with all amendments and modifications thereto that are subsequently made and as applicable to these Chapter 11 Cases or proceedings therein, as the case may be.

1.15 "**Bar Date**" means, as applicable, the Administrative Claims Bar Date and any other date or dates to be established by an order of the Bankruptcy Court by which Proofs of Claim must be filed, including the general bar date of May 17, 2016 and the bar date of

August 1, 2016 for governmental units, as set forth in the *Order (A) Fixing Deadlines for Filing Proofs of Claim and (B) Designating Form and Manner of Notice Thereof* [Docket No. 351]; provided that Professional Fee Claims shall be filed in accordance with Section 3.01(d) of the Plan.

1.16 "**Business Day**" means any day, excluding Saturdays, Sundays, or "legal holidays" (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for business in Wilmington, Delaware.

1.17 "**Cash or $**" means legal tender of the United States of America or the equivalent thereof, including bank deposits and checks.

1.18 "**Cash Payment Option**" means the election available to each Holder of an Allowed Class 4 Claim (2019 Debtors) entitling each such Holder to receive its *Pro Rata* share of the Cash Pool Payment Amount in lieu of the applicable CVRs and Litigation CVRs that such Holder would otherwise receive on account of its Allowed Class 4 Claim (2019 Debtors) if such election had not been made by such Holder; provided, however, that any Class A CVR, Class B CVR, and/or Litigation CVR that would have been allocated to a Holder of an Allowed Class 4 Claim (2019 Debtors), had such Holder not elected the Cash Payment Option, will not be allocated.

1.19 "**Cash Pool Payment Amount**" means a cash pool equal to $50,000.

1.20 "**Causes of Action**" means any and all actions, causes of action, Avoidance Actions, claims, defenses, liabilities, obligations, executions, causes in action, controversies, rights (including rights to legal remedies, rights to equitable remedies, and rights to payment), suits, debts, damages, judgments, remedies, demands, setoffs, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims whatsoever, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, choate or inchoate, existing or hereafter arising, suspected or unsuspected, foreseen or unforeseen, and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

1.21 "**Chapter 11 Cases**" means the jointly administered Chapter 11 cases commenced by the Debtors and currently pending in the Bankruptcy Court, with case numbers 16-10238 through 16-10281, and styled *In re SFX Entertainment, Inc.*, *et al.,* Case No. 16-10238 (MFW).

1.22 "**Charging Lien**" shall have meaning as set forth in Section 12.01.

1.23 "**Claim**" means any "claim" against the Debtors as defined in section 101(5) of the Bankruptcy Code.

1.24 "**Claims Objection Bar Date**" means the date that is one hundred and eighty (180) days after the Effective Date or such later date as may be extended by order of the Bankruptcy Court.

1.25 "**Class**" means a category of Claims or Interests in the Debtors pursuant to section 1122(a) of the Bankruptcy Code, as described in Articles II and III of the Plan.

1.26 "**Class A CVR**" has the meaning ascribed to such term in Section 5.07(f) of the Plan.

1.27 "**Class B CVR**" has the meaning ascribed to such term in Section 5.07(f) of the Plan.

1.28 "**Collateral**" means any property or interest in property of the Estates which is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.29 "**Confirmation**" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions precedent to confirmation specified herein having been satisfied or expressly waived in accordance with the terms of Section 9.01 of the Plan.

1.30 "**Confirmation Date**" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

1.31 "**Confirmation Hearing**" means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.32 "**Confirmation Order**" means the order of the Bankruptcy Court confirming the Plan pursuant to, among others, section 1129 of the Bankruptcy Code, and which shall be in form and substance reasonably acceptable to the Debtors and the Required DIP Lenders.

1.33 "**Consensual Release**" has the meaning ascribed to such term in Section 11.02(c) of the Plan.

1.34 "**Contingent Claim**" means a Claim that has not accrued or is not otherwise payable and the accrual of which, or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

1.35 "**Convenience Claim**" means a General Unsecured Claim against a 2019 Debtor in an Allowed amount that is greater than $0 but less than or equal to $50,000. For the avoidance of doubt, in no event shall a Prepetition Second Priority Note Claim against a 2019 Debtor constitute a Convenience Claim.

1.36 "**Convenience Class Cash Pool**" means a cash pool equal to $550,000; provided, however, that in the event that one or more Holders of General Unsecured Claims greater than

$50,000 make the Convenience Class Election, such cash pool shall be increased by $5,000 on account of each Allowed General Unsecured Claim greater than $50,000 that is irrevocably reduced to $50,000 and added to the aggregate amount of Class 5 Claims for purposes of treatment and Distribution under the Plan in accordance with the Convenience Class Election; provided, further, that notwithstanding anything to the contrary set forth in any Plan Process Document, the maximum amount of the cash pool shall in no event exceed $750,000 in the aggregate.

1.37 "**Convenience Class Election**" means an election pursuant to which a Holder of an Allowed General Unsecured Claim against a 2019 Debtor (i) that has an Allowed General Unsecured Claim that is greater than $50,000, and (ii) votes such Claim to accept the Plan, agrees to irrevocably reduce its Claim to $50,000 and have such Claim treated as a single Convenience Claim for purposes of the Distributions thereunder in full and final satisfaction of such Claim; provided, that, such Claim shall not be subdivided into multiple Claims of $50,000 or less for purposes of receiving Distributions as a Convenience Claim. For the avoidance of doubt, a Holder of a Prepetition Second Priority Note Claim shall not be eligible to make the Convenience Class Election and under no circumstances shall a Prepetition Second Priority Note Claim be treated as a Convenience Claim.

1.38 "**Creditor**" means any Holder of a Claim.

1.39 "**Creditors' Committee**" means the official committee of unsecured creditors appointed in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

1.40 "**Cure**" means the Distribution of Cash, or other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption or assumption and assignment of an Executory Contract or an Unexpired Lease, pursuant to section 365(b) of the Bankruptcy Code or section 1123 of the Bankruptcy Code, in an amount equal to all monetary defaults, without interest, or such other amount as may be agreed upon by the parties, under such Executory Contract or Unexpired Lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law.

1.41 "**CVR Equity Value Threshold**" means $95,000,000, *less* the aggregate fair market value of any distributions made to holders of the Reorganized SFXE Common Stock solely in respect of shares of Reorganized SFXE Common Stock prior to the consummation of a Liquidity Event.

1.42 "**CVRs**" means Class A CVRs and Class B CVRs, collectively.

1.43 "**Debtors**" has the meaning ascribed to it in the Introduction to this Plan.

1.44 "**DIP Agent**" means Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent under the DIP Credit Documents (other than the Foreign Loan Agreement and other loan documents related thereto).

1.45 "**DIP Claims**" means all of the Claims against and obligations of the Debtors arising under the DIP Credit Documents.

1.46 "**DIP Credit Agreement**" means that Senior Secured Super-priority Debtor-in-Possession Credit Agreement, dated as of February 10, 2016 (together with all schedules and exhibits thereto), by and among SFXE, as borrower, the guarantors named therein, the DIP Lenders, and the DIP Agent, as amended, restated, supplemented or otherwise modified from time to time, in accordance with its terms.

1.47 "**DIP Credit Documents**" means the DIP Credit Agreement, the DIP Order, the DIP Intracreditor Agreement, the Foreign Loan Agreement (with respect to any borrowings incurred after the Petition Date as incremental loans in accordance with the DIP Order), and all security, pledge, guaranty, and other lien and loan documents entered into in connection therewith as amended, restated, supplemented or otherwise modified from time to time.

1.48 "**DIP Intracreditor Agreement**" means that certain Agreement Among Lenders, dated February 10, 2016, among the DIP Agent, the Initial Tranche A Lenders party thereto from time to time, the Initial Tranche B Lenders party thereto from time to time and the Foreign Loan Agent, as amended, restated, supplemented or otherwise modified from time to time, in accordance with its terms.

1.49 "**DIP Lenders**" means, collectively, those Entities identified as "Lenders" in the DIP Credit Agreement and their respective permitted successors and assigns, including, for the avoidance of doubt, the Tranche A DIP Lenders and the Tranche B DIP Lenders.

1.50 "**DIP Loans**" means Tranche A DIP Loans and Tranche B DIP Loans.

1.51 "**DIP Order**" means the Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503 and 507 (I) Authorizing the Debtors to Obtain Senior Secured Priming Superpriority Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief entered March 8, 2016 [Docket No. 203].

1.52 "**Disallowed**" means, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in the Debtors which: (i) has been disallowed, in whole or part, by a Final Order; (ii) has been withdrawn, in whole or in part, by agreement of the Holder thereof and the Debtors; (iii) has been withdrawn, in whole or in part, by the Holder thereof; (iv) is listed in the Schedules as zero or as Disputed, contingent or unliquidated and in respect of which a Proof of Claim has not been timely Filed or deemed timely Filed pursuant to the Plan, the Bankruptcy Code or any Final Order or other applicable law; (v) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the Filed amount of any Proof of Claim; (vi) is evidenced by a Proof of Claim which has been Filed, or which has been deemed to be Filed under applicable law or order of the Bankruptcy Court or which is required to be Filed by order of the Bankruptcy Court but as to which such Proof of Claim was not timely or properly Filed; (vii) is unenforceable to the extent provided in section 502(b) of the Bankruptcy Code; (viii) is held by a Holder that is a Person or Entity from which property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under

sections 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, unless such Person, Entity or transferee has paid the amount, or turned over any such property, for which such Person, Entity or transferee is liable under section 522(i), 542, 543, 550, or 553 of the Bankruptcy Code; or (ix) is for reimbursement or contribution that is contingent as of the time of allowance or disallowance of such Claim. In each case, a Disallowed Claim or a Disallowed Interest is disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination or estimation.

1.53 "**Disbursing Agent**" means the Reorganized Debtors or any Person or Persons designated by the Debtors or the Reorganized Debtors, which Person or Persons shall be reasonably acceptable to the Required DIP Lenders, to serve as disbursing agent under the Plan with respect to Distributions to Holders in particular Classes of Claims under Section 7.03 hereof.

1.54 "**Disclosure Statement**" means the disclosure statement for the Plan, as amended, supplemented, or modified from time to time by the Bankruptcy Court or otherwise, including all exhibits and schedules thereto and in form and substance reasonably acceptable to the Debtors and the Required DIP Lenders, that describes the Plan and is prepared and distributed in accordance with, among other things, sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Bankruptcy Rule 3018 and other applicable law.

1.55 "**Disclosure Statement Order**" means the order of the Bankruptcy Court approving the Disclosure Statement pursuant to, among others, section 1125 of the Bankruptcy Code, and which shall be in form and substance reasonably acceptable to the Debtors and the Required DIP Lenders.

1.56 "**Disputed**" means with respect to any Claim (a) if no Proof of Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim that is listed on the Schedules as other than disputed, contingent or unliquidated, but as to which the Debtors or the Reorganized Debtors or, prior to the Confirmation Date, any other party in interest, has Filed an objection by the Claims Objection Bar Date, and such objection has not been withdrawn or denied by a Final Order; or (ii) a Claim that is listed on the Schedules as disputed, contingent or unliquidated; or (b) if a Proof of Claim or an Administrative Claim Request has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim for which no corresponding Claim is listed on the Schedules; (ii) a Claim for which a corresponding Claim is listed on the Schedules as other than disputed, contingent or unliquidated, but the nature or amount of the Claim as asserted in the Proof of Claim varies from the nature and amount of such Claim as it is listed on the Schedules; (iii) a Claim for which a corresponding Claim is listed on the Schedules as disputed, contingent or unliquidated; (iv) a Claim for which an objection has been Filed by the Debtors or the Reorganized Debtors or, prior to the Confirmation Date, any other party-in-interest, by the Claims Objection Bar Date, and such objection has not been withdrawn or denied by a Final Order; (v) a Claim which asserts it is contingent or unliquidated in whole or in part; or (vi) a tort claim.

1.57 "**Distribution**" means any distribution pursuant to the Plan to the Holders of Allowed Claims against or Allowed Interests in the Debtors.

1.58 "**Distribution Record Date**" means the date for determining which Holders of Allowed Claims or Interests are eligible to receive Distributions hereunder, which, unless otherwise specified, shall be the Confirmation Date or such other date as designated in a Final Order of the Bankruptcy Court; provided, however, that with respect to the Holders of Prepetition Second Priority Note Claims, the Distribution Record Date shall be the Effective Date.

1.59 "**Effective Date**" means the first Business Day on or after the Confirmation Date on which (i) no stay of the Confirmation Order is in effect and (ii) the conditions precedent to the effectiveness of the Plan set forth in Section 9.02 of the Plan have been satisfied or expressly waived in accordance with the terms hereof.

1.60 "**Entity**" means a Person, estate, trust, governmental unit, and the U.S. Trustee, within the meaning of section 101(15) of the Bankruptcy Code.

1.61 "**Estate**" or "**Estates**" mean the bankruptcy estate of any Debtor created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

1.62 "**Exculpated Parties**" has the meaning ascribed to such term in Section 11.05 of the Plan.

1.63 "**Executory Contract**" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

1.64 "**Fee Examiner**" means Direct Fee Review LLC, the Court-appointed fee examiner in these Chapter 11 Cases [Docket No. 702].

1.65 "**File, Filed or Filing**" means file, filed or filing with the Bankruptcy Court in the Chapter 11 Cases; provided, however, that with respect to Proofs of Claim, "Filed" shall mean delivered and received in the manner provided in any order approving the applicable Bar Date.

1.66 "**Final Order**" means an order or judgment of the Bankruptcy Court (or any other court of competent jurisdiction) entered by the Clerk of the Bankruptcy Court (or such other court) on the docket in the Chapter 11 Cases (or the docket of such other court), which has not been modified, amended, reversed, vacated or stayed and as to which (a) the time to appeal, petition for certiorari, or move for a new trial, stay, reargument or rehearing has expired and as to which no appeal, petition for certiorari or motion for new trial, stay, reargument or rehearing shall then be pending or (b) if an appeal, writ of certiorari, new trial, stay, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court (or other court of competent jurisdiction) shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, stay, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, stay, reargument or rehearing shall have expired, as a result of which such order shall have become final in accordance with Bankruptcy Rule 8002; provided, that the possibility that a motion under Rule

60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be Filed relating to such order, shall not cause an order not to be a Final Order.

1.67 "**Foreign Debtors**" means SFXE Netherlands Holdings Coöperatief U.A., and SFXE Netherlands Holdings B.V.

1.68 "**Foreign Loan Agent**" means the facility and security agent under the Foreign Loan Agreement, and its permitted assigns and successors.

1.69 "**Foreign Loan Agreement**" means that certain Facility Agreement, dated January 14, 2016, by and among SFXE Netherlands Holdings Coöperatief U.A., as borrower, SFXE, the guarantors named therein, the Foreign Loan Lenders, and the Foreign Loan Agent, as amended and restated on March 4, 2016, May 6, 2016 June 3, 2016 and July 15, 2016 and as the same may be further amended, restated, supplemented or otherwise modified by from time to time.

1.70 "**Foreign Loan Documents**" means the Foreign Loan Agreement, together with all other agreements, documents, instruments and certificates executed or delivered in connection therewith.

1.71 "**Foreign Loan Lenders**" means, collectively, those Entities identified as "Lenders" in the Foreign Loan Agreement and their respective permitted successors and assigns.

1.72 "**FTI**" means FTI Consulting, Inc.

1.73 "**General Unsecured Claim**" means any Unsecured Claim against the Debtors that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, a Subordinated Claim, a Prepetition Second Priority Note Claim, or a Convenience Claim.

1.74 "**Guarantor Debtors**" means: 430R Acquisition LLC; Beatport, LLC; Core Productions LLC; EZ Festivals LLC; Flavorus, Inc.; ID&T/SFX Mysteryland LLC; ID&T/SFX North America LLC; ID&T/SFX Q-Dance LLC; ID&T/SFX Sensation LLC; ID&T/SFX TomorrowWorld LLC; LETMA Acquisition, LLC; Made Event, LLC; Michigan JJ Holdings LLC; SFX Acquisition LLC; SFX Development LLC; SFX EDM Holdings Corporation; SFX Intermediate Holdco II LLC; SFX Managing Member Inc.; SFX Marketing LLC; SFX Platform & Sponsorship LLC; SFX Technology Services, Inc.; SFX/AB Live Event Canada, Inc.; SFX/AB Live Event Intermediate Holdco LLC; SFX/AB Live Event LLC; SFX-94 LLC; SFX-Disco Intermediate Holdco LLC; SFX-Disco Operating LLC; SFXE IP LLC; SFX-EMC, Inc.; SFX-Hudson LLC; SFX-IDT N.A. Holding II LLC; SFX-LIC Operating LLC; SFX-IDT N.A. Holding LLC; SFX-Nightlife Operating LLC; SFX-Perryscope LLC; SFX-React Operating LLC; and Spring Awakening, LLC.

1.75 "**Holder**" means the legal or beneficial holder of a Claim against or Interest in the Debtors (and, when used in conjunction with a Class or type of Claim or Interest, means a Holder of a Claim or Interest in such Class or of such type).

1.76 "**Impaired**" means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.77 "**Impaired Class**" means a Class of Claims or Interests that is Impaired.

1.78 "**Incremental Foreign Loans**" means Tranche B DIP Loans incurred, after the Petition Date, as incremental loans under the Foreign Loan Agreement.

1.79 "**Incremental Tranche B DIP Loan Claims**" means all Claims against and obligations of the Debtors arising on account of any Incremental Tranche B DIP Loans advanced under the DIP Credit Documents, including any paid-in-kind interest, accrued and unpaid interest, default interest, interest on interest, premiums, fees, expenses and disbursements, costs, charges or other amounts due thereon.

1.80 "**Incremental Tranche B DIP Loans**" means, to the extent funded, up to an additional $15.0 million in term loans that may be provided to the Debtors by the Tranche B DIP Lenders as provided for under the DIP Credit Documents, including any interest, premiums, fees, expenses and disbursements, costs, charges or other amounts due thereon.

1.81 "**Indemnification Obligation**" means any obligation of the Debtors pursuant to (and required by) the Debtors' certificates of formation, certificates of incorporation, bylaws, indemnification agreements, or other organizational documents or applicable law as of the Petition Date to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of, any Indemnified Person against any claims, causes of action, judgments, liability, loss, penalties, fines, settlements, and expenses arising or relating to conduct or actions prior to the Effective Date.

1.82 "**Indemnified Person**" means (a) all members, managers, officers, employees, attorneys, other professionals, and agents of the Debtors and their Affiliates who were in place as of the Petition Date and through the Effective Date (in each case in his, her or its capacity as such) and (b) directors of the Debtors and their Affiliates who were in place at any time within one year (1) prior to the Petition Date or at any time during the Chapter 11 Cases (each, in his or her capacity as such).

1.83 "**Initial Foreign Loans**" means all loans outstanding under the Foreign Loan Documents on or prior to the Petition Date, which, pursuant to the DIP Order, shall not be Tranche B DIP Loans. For the avoidance of doubt, Initial Foreign Loans shall not include any Incremental Foreign Loans.

1.84 "**Insider**" shall have the same meaning set forth in section 101(31) of the Bankruptcy Code.

1.85 "**Insured Claim**" means any Claim or portion of a Claim that is insured under the Debtors' insurance policies, but only to the extent of such coverage.

1.86 "**Intercompany Claims**" means a Claim (a) by any Debtor against another Debtor or (b) by any non-Debtor Subsidiary against any of the Debtors.

1.87 "**Intercompany Interests**" means an Interest in a Debtor held by another Debtor or non-Debtor Subsidiary.

1.88 "**Interest**" means the legal interests, equitable interests, contractual interests, equity interests or ownership interests, or other rights of any Person in any other Person, including all capital stock, stock certificates, common stock, preferred stock, partnership interests, limited liability company or membership interests, profit interests, rights, treasury stock, options, warrants, contingent warrants, contingent value rights, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest, share, right or security in any other Person, partnership interests in any other Person, stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights, subscription rights and liquidation preferences, puts, calls, awards or commitments of any character whatsoever relating to any of the foregoing or obligating such other Person to issue, transfer or sell any of the foregoing, whether or not certificated, transferable, voting or denominated "stock" or a similar security.

1.89 "**IRS**" means the United States Internal Revenue Service.

1.90 "**Lien**" means, with respect to any asset or property (or the rents, revenues, income, profits or proceeds therefrom), and in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise: (a) any and all mortgages or hypothecation to secure payment of a debt or performance of an obligation, liens, pledges, attachments, charges, leases evidencing a capitalizable lease obligation, conditional sale or other title retention agreement, or other security interest or encumbrance or other legally cognizable security devices of any kind in respect of any asset or property, or upon the rents, revenues, income, profits or proceeds therefrom; or (b) any arrangement, express or implied, under which any property is transferred, sequestered or otherwise identified for the purpose of subjecting or making available the same for the payment of debt or performance of any other obligation in priority to the payment of general unsecured creditors; provided, however, that a lien that has or may be avoided pursuant to any Avoidance Action shall not constitute a Lien hereunder.

1.91 "**Liquidation Preference**" means the liquidation preference that holders of New Series A Preferred Stock will receive upon a Liquidity Event, equal to the greater of (x) the fully accreted amount of the New Series A Preferred Stock (including, without limitation, all accrued PIK dividends thereon and any other fees, charges or premiums payable on the New Series A Preferred Stock), and (y) the product of (i) 1.75 and (ii) the initial face amount of the New Series A Preferred Stock.

1.92 "**Liquidity Event**" means (i) the sale, transfer, conveyance or other disposition (in one or a series of related transactions) of all or substantially all of the assets of the Reorganized Debtors, taken as a whole, (ii) any merger, share exchange, consolidation or other business combination of Reorganized SFXE in which transaction the holders of the Voting Securities of Reorganized SFXE immediately prior to such transaction, together with their Affiliates, in the aggregate, own immediately after such transaction less than 50% of the total voting power of the Voting Securities of Reorganized SFXE or, if Reorganized SFXE is not the resulting or surviving entity in such transaction, such resulting or surviving entity (or the entity owning 100% of such resulting or surviving entity), (iii) the acquisition (in one transaction or a series of related transactions) of Voting Securities of Reorganized SFXE representing in the aggregate more than 80% of the total voting power of the Voting Securities of Reorganized

SFXE (after such acquisition) by any Person or "group" (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) of Persons other than any Person or group of Persons that owned or held more than 10% of the total voting power of the Voting Securities of Reorganized SFXE immediately prior to such acquisition or any Affiliates of any such Person(s), and (iv) the consummation of a Qualified Public Offering.

1.93 "**Litigation Committee**" means a special committee comprised of three (3) individuals, two (2) of whom will be directors of the New SFXE Board, and one (1) of whom shall be a non-professional representative appointed by the Committee (such non-professional representative appointed by the Committee shall (i) have fiduciary obligations in connection with his or her role on the Litigation Committee, (ii) be bound by appropriate non-disclosure obligations, (iii) receive reimbursement of reasonable out-of-pocket de minimis expenses (for the avoidance of doubt, there shall not be any reimbursement of expenses for counsel or other professionals) and (iv) receive an annual stipend of $2,500 in connection with his or her service on the Litigation Committee).

1.94 "**Litigation CVR**" has the meaning ascribed to such term in Section 5.07(g) of the Plan.

1.95 "**Litigation CVR Claims**" means (i) all Avoidance Actions and (ii) all Causes of Action of the Debtors and/or the Estates, which relate to conduct occurring prior to the Petition Date, against any Insider, advisor, accountant, counsel, or financial advisor of the Debtors (solely in their capacity as such), and which, for the avoidance of doubt, shall not include any Avoidance Actions or Causes of Action that are being expressly released or subject to exculpation pursuant to Sections 11.02 and 11.05 of the Plan, respectively.

1.96 "**Litigation CVR Net Proceeds**" means any Cash proceeds that are received on account of the Litigation CVR Claims, net of all taxes, fees, costs (including reasonable attorneys' fees) and expenses expended or incurred in connection with the investigation and pursuit of the Litigation CVR Claims.

1.97 "**Litigation CVR Termination Date**" has the meaning ascribed to such term in Section 5.07(g) of the Plan.

1.98 "**Management Incentive Plan**" means the management incentive plan, as determined, adopted and approved by the New SFXE Board.

1.99 "**New First Lien Credit Agreement**" means that certain credit agreement to be entered on the Effective Date by and among the Reorganized Debtors, as borrowers or guarantors, the Tranche A DIP Lenders, and the agent named therein. The New First Lien Credit Agreement shall be in form and substance reasonably acceptable to the Debtors and the Tranche A DIP Lenders.

1.100 "**New First Lien Facility**" means a first lien priority loan, which shall be funded through the conversion of the Tranche A DIP Facility Claims as of the Effective Date into loans under the New First Lien Credit Agreement. The New First Lien Facility shall be secured by a first priority lien on all domestic and foreign assets (or similar structure, and subject to relevant tax considerations) of the Reorganized Debtors and each of their subsidiaries and affiliates. The

New First Lien Facility shall be senior in right and time of payment to the New Second Lien Facility.

1.101 "**New Governance Documents**" means the amended or restated organizational documents for each of the Reorganized Debtors (including, but not limited to, the Restated Charter Documents) relating to, among other things, (i) significant corporate actions, and (ii) voting rights, in each case subject to regulatory constraints. The New Governance Documents shall be in form and substance reasonably acceptable to the Debtors and the Required Tranche B DIP Lenders.

1.102 "**New Second Lien Credit Agreement**" means that certain credit agreement to be entered on the Effective Date by and among the Reorganized Debtors, as borrowers or guarantors, those Tranche B DIP Lenders that participate as lenders under the New Second Lien Facility, and the agent named therein. The New Second Lien Credit Agreement shall be in form and substance reasonably acceptable to the Debtors and the Tranche B DIP Lenders that participate as lenders under the New Second Lien Facility.

1.103 "**New Second Lien Facility**" means second lien loans in a principal amount as of the Effective Date equal to (1) the amount of the Incremental Tranche B DIP Loan Claims, if any, as of the Effective Date *plus*, (2) the amount, if any, by which (x) $25 million exceeds (y) the principal amount of the Incremental Tranche B DIP Loan Claims, if any. The New Second Lien Facility shall be funded through (A) with respect to the amount described in clause (1) of the preceding sentence, the conversion of the Incremental Tranche B DIP Loan Claims, if any, into loans under the New Second Lien Credit Agreement, and (B) with respect to the amount described in clause (2) of the preceding sentence, the provision of a new delayed-draw financing, in Cash, on or after the Effective Date, by the Tranche B DIP Lenders that participate as new-money lenders under the New Second Lien Facility. The New Second Lien Facility shall be secured by a second priority lien on all domestic and foreign assets (or similar structure, and subject to relevant tax considerations) of the Reorganized Debtors and each of their subsidiaries and affiliates. The New Second Lien Facility shall be subordinated and junior in right and time of payment to the Reorganized SFXE Credit Facility and *pari passu* with the Management Incentive Plan.

1.104 "**New Second Lien Facility Equity**" means 20% of the Reorganized SFXE Common Stock. Such New Second Lien Facility Equity shall be distributed to lenders under the New Second Lien Credit Agreement in conjunction with the lenders' provision of, and conversion of the Incremental Tranche B DIP Loan Claims into, the New Second Lien Facility and shall dilute the equity interests distributed to the Holders of Tranche B DIP Facility Claims (other than the Incremental Tranche B DIP Loan Claims) and the Holders of Class 3 Claims and shall be subject to dilution by any common stock that may be issued upon the exercise of the New Warrants, if any.

1.105 "**New Series A Preferred Stock**" means shares of Reorganized SFXE's Series A Preferred Stock issued on the Effective Date, with a face amount and a liquidation value as of the Effective Date equal to (i) the Tranche B DIP Facility Claims, exclusive of any Incremental Tranche B DIP Loan Claims, *plus* (ii) the Original Foreign Loan Claims, *plus* (iii) an additional amount, earned on the Effective Date, equal to 2% of the amount of the Tranche B DIP Facility

Claims (other than the Incremental Tranche B DIP Loan Claims) and the Original Foreign Loan Claims. The New Series A Preferred Stock shall, among other things, (i) accrue PIK dividends at 15% per annum and shall be perpetual preferred with a mandatory redemption at the Liquidation Preference, upon a Liquidity Event, (ii) have voting rights entitling it to vote on a 20:1 ratio to the voting rights of the Reorganized SFXE Common Stock, and (iii) have such other terms and conditions as set forth in the Restated Charter Documents or the New Series A Preferred Stock Certificate.

1.106 "**New Series A Preferred Stock Certificate**" means certificate of designation, rights and preferences of the New Series A Preferred Stock governing the terms and conditions of the New Series A Preferred Stock, the terms and conditions of which shall be agreed to between the Required Tranche B DIP Lenders and the Debtors.

1.107 "**New SFXE Board**" means the initial board of directors of Reorganized SFXE on the Effective Date.

1.108 "**New Stockholders' Agreement**" means the stockholders agreement, to be dated as of the Effective Date, among the Reorganized SFXE and the holders of New Series A Preferred Stock, the Reorganized SFXE Common Stock and, to the extent issued, New Warrants, and which shall have terms and conditions acceptable to the Debtors and the Required Tranche B DIP Lenders.

1.109 "**New Warrants**" means the Series A Warrants and/or the Series B Warrants, as the context requires.

1.110 "**Non-Obligor Debtors**" means SFX Brazil LLC, SFX Canada Inc., SFX Entertainment International II, Inc., and SFX Entertainment International, Inc.

1.111 "**Notice and Claims Agent**" means Kurtzman Carson Consultants, LLC, in its capacity as noticing, claims and solicitation agent for the Debtors.

1.112 "**Ordinary Course Professional**" has the meaning ascribed to such term in the *Motion of the Debtors for Entry of an Order Authorizing the Retention and Payment of Professionals Utilized by the Debtors in the Ordinary Course of Business* [Docket No. 102].

1.113 "**Original Foreign Loan Claims**" means any Claims arising under or in connection with the Initial Foreign Loans, including any paid-in-kind interest, accrued and unpaid interest, default interest, interest on interest, any make-whole amounts, premiums, fees, expenses and disbursements, costs, charges or other amounts due thereon. For the avoidance of doubt, the Original Foreign Loan Claims shall not include those Claims arising or related to any additional or incremental borrowings under the Tranche B DIP Facility.

1.114 "**Other Priority Claims**" means any Claim against any of the Debtors, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in payment as specified in sections 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code.

1.115 "**Other Secured Claim**" means any Secured Claim against any of the Debtors other than an Original Foreign Loan Claim or DIP Claim.

1.116 "**Paylogic Parties**" means Hoeksema Holdings B.V., Wesselink Holdings B.V., Mr. J.W. van Der Meer and Mr. B. Beute.

1.117 "**Paylogic Settlement Agreement**" means that certain Settlement Agreement within the Meaning of Section 7:900 DCC by and among SFXE, SFXE Netherlands Holdings B.V. and the Paylogic Parties, which was approved by an order of the Bankruptcy Court [Docket No. 253].

1.118 "**Pending Litigation Claims**" has the meaning ascribed to such term in Section 5.07(g) of the Plan.

1.119 "**Person**" means and includes a natural person, individual, partnership, corporation (as defined in section 101(41) of the Bankruptcy Code), or organization including, without limitation, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, joint stock companies, trusts, land trusts, business trusts, unincorporated organizations or associations, irrespective of whether they are legal Entities, governmental bodies (or any agency, instrumentality or political subdivision thereof), or any other form of legal Entity; provided, however, the term "Person" does not include governmental units, except that a governmental unit that (a) acquires an asset from a Person (i) as a result of the operation of a loan guarantee agreement or (ii) as receiver or liquidating agent of a Person; (b) is a guarantor of a pension benefit payable by or on behalf of the Debtors or an Affiliate of the Debtors; or (c) is the legal or beneficial owner of an asset of (i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986 or (ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986, shall in each case be considered for purposes of section 1102 of the Bankruptcy Code to be a Person with respect to such asset or such benefit.

1.120 "**Petition Date**" means February 1, 2016, the date on which the Debtors filed their petitions for relief commencing the Chapter 11 Cases.

1.121 "**Plan**" means this *Second Amended Joint Plan of Reorganization of SFX Entertainment, Inc.*, *et al. under Chapter 11 of the Bankruptcy Code*, as it may be altered, amended, modified or supplemented from time to time in accordance with the provisions of the Bankruptcy Code and with prior written approval of the Required DIP Lenders, including the exhibits, supplements, appendices and schedules hereto and contained in the Plan Supplement.

1.122 "**Plan Process Documents**" means all material agreements, instruments, pleadings, orders or other related documents utilized to implement the Plan and to obtain confirmation of the Plan, including, but not limited to, the Plan, the Plan Supplement, the Disclosure Statement, the Disclosure Statement motion, the Disclosure Statement Order, the Ballots, the motion to approve the form of Ballots and solicitation procedures, the order of the Bankruptcy Court approving the form of Ballots and solicitation procedures and the Confirmation Order, each of which shall (i) as applicable, be filed with the Bankruptcy Court, and (ii) be in form and substance reasonably acceptable to the Debtors and the Required DIP Lenders.

1.123 "**Plan Supplement**" means the supplement or supplements to the Plan containing certain documents, forms of documents and/or term sheets relevant to the implementation of the Plan, including any exhibits to the Plan not included herewith, to be Filed with the Bankruptcy Court at least seven (7) days prior to the Voting Deadline, each of which shall be in the form and substance reasonably acceptable to the Debtors and the Required DIP Lenders unless otherwise specified in this Plan, which shall include, but not be limited to: (i) a listing of the members of the New SFXE Board; (ii) a listing of the initial officers of the Reorganized Debtors, to the extent known; (iii) a term sheet and/or the form of the Reorganized SFXE Credit Agreement; (iv) a term sheet and/or the form of the New Second Lien Credit Agreement; (v) the terms (or a form) of the New Series A Preferred Stock and the New Series A Preferred Stock Certificate; (vi) the terms (or a form) of the New Stockholders' Agreement; (vii) the New Governance Documents, including the Restated Charter Documents; (viii) a list of the Executory Contracts and Unexpired Leases to be rejected (with related notices); (ix) a list of Cure amounts for Executory Contracts and Unexpired Leases to be assumed; (x) the terms (or a form) of the Class A CVRs; (xi) the terms (or a form) of the Class B CVRs; (xii) the terms (or a form) of the Litigation CVRs; and (xiii) the terms (or forms) of the New Warrants.

1.124 "**Prepetition Second Priority Indenture**" means that certain Indenture, dated as of February 4, 2014, between and among the Debtors and the Prepetition Second Priority Trustee, with respect to the Prepetition Second Priority Notes, as amended, supplemented or otherwise modified from time to time.

1.125 "**Prepetition Second Priority Note Claims**" means all Claims held by the Prepetition Second Priority Noteholders or the Prepetition Second Priority Trustee arising out of the Prepetition Second Priority Note Documents, including all Claims held by the Prepetition Second Priority Noteholders or the Prepetition Second Priority Trustee arising under the guarantee of the Prepetition Second Priority Notes by the Guarantor Debtors.

1.126 "**Prepetition Second Priority Note Documents**" means the Prepetition Second Priority Indenture, the Prepetition Second Priority Notes and all agreements, documents, notes and instruments in respect thereof, in each case as amended or modified from time to time.

1.127 "**Prepetition Second Priority Noteholders**" means the Holders of the Prepetition Second Priority Notes.

1.128 "**Prepetition Second Priority Notes**" means the 9.625% Senior Secured Notes due 2019 issued pursuant to the Prepetition Second Priority Note Documents.

1.129 "**Prepetition Second Priority Trustee**" means U.S. Bank National Association, as indenture trustee under the Prepetition Second Priority Indenture or any successor thereto.

1.130 "**Priority Tax Claim**" means any and all Claims of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

1.131 "**Pro Rata**" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of all Allowed Claims in that Class, after giving effect to any reduction or increase, as applicable, of the aggregate amount of Claims in such Class on account of the Convenience Class Election and Cash Payment Option; provided, however, that with

respect to any of the Holders of Allowed Class 4 Claims (2019 Debtors) that elect the Cash Payment Option, "**Pro Rata**" shall mean the proportion that such Holder's Allowed Class 4 Claim (2019 Debtors) bears to the aggregate amount of all Allowed Class 4 Claims (2019 Debtors) held by Holders that elect the Cash Payment Option.

1.132 "**Professional**" means an Entity: (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Effective Date, pursuant to sections 327, 328, 329, 330, and 331 of the Bankruptcy Code; or (b) for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to sections 503(b)(4) or 503(b)(5) of the Bankruptcy Code.

1.133 "**Professional Fee Claim**" means a Claim by a Professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred after the Petition Date and on or before the Effective Date under sections 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code.

1.134 "**Proof of Claim**" means a proof of Claim Filed with the Bankruptcy Court or the Notice and Claims Agent in connection with the Chapter 11 Cases.

1.135 "**Qualified Public Offering**" means the first underwritten public offering pursuant to an effective registration statement covering a sale of shares of Reorganized SFXE Common Stock to the public that (i) results in shares of Reorganized SFXE Common Stock being listed on a national securities exchange or quoted on the Nasdaq Stock Market, and (ii) the number of shares of Reorganized SFXE Common Stock issued by Reorganized SFXE in such public offering is equal to or greater than 25% of the total number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately after giving effect to such public offering.

1.136 "**Released Parties**" has the meaning ascribed to such term in Section 11.02(a) of the Plan.

1.137 "**Releasing Parties**" has the meaning ascribed to such term in Section 11.02(c) of the Plan.

1.138 "**Reorganized Debtors**" means the Debtors on and after the Effective Date.

1.139 "**Reorganized SFXE**" means SFXE on and after the Effective Date.

1.140 "**Reorganized SFXE Credit Agreement**" means (a) if a Third Party First Lien Facility is obtained, the Third Party First Lien Credit Agreement or (b) the New First Lien Credit Agreement.

1.141 "**Reorganized SFXE Credit Facility**" means the first lien priority loan to be made available to the Reorganized Debtors on and after the Effective Date pursuant to the Reorganized SFXE Credit Agreement.

1.142 "**Reorganized SFXE Common Stock**" means the common stock of Reorganized SFXE to be issued pursuant to the Plan and the Restated Charter Documents.

1.143 "**Required DIP Lenders**" means, as of any date of determination, (x) the Required Tranche A DIP Lenders and (y) the Required Tranche B DIP Lenders; provided, however, that if the Buy-Out Option (as defined in the DIP Intracreditor Agreement) is exercised or the outstanding Tranche A Loans are repaid in full, the Required DIP Lenders shall mean DIP Lenders holding more than fifty percent (50%) of the outstanding DIP Loans and unfunded Tranche B Commitments.

1.144 "**Required Tranche A DIP Lenders**" means Tranche A DIP Lenders holding more than fifty percent (50%) of the outstanding Tranche A Loans.

1.145 "**Required Tranche B DIP Lenders**" means Tranche B DIP Lenders holding more than fifty percent (50%) of the outstanding Tranche B DIP Loans and unfunded Tranche B Commitments.

1.146 "**Restated Charter Documents**" means, the amended and restated certificate of incorporation and bylaws of Reorganized SFXE, which shall be in form and substance reasonably acceptable to the Debtors and the Required Tranche B DIP Lenders.

1.147 "**Restructuring Support Advisors**" means (i) Stroock & Stroock & Lavan LLP, (ii) Houlihan Lokey Capital, Inc., (iii) Young Conaway Stargatt & Taylor, LLP, (iv) RESOR, NV, and (v) such other professionals retained by the DIP Lenders and the ad hoc committee of Prepetition Second Priority Noteholders in accordance with the DIP Order.

1.148 "**Schedules**" means the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code, the Bankruptcy Rules and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified or supplemented from time to time.

1.149 "**Secured Claim**" means a Claim that is secured by a Lien which is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, on property in which any of the Estates has an interest, or a Claim that is subject to setoff under section 553 of the Bankruptcy Code; to the extent of the value of the Holder's interest in the Estates' interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code, or in either case as otherwise agreed upon in writing by the Debtors or the Reorganized Debtors and the Holder of such Claim. Except as otherwise provided for herein, the amount of any Claim that exceeds the value of the Holder's interest in the Estates' interest in property or the amount subject to setoff shall be treated as a General Unsecured Claim pursuant to section 506(a)(1) of the Bankruptcy Code.

1.150 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

1.151 "**Securities Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

1.152 "**Securities Litigation Claims**" means any Claim against any of the Debtors (i) arising from the rescission of a purchase or sale of shares, notes or any other securities of any of the Debtors or an Affiliate of any of the Debtors, (ii) for damages arising from the purchase or sale of any such security, (iii) for violations of the securities laws or for misrepresentations or any similar Claims related to the foregoing or otherwise subject to subordination pursuant to section 510(b) of the Bankruptcy Code, (iv) for attorneys' fees, other charges or costs incurred on account of any of the foregoing Claims, or (v) for reimbursement, contribution or indemnification allowed under Section 502 of the Bankruptcy Code on account of any of the foregoing Claims, including Claims based upon allegations that the Debtors made false and misleading statements or engaged in other deceptive acts in connection with the offer, purchase or sale of securities other than such Claims expressly assumed under this Plan.

1.153 "**Series A Warrants**" means those warrants to be issued by Reorganized SFXE as provided in Section 5.07(f) of the Plan, which shall be in form and substance reasonably acceptable to the Debtors and the Required DIP Lenders.

1.154 "**Series B Warrants**" means those warrants to be issued by Reorganized SFXE as provided in Section 5.07(f) of the Plan, which shall be in form and substance reasonably acceptable to the Debtors and the Required DIP Lenders.

1.155 "**SFX Entities**" means collectively SFXE and all direct and indirect domestic and controlled foreign Subsidiaries and controlled Affiliates of SFXE (whether or not wholly owned), regardless of whether such Entities are Debtors in the Chapter 11 Cases.

1.156 "**SFXE**" has the meaning ascribed to it in the Introduction to this Plan.

1.157 "**Sillerman**" means Robert F.X. Sillerman, individually and on behalf of any Entity, agent, fund or other Person owned or controlled, directly or indirectly, in whole or in part by Robert F.X. Sillerman and any Affiliate of Robert F.X. Sillerman (except the SFX Entities).

1.158 "**Solicitation Procedures Order**" means an Order entered by the Bankruptcy Court approving the Disclosure Statement and the solicitation of votes on the Plan, which shall be in form and substance reasonably acceptable to the Debtors and the Required DIP Lenders.

1.159 "**Special Committee**" means the Special Committee of Independent Directors of Debtor SFXE, consisting of the following independent directors: John Miller, Michael Meyer, Tim Bishop, and Chip Barnes.

1.160 "**Statutory Fees**" means any fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930.

1.161 "**Subordinated Claims**" means (i) Securities Litigation Claims and (ii) any Claim (or a portion thereof) against a Debtor that is determined by Final Order or provided for in the Plan to be subject to contractual, legal and/or equitable subordination, whether arising under

general principles of equitable subordination, section 510(b) or 510(c) of the Bankruptcy Code, or otherwise.

1.162 "**Subsidiary**" means, with respect to any Person, any other Person of which at least 50.1% of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by such first Person.

1.163 "**Tax**" or "**Taxes**" mean (i) any and all federal, state, local or foreign contributions, taxes, fees, imposts, duties and similar governmental charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any governmental unit, including, without limitation, any taxes on income, profits or gross receipts, ad valorem, value added, capital gains, sales, excise, use, real property, withholding, estimated, social security, housing fund, retirement fund, profit sharing, customs, import duties and fees and any other governmental contributions, and (ii) any transferee or successor liability in respect of any items described in clause (i) above.

1.164 "**Third Party First Lien Credit Agreement**" means the credit agreement, if any, to be entered on the Effective Date by and among the Reorganized Debtors, as borrowers or guarantors, and the agent and lenders named therein, pursuant to which the Reorganized Debtors shall obtain financing in an amount not to exceed the accrued, unpaid balance of the Tranche A DIP Facility, in form and substance reasonably acceptable to the Debtors, the Required Tranche B DIP Lenders and the third party lender.

1.165 "**Third Party First Lien Facility**" means a new first lien priority loan to be made available to the Reorganized Debtors on and after the Effective Date (other than the New First Lien Facility) pursuant to the Third Party First Lien Credit Agreement, and having such other terms as are reasonably acceptable to the Debtors and the Required Tranche B DIP Lenders.

1.166 "**Tranche A DIP Facility**" means the first-out tranche provided under the DIP Credit Documents.

1.167 "**Tranche A DIP Facility Claims**" means all Claims against and obligations of the Debtors arising under the Tranche A DIP Facility, including any paid-in-kind interest, accrued and unpaid interest, default interest, interest on interest, premiums, fees, expenses and disbursements, costs, charges or other amounts due thereon.

1.168 "**Tranche A DIP Lenders**" means, collectively, those Entities identified as "Lenders" in the DIP Credit Agreement, providing all or a portion of the Tranche A DIP Facility.

1.169 "**Tranche A DIP Loans**" means all loans outstanding under the Tranche A DIP Facility.

1.170 "**Tranche B Commitments**" means the commitments of the Tranche B DIP Lenders to make loans under the Tranche B DIP Facility.

1.171 "**Tranche B DIP Facility**" means the last-out tranche provided after the Petition Date under the DIP Credit Documents, which also includes any borrowings incurred as Incremental Foreign Loans, *plus* any Incremental Tranche B DIP Loans.

1.172 "**Tranche B DIP Facility Claims**" means all Claims against and obligations of the Debtors arising under the Tranche B DIP Facility, including any paid-in-kind interest, accrued and unpaid interest, default interest, interest on interest, premiums, fees, expenses and disbursements, costs, charges or other amounts due thereon.

1.173 "**Tranche B DIP Lenders**" means, collectively, those Entities identified as "Lenders" in the DIP Credit Agreement, providing all or a portion of the Tranche B DIP Facility.

1.174 "**Tranche B DIP Loans**" means all loans outstanding under the Tranche B DIP Facility.

1.175 "**Tytel**" means Howard Tytel, individually and on behalf of any Entity, agent, fund or other person owned or controlled, directly or indirectly, in whole or in part by Howard Tytel and any Affiliate of Howard Tytel.

1.176 "**Unexpired Lease**" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.177 "**Unimpaired**" means, when used with reference to a Claim or Interest, a Claim or Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

1.178 "**Unimpaired Class**" means a Class of Claims or Interests that is Unimpaired.

1.179 "**Unsecured Claim**" means a Claim arising prior to the Petition Date against the Debtors that is not a Secured Claim.

1.180 "**U.S. Trustee**" means the Office of the United States Trustee for the District of Delaware.

1.181 "**Voting Deadline**" means the Voting Deadline as defined in the Solicitation Procedures Order.

1.182 "**Voting Securities**" means, with respect to any Person, the securities of such Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS IN THE DEBTORS

Section 2.01. Introduction

(a) All Claims and Interests in the Debtors, except Administrative Claims, DIP Claims, and Priority Tax Claims, are placed in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Claims, and Priority Tax Claims have not been classified, and the respective treatment of such unclassified Claims is set forth below in Article III of the Plan.

(b) A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in another Class to the extent that any portion of the Claim or Interest falls within the description of such other Class. A Claim is also placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date.

(c) This Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan assigns a letter to each Debtor and organizes the Debtors into three (3) groups: (1) the 2019 Debtors, (2) the Foreign Debtors and (3) the Non-Obligor Debtors. For consistency, similarly designated Classes of Claims and Interests are assigned the same number across each of the Debtor groups. Any non-sequential enumeration of the Classes is intentional to maintain consistency. A schedule of the Debtors and the corresponding letter is attached hereto as **Schedule 2.01**.

2019 Debtors

Class	Designation	Status	Entitled to Vote
1A – 1LL (2019 Debtors)	Other Priority Claims against 2019 Debtors	Unimpaired	Deemed to Accept
2A – 2LL (2019 Debtors)	Other Secured Claims against 2019 Debtors	Unimpaired	Deemed to Accept
4A – 4LL (2019 Debtors)	General Unsecured Claims and Prepetition Second Priority Note Claims against 2019 Debtors	Impaired	Yes
5A – 5LL (2019 Debtors)	Convenience Claims against 2019 Debtors	Impaired	Yes
6A – 6LL (2019 Debtors)	Subordinated Claims against 2019 Debtors	Impaired	Deemed to Reject
7A – 7LL (2019 Debtors)	Intercompany Claims against 2019 Debtors	Unimpaired	Deemed to Accept
8B – 8LL (2019 Debtors)	Interests in 2019 Debtors (other than SFXE)	Unimpaired	Deemed to Accept
9A (2019 Debtors)	Interests in SFXE	Impaired	Deemed to Reject

Foreign Debtors

Class	Designation	Status	Entitled to Vote
1A – 1B (Foreign Debtors)	Other Priority Claims against Foreign Debtors	Unimpaired	Deemed to Accept
2A – 2B (Foreign Debtors)	Other Secured Claims against Foreign Debtors	Unimpaired	Deemed to Accept
3A – 3B (Foreign Debtors)	Original Foreign Loan Claims against Foreign Debtors	Impaired	Yes
4A – 4B (Foreign Debtors)	General Unsecured Claims against Foreign Debtors	Unimpaired	Deemed to Accept
6A – 6B (Foreign Debtors)	Subordinated Claims against Foreign Debtors	Unimpaired	Deemed to Accept
7A – 7B (Foreign Debtors)	Intercompany Claims against Foreign Debtors	Unimpaired	Deemed to Accept
8A – 8B (Foreign Debtors)	Interests in Foreign Debtors	Unimpaired	Deemed to Accept

Non-Obligor Debtors

Class	Designation	Status	Entitled to Vote
1A – 1D (Non-Obligor Debtors)	Other Priority Claims against Non-Obligor Debtors	Unimpaired	Deemed to Accept
2A – 2D (Non-Obligor Debtors)	Other Secured Claims against Non-Obligor Debtors	Unimpaired	Deemed to Accept
4A – 4D (Non-Obligor Debtors)	General Unsecured Claims against Non-Obligor Debtors	Unimpaired	Deemed to Accept
6A – 6D (Non-Obligor Debtors)	Subordinated Claims against Non-Obligor Debtors	Unimpaired	Deemed to Accept
7A – 7D (Non-Obligor Debtors)	Intercompany Claims against Non-Obligor Debtors	Unimpaired	Deemed to Accept

8A – 8D (Non-Obligor Debtors)	Interests in Non-Obligor Debtors	Unimpaired	Deemed to Accept

(d) For all purposes associated with Distributions under the Plan, all guarantees by any Debtor of the obligations of any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be deemed eliminated so that any obligation that could otherwise be asserted against more than one Debtor shall result in a single Distribution under the Plan; provided, in the event that an Allowed Claim against a 2019 Debtor is also a Claim against either a Foreign Debtor or a Non-Obligor Debtor, such Claim shall be treated only as a Claim against the Foreign Debtor or the Non-Obligor Debtor, respectively.

ARTICLE III
TREATMENT OF CLAIMS AND INTERESTS IN THE DEBTORS

Section 3.01 Unclassified Claims

(a) Administrative Claims

Except to the extent that an Allowed Administrative Claim has been paid prior to the Effective Date, or is otherwise provided for herein, and unless otherwise agreed to by the Debtors, or the Reorganized Debtors, as applicable, and the Holder of such Allowed Administrative Claim, all Holders of an Allowed Administrative Claim shall receive, in full and complete settlement, release and discharge of such Administrative Claim, either (a) payment in full in Cash on or as soon as is reasonably practicable after the later of: (i) the Effective Date if such Administrative Claim is Allowed as of the Effective Date; (ii) the date such Administrative Claim is Allowed by Final Order of the Bankruptcy Court; and (iii) the date such Allowed Administrative Claim becomes due and payable or (b) with the consent of the Required DIP Lenders, such other treatment to render such Allowed Administrative Claim Unimpaired.

Notwithstanding the foregoing, no Administrative Claim Request need be Filed with respect to (a) the amount of Cure owing under an Executory Contract or Unexpired Lease if the amount of Cure is fixed or proposed to be fixed by order of the Bankruptcy Court pursuant to a motion to assume and fix the amount of Cure Filed by the Debtors and a timely objection asserting an increased amount of Cure is Filed by the non-Debtor party to the subject contract or lease; and (b) any Statutory Fees.

Except as otherwise provided in this Section 3.01, requests for payment of Allowed Administrative Claims must be Filed and served on the Debtors or the Reorganized Debtors and counsel to the DIP Lenders pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. Holders of Allowed Administrative Claims that are required to, but do not, File and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or the Reorganized Debtors or their property and such Administrative Claims shall be deemed discharged as of the Effective Date. With respect to Administrative Claims, the last day for Filing an objection to any Administrative Claim will be the later of (a) ninety (90) days after the

Effective Date or (b) such other date specified in the Plan or ordered by the Bankruptcy Court. Objections to such requests, if any, must be Filed and served on the Debtors or the Reorganized Debtors, counsel to the DIP Lenders and the party requesting the Administrative Claim.

Notwithstanding the foregoing, (i) any Statutory Fees payable on or before the Effective Date shall be paid in Cash on the Effective Date, (ii) the reasonably documented fees, costs, expenses, disbursements and charges incurred by FTI shall be paid in accordance with Section 12.02 hereof, (iii) the reasonably documented fees, costs, expenses, disbursements, and charges incurred by the Restructuring Support Advisors shall be paid in accordance with Section 12.03 hereof, (iv) the reasonably documented fees, expenses, disbursements, and charges of the DIP Agent, Prepetition Second Priority Trustee, and the Foreign Loan Agent shall be payable on the Effective Date (or as soon as practicable thereafter) in accordance with Section 12.01 hereof, in each case without the requirement for the filing of an Administrative Claim Request, and (v) the requests for, and payment of, Professional Fee Claims shall be made in accordance with Section 3.01(d).

(b) Priority Tax Claims

Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Effective Date, or unless otherwise agreed to by the Debtors with the consent of the Required DIP Lenders, or the Reorganized Debtors, as applicable, and the Holder of an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall, at the sole option of the Debtors or the Reorganized Debtors, as applicable, receive on account of such Allowed Priority Tax Claim and in full and complete settlement, release, and discharge of such Claim: (i) Cash in the amount equal to such Allowed Priority Tax Claim on or as soon as is reasonably practicable after the later of (a) the Effective Date and (b) the date on which such Claim is Allowed by a Final Order of the Bankruptcy Court; or (ii) such other treatment to render such Allowed Priority Tax Claim Unimpaired; provided, further, that the Bankruptcy Court may retain non-exclusive jurisdiction over IRS claims, audit deficiencies and other issues arising therefrom to the extent allowable under applicable bankruptcy and non-bankruptcy law.

(c) DIP Claims:

(i) Tranche A DIP Facility Claims: Tranche A DIP Facility Claims shall be Allowed in an amount equal to (a) the aggregate outstanding principal amount under the Tranche A DIP Facility of $30,600,000, *plus* (b) all accrued and unpaid cash interest on the Tranche A DIP Loans under the Tranche A DIP Facility as of the Effective Date, *plus* (c) any default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Tranche A DIP Facility as of the Effective Date. On the Effective Date, each Holder of an Allowed Tranche A DIP Facility Claim shall receive, in full and complete settlement, release, and discharge of such Claim, either: (A) payment in full, in Cash, from the proceeds of the Third Party First Lien Facility, or (B) (x) payment in full, in Cash, of such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of all accrued and unpaid cash interest due on the Tranche A DIP Loans as of the Effective Date, and (y) such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP

Facility Claims) of the New First Lien Facility after conversion of the Tranche A DIP Facility Claims (*less* the total amount of accrued and unpaid cash interest paid in Cash on the Effective Date to all Holders of Allowed Tranche A DIP Facility Claims) into the New First Lien Facility.

(ii) Tranche B DIP Facility Claims: Tranche B DIP Facility Claims shall be Allowed in an amount equal to (a) the aggregate outstanding funded principal amount under the Tranche B DIP Facility (as of August 22, 2016) of $57,600,000, *plus* (b) the aggregate principal amount of any additional amounts funded under the Tranche B DIP Facility from and after August 22, 2016, *plus* (c) $2,304,000 representing a commitment fee paid-in-kind on February 10, 2016 on Tranche B DIP Loans (other than Incremental Foreign Loans) in accordance with the DIP Credit Documents, *plus* (d) $[____] representing interest paid-in-kind through but not including [DATE][2] on Tranche B DIP Loans (other than Incremental Foreign Loans) under the Tranche B DIP Facility, plus all interest payable-in-kind from and after such date on the Tranche B DIP Loans under the Tranche B DIP Facility through the Effective Date, *plus* (e) $[_____] representing interest paid-in-kind through but not including [DATE][3] on the Incremental Foreign Loans under the Foreign Loan Agreement, plus all interest payable-in-kind from and after such date on the Incremental Foreign Loans under the Foreign Loan Agreement through the Effective date, *plus* (f) any default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Tranche B DIP Facility as of the Effective Date.

On the Effective Date, each Holder of a Tranche B DIP Facility Claim (other than an Incremental Tranche B DIP Loan Claim), together with the Holders of Allowed Original Foreign Loan Claims as set forth in Section 3.02(c), shall receive, in full and complete settlement, release, and discharge of such Claim, such Holder's *pro rata* share (calculated based on the percentage such Holder's Allowed Tranche B DIP Facility Claim (exclusive of any Incremental Tranche B DIP Loan Claim) represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of (1) 100% of the New Series A Preferred Stock, and (2) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any.

On the Effective Date, each Holder of an Incremental Tranche B DIP Loan Claim, if any, shall receive, in full and complete settlement, release, and discharge of such Claim, a loan under the New Second Lien Facility equal to the Allowed Incremental Tranche B DIP Loan Claim after conversion of the Incremental Tranche B DIP Loan Claims into the New Second Lien Facility.

(d) Professional Fee Claims

All final requests for payment of Professional Fee Claims pursuant to sections 327, 328, 330, 331, 363, 503(b), or 1103 of the Bankruptcy Code (other than Professional Fee Claims made by Ordinary Course Professionals) must be made by application Filed with the Bankruptcy Court and served on the Reorganized Debtors, their counsel, counsel to the Required DIP

[2] TO BE INSERTED: The last day of the applicable paid-in-kind period preceding the date of the Disclosure Statement.

[3] TO BE INSERTED: The last day of the applicable paid-in-kind period preceding the date of the Disclosure Statement.

Lenders, the Fee Examiner, and other necessary parties-in-interest **no later than sixty (60) days after notice of the Effective Date having been entered on the docket**, unless otherwise ordered by the Bankruptcy Court. Objections to such applications must be Filed and served on the Reorganized Debtors, their counsel, counsel to the Required DIP Lenders, and the requesting Professional or other Entity on or before the date that is thirty (30) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application was served. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court.

The Reorganized Debtors may, without application to or approval by the Bankruptcy Court, retain professionals and pay reasonable professional fees and expenses in connection with services rendered to the Reorganized Debtors after the Effective Date.

Section 3.02 Treatment of Classified Claims and Interests

As set forth above, certain designated Classes of Claims and Interests are assigned the same number across each of the Debtors. However, this Plan constitutes a separate chapter 11 plan of reorganization for each Debtor and, for purposes of voting and distributions under the Plan, each Class of Claims shall constitute a separate Class for each respective Debtor.

(a) Class 1 Claims: Other Priority Claims against (i) the 2019 Debtors (Class 1A (2019 Debtors) through Class 1LL (2019 Debtors)), (ii) the Foreign Debtors (Class 1A (Foreign Debtors) and Class 1B (Foreign Debtors)), and (iii) the Non-Obligor Debtors (Class 1A (Non-Obligor Debtors) through Class 1D (Non-Obligor Debtors)) shall be collectively referred to below as "**Class 1 Claims**".

Classification:	Class 1 Claims consist of Other Priority Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors.
Treatment:	The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 1 Claim and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 1 Claim shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 1 Claim (a) payment of the Allowed Class 1 Claim in full in Cash on or as soon as is reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim is Allowed by a Final Order of the Bankruptcy Court or (b) with the consent of the Required DIP Lenders, such other treatment permitted by section 1129(a)(9) of the Bankruptcy Code.
Voting:	Class 1 Claims are Unimpaired, and the Holders of Allowed Class 1 Claims will be conclusively deemed to have accepted the

Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 1 Claims shall not be entitled to vote to accept or reject the Plan.

(b) Class 2 Claims: Other Secured Claims against (i) the 2019 Debtors (Class 2A (2019 Debtors) through Class 2LL (2019 Debtors)), (ii) the Foreign Debtors (Class 2A (Foreign Debtors) and Class 2B (Foreign Debtors)), and (iii) the Non-Obligor Debtors (Class 2A (Non-Obligor Debtors) through Class 2D (Non-Obligor Debtors)) shall be collectively referred to below as "**Class 2 Claims**".

Classification: Class 2 Claims consist of Other Secured Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors.

Treatment: On or as soon as is reasonably practicable after the later of (A) the Effective Date and (B) the date on which an Other Secured Claim is Allowed by a Final Order of the Bankruptcy Court, each Holder of an Allowed Class 2 Claim shall receive, in full and complete settlement, release and discharge of such Claim, in the sole discretion of the Debtors or the Reorganized Debtors, as applicable: (i) payment in full in Cash, including the payment of interest allowable under section 506(b) of the Bankruptcy Code, if any; (ii) with the consent of the Required DIP Lenders, reinstatement pursuant to section 1124 of the Bankruptcy Code; (iii) with the consent of the Required DIP Lenders, the Collateral securing any such Allowed Other Secured Claim; or (iv) with the consent of the Required DIP Lenders, such other consideration so as to render such Allowed Other Secured Claim Unimpaired.

Voting: Class 2 Claims are Unimpaired, and the Holders of Allowed Class 2 Claims will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 2 Claims shall not be entitled to vote to accept or reject the Plan.

(c) Class 3 Claims: Original Foreign Loan Claims against the Foreign Debtors (Class 3A (Foreign Debtors) and Class 3B (Foreign Debtors)), shall be collectively referred to below as "**Class 3 Claims**".

Classification: Class 3 Claims consist of Original Foreign Loan Claims against the Foreign Debtors.

Treatment: Each Holder of an Allowed Class 3 Claim (together with those Holders of Tranche B DIP Facility Claims as set forth in Section 3.01(c)(ii)), shall receive, on the Effective Date, in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim, such Holder's *pro rata* share (calculated based on

the percentage such Holder's Allowed Original Foreign Loan Claim represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of (A) 100% of the New Series A Preferred Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any.

Allowance: Class 3 Claims shall be Allowed in an amount equal to (a) the aggregate outstanding amount due in respect of the Initial Foreign Loan as of February 10, 2016 of $21,936,194.49 *plus* (b) $[●] representing interest subsequently paid-in-kind through but not including [DATE][4] on the Initial Foreign Loans plus all interest payable-in-kind from and after such date on the Initial Foreign Loans through the Effective Date, *plus* (c) any default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Foreign Loan Documents with respect to the Initial Foreign Loans as of the Effective Date.

Voting: Class 3 Claims are Impaired and the Holders of Class 3 Claims shall be entitled to vote to accept or reject the Plan.

(d) Class 4 Claims: General Unsecured Claims and Prepetition Second Priority Note Claims against the 2019 Debtors (Claims in Class 4A (2019 Debtors) through Class 4LL (2019 Debtors), shall be collectively referred to below as "**Class 4 Claims (2019 Debtors)**"), and General Unsecured Claims against (i) the Foreign Debtors (Claims in Class 4A (Foreign Debtors) and Class 4B (Foreign Debtors), shall be collectively referred to below as "**Class 4 Claims (Foreign Debtors)**"), and (ii) the Non-Obligor Debtors (Claims in Class 4A (Non-Obligor Debtors) through Class 4D (Non-Obligor Debtors), shall be collectively referred to below as "**Class 4 Claims (Non-Obligor Debtors)**", and together with Class 4 Claims (2019 Debtors) and Class 4 Claims (Foreign Debtors), the "**Class 4 Claims**").

Classification: Class 4 Claims consist of (A) General Unsecured Claims and Prepetition Second Priority Note Claims against the 2019 Debtors, and (B) General Unsecured Claims against (i) the Foreign Debtors and (ii) the Non-Obligor Debtors.

Treatment: (i) Class 4 Claims (2019 Debtors): Except to the extent that a Holder of an Allowed Class 4 Claim (2019 Debtors) makes the Convenience Class Election, if eligible, or agrees to a less favorable treatment, each Holder of an Allowed Class 4 Claim (2019 Debtors), in exchange for full and final satisfaction,

[4] TO BE INSERTED: The last day of the applicable paid-in-kind period preceding the date of the Disclosure Statement.

settlement, release and compromise of such Claim, shall receive, on the Effective Date:

To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to accept the Plan: at the Holder's election, either (A) such Holder's *Pro Rata* share of (i) Class A CVRs (or Series A Warrants, as applicable), (ii) Class B CVRs (or Series B Warrants, as applicable) and (iii) Litigation CVRs, or (B) such Holder's *Pro Rata* share of the Cash Pool Payment Amount; or

To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to reject the Plan: at the Holder's election, either (A) such Holder's *Pro Rata* share of (i) Class A CVRs (or Series A Warrants, as applicable) and (ii) Litigation CVRs, or (B) such Holder's *Pro Rata* share of the Cash Pool Payment Amount.

Holders of Prepetition Second Priority Note Claims against the 2019 Debtors shall be entitled to a single Distribution under the Plan.

CVR/Cash Payment Option Mechanics: Each Holder of a Class 4 Claim (2019 Debtors) must identify its election to receive CVRs or, in the alternative, the payment on account of the Cash Payment Option on the Ballot, provided, that if the Holder elects to receive CVRs, the Holder must also identify whether or not it is an Accredited Investor. If a Holder of an Allowed Class 4 Claim (2019 Debtors) (i) fails to properly fill out a Ballot, (ii) fails to timely submit a Ballot or does not submit a Ballot, or (iii) becomes entitled to vote on the Plan after the Voting Deadline, then the Holder of such Allowed Class 4 Claim (2019 Debtors) shall be deemed to have elected to receive Class A CVRs, Class B CVRs, and/or Litigation CVRs, as applicable, in lieu of the payment on account of the Cash Payment Option, and shall be presumed to not be an Accredited Investor for purposes of the Plan. Holders of Class 4 Claims (2019 Debtors) that elect to receive (or are deemed to have elected to receive) Class A CVRs and Class B CVRs shall be deemed to have also elected to receive Series A Warrants and Series B Warrants, respectively, to the extent such New Warrants are issued as provided under Section 5.07(f) of the Plan.

Convenience Class Election Mechanics: A Holder of a General Unsecured Claim against the 2019 Debtors that votes in favor of the Plan is eligible to make the Convenience Class Election. Each eligible Holder of a General Unsecured Claim must vote in favor of the Plan and identify on the Ballot its election to voluntarily and

irrevocably reduce the Allowed amount of its General Unsecured Claim to $50,000 and to receive the treatment specified for Class 5 Claims set forth in Section 3.02(e) with respect to such reduced Allowed General Unsecured Claim. For the avoidance of doubt, (x) an Allowed General Unsecured Claim subject to the Convenience Class Election shall be treated as a single reduced Claim of $50,000 and shall not be subdivided into multiple Claims of $50,000 or less for purposes of receiving Distributions as a Convenience Claim, and (y) any such Holder who makes the Convenience Class Election shall not be entitled to receive any other recovery or Distribution of account of such Claim.

(ii) Class 4 Claims (Foreign Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 4 Claims (Foreign Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 4 Claim (Foreign Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 4 Claim (Foreign Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 4 Claim (Foreign Debtors): (A) payment in full in Cash; (B) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (C) such other consideration so as to render such Allowed Class 4 Claim (Foreign Debtors) Unimpaired.

(iii) Class 4 Claims (Non-Obligor Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 4 Claims (Non-Obligor Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 4 Claim (Non-Obligor Debtors) and the Debtors or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 4 Claim (Non-Obligor Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 4 Claim (Non-Obligor Debtors): (A) payment in full in Cash; (B) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (C) such other consideration so as to render such Allowed Class 4 Claim (Non-Obligor Debtors) Unimpaired.

Voting: (i) Class 4 Claims (2019 Debtors): Class 4 Claims (2019 Debtors) are Impaired and the Holders of Allowed Class 4 Claims (2019 Debtors) shall be entitled to vote to accept or reject the Plan.

(ii) Class 4 Claims (Foreign Debtors): Class 4 Claims (Foreign Debtors) are Unimpaired, and the Holders of Allowed Class 4 Claims (Foreign Debtors) will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy

Code. Therefore, the Holders of Allowed Class 4 Claims (Foreign Debtors) shall not be entitled to vote to accept or reject the Plan.

(iii) Class 4 Claims (Non-Obligor Debtors): Class 4 Claims (Non-Obligor Debtors) are Unimpaired, and the Holders of Allowed Class 4 Claims (Non-Obligor Debtors) will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 4 Claims (Non-Obligor Debtors) shall not be entitled to vote to accept or reject the Plan.

Allowance: Prepetition Second Priority Note Claims shall be Allowed in the aggregate amount, as of the Petition Date, of $309,196,875.

(e) Class 5 Claims: Convenience Claims against the 2019 Debtors (Class 5A (2019 Debtors) through Class 5LL (2019 Debtors)), shall be collectively referred to below as "**Class 5 Claims**".

Classification: Class 5 Claims shall consist of Convenience Claims against the 2019 Debtors.

Treatment: On the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Class 5 Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim, a one-time payment in Cash equal to such Holder's *Pro Rata* share of the Convenience Class Cash Pool.

Voting: Class 5 Claims are Impaired and the Holders of Allowed Class 5 Claims shall be entitled to vote to accept or reject the Plan.

(f) Class 6 Claims: Subordinated Claims against (i) the 2019 Debtors (Claims in Class 6A (2019 Debtors) through Class 6LL (2019 Debtors), collectively referred to below as "**Class 6 Claims (2019 Debtors)**"), (ii) the Foreign Debtors (Claims in Class 6A (Foreign Debtors) and Class 6B (Foreign Debtors), collectively referred to below as "**Class 6 Claims (Foreign Debtors)**"), and (iii) the Non-Obligor Debtors (Claims in Class 6A (Non-Obligor Debtors) through Class 6D (Non-Obligor Debtors), collectively referred to below as "**Class 6 Claims (Non-Obligor Debtors)**", and together with Class 6 Claims (2019 Debtors) and Class 6 Claims (Foreign Debtors), the "**Class 6 Claims**").

Classification: Class 6 Claims consist of Subordinated Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors.

Treatment: (i) Class 6 Claims (2019 Debtors): Holders of Class 6 Claims (2019 Debtors) shall not be entitled to receive or retain any Distributions or other property on account of such Claims under the Plan. Pursuant to the Plan, all Subordinated Claims against the

2019 Debtors shall be deemed settled, cancelled, extinguished and discharged on the Effective Date.

(ii) Class 6 Claims (Foreign Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 6 Claims (Foreign Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 6 Claim (Foreign Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 6 Claim (Foreign Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 6 Claim (Foreign Debtors): (i) payment in full in Cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Foreign Debtors) Unimpaired.

(iii) Class 6 Claims (Non-Obligor Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 6 Claims (Non-Obligor Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 6 Claim (Non-Obligor Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 6 Claim (Non-Obligor Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 6 Claim (Non-Obligor Debtors): (i) payment in full in Cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Non-Obligor Debtors) Unimpaired.

Voting: (i) Class 6 Claims (2019 Debtors): Class 6 Claims (2019 Debtors) are Impaired, and the Holders of Allowed Class 6 Claims (2019 Debtors) shall be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 6 Claims (2019 Debtors) shall not be entitled to vote to accept or reject the Plan.

(ii) Class 6 Claims (Foreign Debtors): Class 6 Claims (Foreign Debtors) are Unimpaired, and the Holders of Allowed Class 6 Claims (Foreign Debtors) will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 6 Claims (Foreign Debtors) shall not be entitled to vote to accept or reject the Plan.

(iii) Class 6 Claims (Non-Obligor Debtors): Class 6 Claims (Non-Obligor Debtors) are Unimpaired, and the Holders of Allowed Class 6 Claims (Non-Obligor Debtors) will be conclusively

deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 6 Claims (Non-Obligor Debtors) shall not be entitled to vote to accept or reject the Plan.

(g) Class 7 Claims: Intercompany Claims against (i) the 2019 Debtors (Class 7A (2019 Debtors) through Class 7LL (2019 Debtors)), (ii) the Foreign Debtors (Class 7A (Foreign Debtors) and Class 7B (Foreign Debtors)), and (iii) the Non-Obligor Debtors (Class 7A (Non-Obligor Debtors) through Class 7D (Non-Obligor Debtors)) shall be collectively referred to below as "**Class 7 Claims**".

Classification: Class 7 Claims consist of Intercompany Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors.

Treatment: On the Effective Date, Allowed Class 7 Claims shall, at the election of the Debtors (with the consent of the Required DIP Lenders), or the Reorganized Debtors, as applicable, be either (i) reinstated, (ii) set off against other Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary in one or a series of transactions, or (iii) released, waived, and discharged.

Voting: Class 7 Claims are Unimpaired, and the Holders of Allowed Class 7 Claims will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 7 Claims shall not be entitled to vote to accept or reject the Plan.

(h) Class 8 Interests: Interests in (i) the Guarantor Debtors (Class 8B (2019 Debtors) through Class 8LL (2019 Debtors)), (ii) the Foreign Debtors (Class 8A (Foreign Debtors) and Class 8B (Foreign Debtors)), and (iii) the Non-Obligor Debtors (Class 8A (Non-Obligor Debtors) through Class 8D (Non-Obligor Debtors)), shall be collectively referred to below as "**Class 8 Interests**".

Classification: Class 8 Interests consist of all Interests in (i) the Guarantor Debtors; (ii) the Foreign Debtors; and (iii) the Non-Obligor Debtors.

Treatment: As of the Effective Date, each Holder of Class 8 Interests shall, at the election of the Debtors (with the consent of the Required DIP Lenders), or the Reorganized Debtors, as applicable, be either (i) reinstated, or (ii) released, waived, and discharged.

Voting: Class 8 Interests are Unimpaired, and the Holders of Allowed Class 8 Interests will be conclusively deemed to have consented to the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 8 Interests shall not be entitled to vote to accept or reject the Plan.

(i) Class 9 Interests: Interests in SFXE (Class 9A (2019 Debtors)) shall be referred to below as "**Class 9 Interests**".

Classification:	Class 9 Interests consist of all Interests in SFXE.
Treatment:	On the Effective Date, each Holder of an Interest in SFXE shall not receive or retain any Distribution or other property on account of such Interests under the Plan. All Interests in SFXE and all stock certificates, instruments, and other documents evidencing such Interests in SFXE shall be cancelled as of the Effective Date.
Voting:	Class 9 Interests are Impaired, and the Holders of Interests in SFXE shall be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, the Holders of Class 9 Interests shall not be entitled to vote to accept or reject the Plan.

Section 3.03 Reservation of Rights Regarding Claims and Interests

Except as otherwise explicitly provided in the Plan, nothing herein shall affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Claims or Interests, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

ARTICLE IV
ACCEPTANCE OR REJECTION OF THE PLAN

Section 4.01 Classes of Claims Solicited to Vote

Only the votes of Holders of Class 3 Claims, Class 4 Claims (2019 Debtors), and Class 5 Claims shall be solicited with respect to the Plan.

Section 4.02 Acceptance by a Voting Class

In accordance with section 1126(c) of the Bankruptcy Code, and except as provided in section 1126(e) of the Bankruptcy Code, a voting Class of Claims shall have accepted the Plan if the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims voted in such Class have timely and properly voted to accept or reject the Plan.

Section 4.03 Presumed Acceptances by Unimpaired Classes

Class 1 Claims, Class 2 Claims, Class 4 Claims (Foreign Debtors), Class 4 Claims (Non-Obligor Debtors), Class 6 Claims (Foreign Debtors), Class 6 Claims (Non-Obligor Debtors),

Class 7 Claims, and Class 8 Interests are Unimpaired under the Plan. Under section 1126(f) of the Bankruptcy Code, Holders of such Unimpaired Claims and Interests are conclusively presumed to have accepted the Plan. Moreover, Holders of Intercompany Claims and Intercompany Interests consent to the Plan's treatment of their respective Classes. Accordingly, the votes of Holders of such Unimpaired Claims and Interests shall not be solicited.

Section 4.04 Presumed Rejection by Impaired Class Not Receiving or Retaining Any Property

Class 6 Claims (2019 Debtors) and Class 9 Interests are Impaired under the Plan, and the Holders of such Impaired Claims and Interests are not receiving or retaining any property under the Plan on account of such Claims or Interests. Under section 1126(g) of the Bankruptcy Code, Holders of such Impaired Claims or Interests are conclusively presumed to have rejected the Plan, and the votes of Holders of such Impaired Claims or Interests shall not be solicited.

Section 4.05 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

The Debtors may seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that rejects the Plan or is deemed to have rejected the Plan. The Debtors reserve the right (with the consent of the Required DIP Lenders) to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement, or any schedule, appendix or exhibit to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

Section 4.06 Elimination of Vacant Classes

Any Class of Claims or Interests in the Debtors that does not contain, as of the date of the commencement of the Confirmation Hearing, a Holder of an Allowed Claim or Interest, or a Holder of a Claim temporarily allowed under Bankruptcy Rule 3018, shall be deemed deleted from the Plan for all purposes, including for purposes of determining acceptance of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

ARTICLE V
MEANS FOR IMPLEMENTATION OF THE PLAN

Section 5.01 Source of Consideration for Plan Distributions

Unless otherwise provided in the Plan, the Debtors and the Reorganized Debtors, as applicable, are authorized to execute and deliver any documents necessary or appropriate to obtain Cash for funding the Plan, enter into and use proceeds from the Reorganized SFXE Credit Facility, New Second Lien Facility, and/or any funds held by the Debtors on the Effective Date or available under the DIP Facility, (i) to make Distributions required by the Plan, (ii) to pay other expenses of the Chapter 11 Cases, to the extent so ordered by the Bankruptcy Court, and (iii) for general corporate purposes. Further, the Debtors and the Reorganized Debtors shall (with the consent of the Required DIP Lenders) be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan.

Section 5.02 Continued Corporate Existence

Except as may be implemented pursuant to Section 5.07(h) of the Plan, each of the Reorganized Debtors shall continue to exist after the Effective Date with all powers of a corporation or a limited liability company under the laws of the respective jurisdiction governing their formation or incorporation and pursuant to the New Governance Documents and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable federal or state law, except as such rights may be limited, modified and conditioned by the Plan, the Plan Supplement, and any other documents and instruments executed in connection therewith.

Section 5.03 General Corporate Matters

The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors to take or cause to be taken all actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on, and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the partners, members, stockholders, directors or managers of the Debtors or the Reorganized Debtors. Such actions may include (1) the adoption and filing of the Restated Charter Documents and the other New Governance Documents, (2) the appointment of the New SFXE Board, (3) the adoption and implementation of the Management Incentive Plan, (4) the authorization, issuance and/or Distribution pursuant to the Plan of the Reorganized SFXE Credit Agreement, New Second Lien Credit Agreement, the New Series A Preferred Stock, the Reorganized SFXE Common Stock, the CVRs or New Warrants (as applicable), and the Litigation CVRs, (5) the execution, delivery and/or filing, as applicable, of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law, and (6) the execution, delivery and/or filing, as applicable, of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, security, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree. On the Effective Date, the appropriate officers, partners, members, directors and managers of the Debtors and the Reorganized Debtors are authorized and directed to execute and deliver the agreements, documents, and instruments contemplated by the Plan or the Plan Supplement, in the name and on behalf of the Debtors or the Reorganized Debtors.

Section 5.04 Post Effective Date Boards

On the Effective Date, the operations of the Reorganized Debtors shall become the responsibility of their respective boards of directors or managers, subject to and in accordance with the New Governance Documents of each Reorganized Debtor, which shall provide that each Reorganized Debtor shall continue to operate under the laws of their respective jurisdictions of incorporation or formation.

The New SFXE Board shall be appointed by the Required Tranche B DIP Lenders.

Except (x) for the specified corporate actions to be identified in the documents included in the Plan Supplement, and which shall require approval of holders of the New Series A Preferred Stock holding at least 75% of the New Series A Preferred Stock, and (y) as otherwise required by non-waivable applicable law, after the Effective Date, the New SFXE Board shall make all decisions relating to the Reorganized Debtors.

As shall be set forth in the New Governance Documents, the New SFXE Board shall consist of a number of members and be appointed in a manner, subject to applicable law, to be agreed upon by the Required Tranche B DIP Lenders or otherwise provided in the New Governance Documents. In accordance with section 1129(a)(5) of the Bankruptcy Code, at, or prior to, the Confirmation Hearing, the initial directors of the Reorganized Debtors, including the members of the New SFXE Board, shall be comprised of the individuals identified in a disclosure to be Filed as part of the Plan Supplement.

Section 5.05 Officers of the Reorganized Debtors

The initial officers of the Reorganized Debtors shall be selected as set forth in the Plan Supplement. After the Effective Date, the Reorganized Debtors may remove or appoint officers in accordance with applicable non-bankruptcy law.

Section 5.06 Indemnification Obligations

(a) Upon the Effective Date, the Indemnification Obligations shall not be discharged or impaired by Confirmation, shall survive Confirmation and shall remain unaffected thereby after the Effective Date (regardless of whether a Proof of Claim is Filed); provided, however, that, notwithstanding the foregoing, (x) the right of an Indemnified Person to receive any indemnities, reimbursements, advancements, payments or other amounts arising out of, relating to or in connection with the Indemnification Obligations shall be limited to, and an Indemnified Person's sole and exclusive remedy to receive any of the foregoing shall be exclusively from, the director and officer insurance policies of the Debtors in effect on the Effective Date, and no Indemnified Person shall seek, or be entitled to receive, any of the foregoing from (directly or indirectly) the Reorganized Debtors and (y) the survival of the Indemnity Obligations shall not be deemed an assumption by the Debtors of any contract, agreement, resolution, instrument or document in which such Indemnity Obligations are contained, memorialized, agreed to, embodied or created (or any of the terms or provisions thereof) if such contract, agreement, resolution, instrument or document requires the Debtors or the Reorganized Debtors to make any payments or provide any arrangements (including any severance payments) to any such director, officer, employee or agent other than indemnification payments and reimbursement and advancement of expenses.

(b) Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' assumption of each of the director and officer liability insurance policies.

(c) Upon and after the Effective Date, the Debtors or the Reorganized Debtors, as the case may be, shall obtain and maintain reasonably sufficient tail coverage, as determined by the Debtors, under a director and officer liability insurance policy to cover

Persons who are covered as of the Effective Date by the Debtors' officers' and directors' liability insurance policies with respect to actions and omissions occurring prior to the Effective Date.

Section 5.07 Restructuring Implementation Steps

The transactions contemplated by the Plan will require the following:

(a) Execution and Delivery of the Reorganized SFXE Credit Agreement. On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate or limited liability company (as applicable) proceedings or action, to enter into the Reorganized SFXE Credit Agreement. The Debtors or Reorganized Debtors, as applicable, are hereby authorized to enter into such agreements, collateral documents and other documents, and issue such instruments, including, without limitation, promissory notes, as may be necessary to effectuate their entry into the Reorganized SFXE Credit Agreement and to consummate the transactions contemplated thereby (including by granting security interests in and Liens on their respective assets and properties to secure the obligations under the Reorganized SFXE Credit Agreement and such other agreements, documents and instruments), in each case, in form and substance reasonably acceptable to the Debtors, or Reorganized Debtors, as applicable, and (I) if a Third Party First Lien Facility is obtained, the Required Tranche B DIP Lenders or (II) if a Third Party First Lien Facility is not obtained, the Tranche A DIP Lenders.

(b) Execution and Delivery of the New Second Lien Credit Agreement. On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate or limited liability company (as applicable) proceedings or action, to enter into the New Second Lien Credit Agreement. The Debtors or Reorganized Debtors, as applicable, are hereby authorized to enter into such agreements, collateral documents and other documents, and issue such instruments, including, without limitation, promissory notes, as may be necessary to effectuate their entry into the New Second Lien Credit Agreement and to consummate the transactions contemplated thereby (including by granting security interests in and Liens on their respective assets and properties to secure the obligations under the New Second Lien Credit Agreement and such other agreements, documents and instruments), in each case, in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and those Tranche B DIP Lenders that participate as lenders under the New Second Lien Facility.

(c) Authorization and Issuance of the New Series A Preferred Stock. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to issue shares of New Series A Preferred Stock pursuant to the New Series A Preferred Stock Certificate to the Holders of Tranche B DIP Facility Claims and Class 3 Claims. All documentation with respect to the New Series A Preferred Stock shall be in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(d) Authorization and Issuance of Reorganized SFXE Common Stock. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under

applicable law, regulation, order or rule, and without further corporate proceedings or action, to issue and deliver shares of Reorganized SFXE Common Stock pursuant to the Plan.

(e) Authorization of New Stockholders' Agreement. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to enter into the New Stockholders' Agreement containing the terms and conditions governing the rights of holders of New Series A Preferred Stock, holders of Reorganized SFXE Common Stock and, to the extent issued, holders of the New Warrants. All documentation with respect to the New Stockholders' Agreement shall be in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(f) Authorization and Issuance of CVRs or New Warrants. On, or as soon as reasonably practicable after, the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to allocate non-transferable contingent value rights designated Class A CVRs (the "**Class A CVRs**") and non-transferable contingent value rights designated Class B CVRs (the "**Class B CVRs**") to Holders of Class 4 Claims (2019 Debtors) as required by this Plan.

The Class A CVRs and the Class B CVRs shall be allocated on the Effective Date without any payment or consideration from the holders thereof; provided, however, that any Class A CVR and/or Class B CVR that would have been allocated to a Holder of an Allowed Class 4 Claim (2019 Debtors), had such Holder not elected the Cash Payment Option or the Convenience Class Election, will not be allocated. Notwithstanding anything to the contrary set forth in the Plan, in the event that Holders of Class 4 Claims (2019 Debtors) vote as a Class to reject the Plan, the Class B CVRs that would have been allocated to the Holders of Class 4 Claims (2019 Debtors) had such Class voted to accept the Plan will not be allocated.

(i) *Class A CVRs*

Upon the occurrence of a Liquidity Event, Holders to whom Class A CVRs were allocated shall receive a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Class A CVRs represent of the total Class A CVRs allocated) of the product of (x) twelve-and-a-half percent (12.5%) of the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering), and (y) a fraction, the numerator of which is the total number of Class A CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class A CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election; provided, however, that the Class A CVRs shall be subject to dilution by the Class B CVRs.

(ii) *Class B CVRs*

Upon the occurrence of a Liquidity Event, Holders to whom Class B CVRs were allocated shall receive a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Class B CVRs represent of the total Class B CVRs allocated) of the product of (x) ten percent (10%) of the amount by which the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering) exceeds the CVR Equity Value Threshold, and (y) a fraction, the numerator of which is the total number of Class B CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class B CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. The Class B CVRs shall dilute the Class A CVRs above the CVR Equity Value Threshold.

(iii) *Documentation of CVRs*

All documentation with respect to the CVRs shall be consistent with this Section 5.07 of the Plan and otherwise in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(iv) *Agreements of CVR Holders*

Each Holder of an Allowed Class 4 Claim (2019 Debtors) that receives an allocation of CVRs, by receiving such allocation, shall automatically be deemed to consent and agree with the Reorganized Debtors and with each other holder of a CVR that (i) the Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of a CVR, the amount of the CVR held by such holder, and whether such CVR is a Class A CVR or a Class B CVR; (ii) the CVRs will not be represented by any certificate and may not be transferred or assigned; (iii) the CVRs do not bear any stated rate of interest; (iv) the CVRs shall not entitle the holder thereof to vote or receive dividends or to be deemed the holder of capital stock or any other securities of the Reorganized Debtors which may at any time be distributable thereunder for any purpose; and (v) the CVRs shall not confer upon the holder thereof (in its capacity as a holder of the CVRs) any of the rights of a stockholder of the Reorganized Debtors (including appraisal rights, any right to vote for the election of directors or upon any matter submitted to stockholders of the Reorganized Debtors at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise).

(v) *Contingent Nature of CVRs*

The CVRs represent the right to receive contingent distributions of value under the Plan. Distributions on account of CVRs will be made only to the extent required by the Plan and, if no such distributions are required to be made hereunder, the CVRs will terminate and cease to exist and holders thereof will receive no value on account of the CVRs.

(vi) *Termination of CVRs*

The CVRs shall terminate on the earlier to occur of (i) the fifth (5th) anniversary of the Effective Date, and (ii) the consummation of a Liquidity Event, subject, in both cases, to the right of the holder of such CVRs to receive any Cash payment pursuant to the terms of the CVRs, if any, that may be owing in respect of a Liquidity Event that occurs concurrently with such termination.

(vii) *New Warrants in lieu of CVRs*

If on the Effective Date, the Reorganized Debtors determine that the issuance of the New Warrants, in lieu of the allocation of the CVRs, or the issuance of Reorganized SFXE Common Stock upon exercise of any of the New Warrants will not subject the Reorganized Debtors to any reporting requirements under the Securities Exchange Act, the CVRs will not be allocated, and instead each Holder's right to receive Class A CVRs and/or Class B CVRs shall automatically convert into a right to receive Series A Warrants and/or Series B Warrants, respectively. The terms of the Series A Warrants and Series B Warrants will be as provided for in the Plan Supplement. The Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of a New Warrant, the amount of the New Warrant held by such holder, and whether such New Warrant is a Series A Warrant or a Series B Warrant. The Restated Charter Documents, the New Stockholders' Agreement and the warrant agreement that governs the New Warrants shall contain restrictions on the transfer of New Warrants and shares of Reorganized SFXE Common Stock that would prevent transfers of any New Warrant or share of Reorganized SFXE Common Stock if such transfer would, if consummated, result in Reorganized SFXE having, in the aggregate, 450 or more holders of record (as such concept is understood for purposes of Section 12(g) of the Securities Exchange Act) of New Warrants and shares of Reorganized SFXE Common Stock. Subject to the terms of the immediately preceding sentence and to other transfer restrictions that will be included in the Restated Charter Documents, the New Stockholders' Agreement and the warrant agreement that governs the New Warrants, the New Warrants shall be transferable after first providing the Reorganized SFXE notice at least five (5) Business Days prior to the proposed transfer.

(g) Authorization and Issuance of Litigation CVRs. On, or as soon as reasonably practicable after, the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to allocate non-transferable contingent value rights designated as Litigation CVRs (the "**Litigation CVRs**") to Holders of Allowed Class 4 Claims (2019 Debtors) as required by this Plan. The Litigation CVRs shall be allocated on the Effective Date without any payment or consideration from the holders thereof; provided, however, that any Litigation CVRs that would have been allocated to a Holder of an Allowed Class 4 Claim (2019 Debtors), had such Holder not elected the Cash Payment Option or the Convenience Class Election, will not be allocated.

The Litigation CVRs shall entitle the Holders thereof to receive their *pro rata* share (calculated based on the percentage that a Holder's Litigation CVRs represent of the total Litigation CVRs allocated) of the product of (x) fifty percent (50%) of the Litigation CVR Net Proceeds (if any) and (y) a fraction, the numerator of which is the total number of Litigation

CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Litigation CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. Any value on account of Litigation CVRs that were not allocated as a result of the Cash Payment Option or the Convenience Class Election shall remain with the Reorganized Debtors.

(i) *Litigation Committee*

The Litigation Committee shall be responsible for (x) overseeing all matters related to the Litigation CVR Claims and making all determinations with respect thereto, including, without limitation, to retain counsel and other professionals and to investigate, analyze, compromise, adjust, arbitrate, mediate, sue on or defend, pursue, prosecute, abandon, dismiss, exercise rights, powers, and privileges with respect to, or otherwise deal with and settle the Litigation CVR Claims, and (y) evaluating all issues relating to the Litigation CVRs including, without limitation, making all determinations with respect thereto, in each of (x) and (y) above, in the exercise of their business judgment.

(ii) *Documentation of Litigation CVRs*

All documentation with respect to the Litigation CVRs shall be consistent with this Section 5.07 of the Plan and, prior to the Effective Date, be in form and substance reasonably acceptable to the Debtors and the Required Tranche B DIP Lenders. For the avoidance of doubt, the terms of the Litigation CVRs shall not be modified after the Effective Date without the consent of each affected holder thereof.

(iii) *Agreement of Litigation CVR Holder*

Each Holder of an Allowed Class 4 Claim (2019 Debtors) that receives an allocation of a Litigation CVR, by receiving such allocation, shall automatically be deemed to consent and agree with the Reorganized Debtors and with each other Holder to whom Litigation CVRs was allocated, that (i) the Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of the Litigation CVR and the amount of the Litigation CVR held by such holder; (ii) the Litigation CVR Claims vest in the Reorganized Debtors and that the Reorganized Debtors, through the Litigation Committee, shall have the sole right to enforce, prosecute, abandon, dismiss, compromise or settle such Litigation CVR Claims; (iii) the Litigation CVRs will not be represented by any certificate and may not be transferred or assigned; (iv) the Litigation CVR does not bear any stated rate of interest; (v) the Litigation CVR shall not entitle the holder thereof to vote or receive dividends or to be deemed the holder of capital stock or any other securities of the Reorganized Debtors which may at any time be distributable thereunder for any purpose; and (vi) the Litigation CVR shall not confer upon the holder thereof (in its capacity as a holder of the Litigation CVR) any of the rights of a stockholder of the Reorganized Debtors (including appraisal rights, any right to vote for the election of directors or upon any matter submitted to stockholders of the Reorganized Debtors at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise).

(iv) *Contingent Nature of Litigation CVRs*

The Litigation CVRs represent the right to receive contingent distributions of value under the Plan. The potential Litigation CVR Net Proceeds are speculative and uncertain and no assurance can be given that any Litigation CVR Net Proceeds will be recovered from pursuing the Litigation CVR Claims. Distributions on account of Litigation CVRs will be made only to the extent required by the Plan and, if no such distributions are required to be made hereunder, the Litigation CVRs will terminate and cease to exist and holders thereof will receive no value on account of the Litigation CVRs.

(v) *Termination of Litigation CVRs*

The Litigation CVRs shall terminate on the earlier to occur of (i) the fifth (5^{th}) anniversary of the Effective Date, and (ii) the consummation of a Liquidity Event (such date referred to in clause (i) and (ii), the "**Litigation CVR Termination Date**"); provided, however, that, if on the Litigation CVR Termination Date there is an action on account of a Litigation CVR Claim that is pending (the "**Pending Litigation Claim**"), the Litigation CVRs shall not terminate until such date as such Pending Litigation Claim is settled, resolved or adjudicated pursuant to a Final Order.

(h) Restructuring Transactions. On and after Confirmation, the Reorganized Debtors may enter into such transactions, execute and deliver such agreements, instruments and other documents, and may take such actions as may be necessary or appropriate, in accordance with any applicable law and with the consent of the Required Tranche B DIP Lenders, to effect a company/corporate or operational restructuring of the Debtors' businesses, to otherwise simplify the overall company/corporate or operational structure of the Reorganized Debtors, to achieve company/corporate or operational efficiencies, or to otherwise improve financial results; provided that such transactions or actions are not otherwise inconsistent with the Plan or Distributions to be made under the Plan.

Section 5.08 Exemption under Section 1145 of the Bankruptcy Code

The offering, issuance and Distribution of any securities pursuant to the Plan and any and all settlement agreements incorporated therein are exempt from applicable federal and state securities laws (including blue sky laws), registration and other requirements, including but not limited to, the registration and prospectus delivery requirements of Section 5 of the Securities Act, pursuant to section 1145 of the Bankruptcy Code or, if section 1145 of the Bankruptcy Code is not available, pursuant to Section 4(a)(2) of the Securities Act or another available exemption from registration under the Securities Act, as applicable.

Section 5.09 Revesting of Assets; Preservation of Causes of Action and Avoidance Actions; Release of Liens; Resulting Claim Treatment

(a) Except as otherwise provided herein, or in the Confirmation Order, and pursuant to section 1123(b)(3) and sections 1141(b) and (c) of the Bankruptcy Code, on the Effective Date, all of the property and assets of the Debtors and all Causes of Action (and rights with respect thereto) that the Debtors or the Estates may hold against any Person or Entity (other than those expressly released or subject to exculpation pursuant to Sections 11.02 and 11.05 of

the Plan, respectively) shall automatically vest or revest in the Reorganized Debtors, free and clear of all Claims, Liens, Interests, charges or other encumbrances other than any Claims, Liens, Interests, charges or other encumbrances arising or created under the New First Lien Facility and the New Second Lien Facility. On and after the Effective Date, the Reorganized Debtors may operate the Debtors' businesses and conduct their affairs and use, acquire or dispose of property and assets and settle or compromise any Claims, Interests or Causes of Action (and rights with respect thereto) without the supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, subject to the terms of this Plan and the Plan Supplement, and all documents and exhibits thereto implementing the provisions of the Plan.

(b) Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, to the fullest extent possible under applicable law, on the Effective Date, the Reorganized Debtors shall retain and may enforce, and shall have the sole right to enforce, prosecute, abandon, dismiss, compromise or settle any claims, demands, rights, and Causes of Action (and rights with respect thereto) that the Debtors may hold against any Entity, including, without limitation, all Avoidance Actions. Subject to Sections 11.02(b) and 11.05 of the Plan, the Reorganized Debtors or their successors may pursue such retained claims, demands, rights or Causes of Action (and rights with respect thereto), including, without limitation, Avoidance Actions, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor holding such Claims, demands, rights or Causes of Action (and rights with respect thereto).

Section 5.10 Exemption from Certain Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation all such instruments or other documents governing or evidencing such transfers without the payment of any such tax, recordation fee, or governmental assessment. Such exemption specifically applies, without limitation, to: (1) the creation of any mortgage, deed of trust, Lien or other security interest; (2) the making or assignment of any lease or sublease; (3) the issuance and/or Distribution pursuant to the Plan of the New Series A Preferred Stock, the Reorganized SFXE Common Stock, the New Warrants, if applicable, and any other securities of the Debtors or the Reorganized Debtors; (4) the allocation of CVRs and the Litigation CVRs; and (5) the making or delivery of any deed, bill of sale, assignment and assumption agreement or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements, equity purchase agreements or asset purchase agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; (d) bills of sale; and (e) assignments executed in connection with any transaction occurring pursuant to the Plan.

Section 5.11 Reorganized Debtors' Obligations under the Plan

From and after the Effective Date, the Reorganized Debtors shall exercise their reasonable discretion and business judgment to perform their obligations under the Plan. The Plan will be administered and actions will be taken in the name of the Debtors and the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtors shall conduct, among other things, the following tasks:

(a) administer the Plan and take all steps and execute all instruments and documents necessary to effectuate the terms of the Plan;

(b) pursue (including, as it determines through the exercise of their business judgment, prosecuting, enforcing, objecting to, litigating, reconciling, settling, abandoning or resolving) all of the rights, Claims, Causes of Action (including the Litigation CVR Claims), defenses, and counterclaims retained by the Debtors or the Reorganized Debtors;

(c) reconcile Claims and resolve Disputed Claims, and administer the Claims' allowance and disallowance processes as set forth in the Plan, including objecting to, prosecuting, litigating, reconciling, settling, and resolving Claims and Disputed Claims in accordance with the Plan;

(d) make decisions regarding the retention, engagement, payment, and replacement of professionals, employees, and consultants;

(e) administer the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan and (ii) Filing with the Bankruptcy Court on each three (3) month anniversary of the Effective Date reports regarding the Distributions made and to be made to the Holders of Allowed Claims as required by the U.S. Trustee;

(f) exercise such other powers as necessary or prudent to carry out the provisions of the Plan;

(g) file appropriate tax returns;

(h) file a motion requesting the Bankruptcy Court enter a final decree closing the Chapter 11 Cases; and

(i) take such other action as may be necessary or appropriate to effectuate the Plan.

Section 5.12 Cancellation of Existing Notes, Securities and Agreements

Except for purposes of evidencing a right to a Distribution under the Plan or otherwise as provided hereunder, on the Effective Date, the DIP Credit Documents and the Prepetition Second Priority Notes, and all agreements relating thereto, shall be deemed automatically cancelled, terminated and of no further force or effect, without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the parties, as applicable, thereunder shall be deemed discharged; provided, however, that the DIP Credit Documents and

the Prepetition Second Priority Note Documents shall continue in effect solely for the limited purpose of (i) allowing the relevant Holders of the DIP Claims and the Prepetition Second Priority Notes to receive their Distributions under the Plan, (ii) allowing the DIP Agent and the Prepetition Second Priority Trustee, respectively, to make any Distributions on account of the DIP Claims and the Prepetition Second Priority Notes pursuant to this Plan, to perform such other necessary administrative or other functions with respect thereto and with respect to other obligations set forth under the Plan and the Confirmation Order, and for the DIP Agent and the Prepetition Second Priority Trustee to have the benefit of all the rights and protections and other provisions of the DIP Credit Documents and the Prepetition Second Priority Note Documents, and all other related agreements, respectively, including to seek compensation and reimbursement of reasonable fees and expenses after the Effective Date, and (iii) permitting the DIP Agent and the Prepetition Second Priority Trustee to maintain and assert their Charging Lien or right to indemnification, contribution or other Claim it may have against the DIP Lenders under the DIP Credit Documents and the Prepetition Second Priority Noteholders under the Prepetition Second Priority Note Documents, respectively, subject to any and all defenses any party may have under the Plan or applicable law to any such asserted rights or Claims.

Except as provided for in Section 3.02(h) of the Plan, on the Effective Date, (i) the existing Interests in the Debtors (other than Intercompany Interests), (ii) any promissory notes, share certificates, whether for preferred or common stock (including treasury stock), unit or limited liability company interest certificates, other instruments evidencing any Claims or Interests in the Debtors, other than a Claim that is being reinstated and rendered Unimpaired and other than Intercompany Interests, (iii) all options, warrants, calls, rights, puts, awards, commitments or any other agreements of any character to acquire Interests in the Debtors, and (iv) all registration rights, preemptive rights, rights of first refusal, rights of first offer, co-sale rights and other investor rights governing or relating to any Interests, in any such case, shall be deemed cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and without further corporate or limited liability company or similar authority (as applicable) proceedings or action, and the obligations of the Debtors under the notes, share certificates, unit or limited liability company interest certificates and other agreements and instruments governing such Claims and Interests in the Debtors shall be discharged subject to the provisions of the Plan. The Holders of or parties to such cancelled notes, shares, share certificates, unit or limited liability company interest certificates and other agreements and instruments shall have no rights arising from or relating to such notes, shares, share certificates, unit or limited liability company interest certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

Section 5.13 Management Incentive Plan

On the Effective Date or as soon as is reasonably practicable thereafter, the Reorganized Debtors shall adopt and approve the Management Incentive Plan in accordance with the New Governance Documents.

Section 5.14 Transactions on Business Days

If the date on which a transaction may occur under this Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

Section 5.15 New Governance Documents

On or immediately before the Effective Date, the Debtors or the Reorganized Debtors will file their respective New Governance Documents with the applicable Secretaries of State and/or other applicable authorities in their respective jurisdiction of formation or incorporation in accordance with the limited liability company and corporate laws of their respective jurisdictions of formation or incorporation.

After the Effective Date, each Reorganized Debtor may amend and restate its certificate of incorporation, certificate of formation and other constituent documents as permitted by the laws of its respective state, province, or country of formation and its respective certificate of incorporation, certificate of formation and other constituent documents.

Section 5.16 Deemed Execution of the New Stockholders' Agreement

On the Effective Date, without any further action by any party, each Holder of an Allowed Claim that receives New Series A Preferred Stock, the Reorganized SFXE Common Stock and/or, to the extent issued, the New Warrants, shall be deemed to have executed the New Stockholders' Agreement, and the New Stockholders' Agreement shall be deemed to be a valid, binding and enforceable obligation of such Holder (including any obligation set forth therein to waive or refrain from exercising any appraisal, dissenters' or similar rights) even if such Holder has not actually executed and delivered a counterpart thereof.

ARTICLE VI
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 6.01 Assumption and Rejection of Executory Contracts and Unexpired Leases

(a) On the Effective Date, except as otherwise provided herein, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, each of the Debtors' Executory Contracts and Unexpired Leases not previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be deemed rejected as of the Effective Date, except for an Executory Contract or Unexpired Lease that: (i) is listed, either specifically or by category, on the schedule of assumed Executory Contracts and Unexpired Leases in the Plan Supplement which schedule shall be reasonably acceptable in all material respects to the Debtors and the Required DIP Lenders; (ii) was previously assumed or rejected by the Debtors pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date; (iii) previously expired or was terminated pursuant to its own terms; or (iv) is the subject of a motion to assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date (in any such case, with the approval of the Required DIP Lenders).

Entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumptions or rejections of such Executory Contracts and Unexpired Leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order, and not assigned to a third party on or prior to the Effective Date, shall revest in and be fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the counterparty thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default related rights with respect thereto.

Each party to an Executory Contract or Unexpired Lease that does not file and serve upon counsel to the Debtors and the Required DIP Lenders by the deadline set for objections to Confirmation an objection to the Debtors' assumption and/or assignment of such Executory Contract or Unexpired Lease, will be deemed to consent to the assumption and/or assignment of such Executory Contract or Unexpired Lease. Notwithstanding anything to the contrary in the Plan, the Debtors reserve the right to alter, amend, modify, or supplement the schedule of assumed Executory Contracts and Unexpired Leases in the Plan Supplement in their discretion and with the consent of the Required DIP Lenders, prior to the Effective Date on no less than three (3) days' notice to the counterparty thereto.

(b) Notwithstanding anything to the contrary in the Plan, the Debtors and the Reorganized Debtors reserve the right to assert that any license, franchise and partially performed contract is a property right and not an Executory Contract.

Section 6.02 Assignment of Executory Contracts and Unexpired Leases

To the extent provided under the Bankruptcy Code or other applicable law, any Executory Contract or Unexpired Lease transferred and assigned pursuant to this Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such Executory Contract or Unexpired Lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions the assignment or transfer of any such Executory Contract or Unexpired Lease or that terminates or modifies such Executory Contract or Unexpired Lease or allows the counterparty to such Executory Contract or Unexpired Lease to terminate, modify, recapture, declare a default, accelerate or increase obligations, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such Executory Contract or Unexpired Lease or that terminates or modifies such Executory Contract or Unexpired Lease or allows the counterparty to such Executory Contract or Unexpired Lease to terminate, modify, recapture, declare a default, accelerate or increase obligations, impose any penalty, condition renewal or

extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable provision and is void and of no force or effect.

Section 6.03 Cure Rights for Executory Leases and Unexpired Leases Assumed under the Plan

Any monetary amounts by which each Executory Contract and Unexpired Lease to be assumed or assumed and assigned pursuant to the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, solely by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or assumed and assigned, or (c) any other matter pertaining to assumption and/or assignment, Cure shall occur following the entry of a Final Order by the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided, however, that (i) pending entry of such Final Order the Reorganized Debtors or the applicable assignee shall have the benefits of, and the applicable counterparty shall continue to be subject to, such Executory Contract or Unexpired Lease and (ii) the Debtors or the Reorganized Debtors, as applicable, shall be authorized to reject any Executory Contract or Unexpired Lease to the extent that the Debtors or Reorganized Debtors, in the exercise of their sound business judgment and with the approval of the Required DIP Lenders, conclude that the amount of the Cure obligation as determined by such Final Order, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Debtors or Reorganized Debtors. Cure amounts for an assumed Executory Contract or Unexpired Lease are listed on a schedule of Cure amounts in the Plan Supplement. If no Cure amount for an assumed Executory Contract or Unexpired Lease is listed on such schedule, the Cure amount shall be deemed to be $0.

Section 6.04 Continuing Obligations Owed to Debtors

Except as otherwise provided herein, any confidentiality agreement entered into between the Debtors and any other Person requiring the parties to maintain the confidentiality of each other's proprietary information shall be deemed to be, and shall be treated as though it is, an Executory Contract that is assumed and assigned to the Reorganized Debtors pursuant to section 365 of the Bankruptcy Code, except as otherwise provided in the Plan.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors or Reorganized Debtors under such Executory Contracts or Unexpired Leases. Notwithstanding any applicable non-bankruptcy law to the contrary, the Debtors and the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties, indemnifications or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors from counterparties to rejected Executory Contracts or Unexpired Leases.

Any indemnity agreement entered into between the Debtors and any other Person requiring that Person to provide insurance in favor of the Debtors, to warrant or guarantee such Person's goods or services, or to indemnify the Debtors for claims arising from such goods or

services shall be deemed to be, and shall be treated as though it is, an Executory Contract that is assumed and assigned pursuant to section 365 of the Bankruptcy Code (but subject to Section 5.06 of the Plan); provided, however, that if any party thereto asserts any Cure, at the election of the Debtors (with the approval of the Required DIP Lenders), such agreement shall not be deemed assumed, and shall instead be rejected pursuant to section 365 of the Bankruptcy Code under the Plan.

Continuing obligations of third parties to the Debtors under insurance policies, contracts, or leases that have otherwise ceased to be executory or have otherwise expired on or prior to the Effective Date, including, without limitation, continuing obligations to pay Insured Claims, to defend against and process claims, to refund premiums or overpayments, to provide indemnification, contribution or reimbursement, to grant rights of first refusal, to maintain confidentiality, or to honor releases, shall continue and shall be binding on such third parties unless otherwise specifically terminated by the Debtors, under the Plan or otherwise by order of Bankruptcy Court.

All of the Debtors' insurance policies and any agreements, documents or instruments relating thereto shall be treated as Executory Contracts of the Debtors under the Plan and the Bankruptcy Code and shall be assumed by the Debtors pursuant to section 365 of the Bankruptcy Code, and shall continue in full force and effect thereafter in accordance with their respective terms. Any and all Claims (including payments for Cure) arising under or related to any insurance policies or related insurance agreements that are assumed by the Debtors prior to or as of the Effective Date (i) shall not be discharged, (ii) shall be Allowed Administrative Claims (subject to the terms of Section 3.01(a) of the Plan) and (iii) shall be paid in full in the ordinary course of business of the Reorganized Debtors as set forth in Section 3.01(a) of the Plan.

Section 6.05 Limited Extension of Time to Assume or Reject

In the event of a dispute as to whether a contract or lease between the Debtors and a Person that is not an Insider is executory or unexpired, the right of the Debtors or the Reorganized Debtors to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days, or as otherwise provided in section 365(d) of the Bankruptcy Code, after entry of a Final Order by the Bankruptcy Court determining that the contract or lease is executory or unexpired, provided such dispute is pending as of the Confirmation Date.

Section 6.06 Claims Based on Rejection of Executory Contracts or Unexpired Leases; Rejection Damages Bar Date

Unless otherwise provided by a Bankruptcy Court order, if the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Reorganized Debtors or any of their properties unless a Proof of Claim is Filed with the Notice and Claims Agent and served upon counsel to the Reorganized Debtors within thirty (30) days after the later of the date of (a) entry of the Confirmation Order and (b) entry of the order rejecting the applicable Executory Contract or Unexpired Lease. The foregoing applies only to Claims arising from the rejection of an Executory Contract or Unexpired Lease; any other Claims held by a

party to a rejected contract or lease shall have been evidenced by a Proof of Claim Filed by the applicable Bar Date or shall be barred and unenforceable.

Section 6.07 Postpetition Contracts and Leases

The Debtors shall not be required to assume or reject any contract or lease entered into by the Debtors after the Petition Date. Any such contract or lease shall continue in effect in accordance with its terms after the Effective Date as set forth in the Plan, unless the Reorganized Debtors have obtained a Final Order of the Bankruptcy Court approving termination of such contract or lease. Contracts or leases entered into after the Petition Date will be performed by the Reorganized Debtors in the ordinary course of their businesses.

Notwithstanding contrary herein, entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' assumption of each of the Paylogic Settlement Agreement and the Alda Settlement Agreement, and the terms of each of the Paylogic Settlement Agreement and the Alda Settlement Agreement shall become binding on the parties. Pursuant to the Paylogic Settlement Agreement and the Alda Settlement Agreement, the Paylogic Parties and the Alda Parties agreed to settle and compromise their respective Claims against SFXE Netherlands Holdings B.V., a Foreign Debtor; accordingly and notwithstanding anything contrary herein, the Claims held by the Paylogic Parties and Alda Parties shall receive such treatment as provided in the Paylogic Settlement Agreement and Alda Settlement Agreement respectively.

Section 6.08 Treatment of Claims Arising from Assumption or Rejection

All Allowed Claims for Cure arising from the assumption of any Executory Contract or Unexpired Lease shall be treated as Administrative Claims pursuant to, but subject to the terms of, Section 3.01(a) of the Plan. All Allowed Claims arising from the rejection of an Executory Contract or Unexpired Lease shall be treated, to the extent applicable, as General Unsecured Claims, unless otherwise ordered by Final Order of the Bankruptcy Court. All other Allowed Claims relating to an Executory Contract or Unexpired Lease shall have such status as they may be entitled to under the Bankruptcy Code as determined by Final Order of the Bankruptcy Court.

Section 6.09 Employee and Benefits Programs

All employment and severance policies, and all compensation and benefit plans, policies and programs of the Debtors applicable to their respective employees, retirees and directors, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, and life, accidental death and dismemberment insurance plans shall be treated as Executory Contracts under the Plan and will be rejected on the Effective Date (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code), except and to the extent such Executory Contract was (i) previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date or (ii) otherwise specifically listed on the schedule of **assumed** Executory Contracts and Unexpired Leases in the Plan Supplement.

Section 6.10 Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is any objection filed to the rejection of an Executory Contract or Unexpired Lease, the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, shall have forty-five (45) days after entry of a Final Order resolving such objection to alter their treatment of such contract or lease to any such alteration.

ARTICLE VII
PROVISIONS GOVERNING DISTRIBUTIONS

Section 7.01 Distributions for Allowed Claims

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all Distributions to Holders of Allowed Claims as of the Effective Date shall be made on or as soon as practicable after the Effective Date. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 7.03 of the Plan and on such day as selected by the Reorganized Debtors, in their sole discretion.

Section 7.02 Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Unless otherwise specifically provided for in the Plan or the Confirmation Order, interest shall not accrue or be paid upon any Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Claim becomes an Allowed Claim.

Section 7.03 Designation; Distributions by Disbursing Agent

(a) The Reorganized Debtors or any Disbursing Agent acting on their behalf shall make all Distributions required to be made under the Plan.

(b) If a Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent shall receive, without further approval from the Bankruptcy Court, reasonable compensation for Distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from the Reorganized Debtors, including the reasonable fees, costs and expenses of counsel, which shall be paid by the Reorganized Debtors, provided, however, that the terms and conditions of the Disbursing Agent's engagement shall be in form and substance reasonably acceptable to the Debtors (and the Required DIP Lenders) or the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, in which case all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors unless otherwise agreed.

Section 7.04 Means of Cash Payments

(a) Cash payments under this Plan shall be in U.S. funds, and shall be made, at the option, and in the sole discretion, of the Reorganized Debtors, by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Reorganized Debtors; provided, that payments to foreign Creditors may be made, at the option and in the Reorganized Debtors' sole discretion, in such funds (and currency) and by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to this Plan in the form of checks issued by the Reorganized Debtors shall be null and void if not cashed within 120 days of the date of the issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtors by the Entity to whom such check was originally issued.

(b) For purposes of effectuating Distributions under the Plan, any Claim denominated in foreign currency shall be converted to U.S. Dollars pursuant to the applicable published exchange rate in effect on the Petition Date or, if such Claim is to be paid in the ordinary course, then pursuant to the applicable published exchange rate in effect on the date of such payment.

Section 7.05 Fractional Distributions

No fractional shares of New Series A Preferred Stock or Reorganized SFXE Common Stock or fractional shares of New Warrants shall be distributed under this Plan. When any Distribution pursuant to the Plan would otherwise result in the issuance of a number of shares (or warrants exercisable into shares) that is not a whole number, the actual Distribution of shares (or warrants exercisable into shares) shall be rounded downward to the nearest whole number. The total number of authorized shares to be distributed pursuant to the Plan shall be adjusted as necessary to account for the foregoing rounding.

Section 7.06 Delivery of Distributions

Distributions to Holders of Allowed Claims shall be made by the applicable Disbursing Agent (a) at the addresses reflected in the Schedules, (b) at the addresses set forth on the Proofs of Claim Filed by such Holders, (c) at the addresses set forth in any written notices of address changes delivered to the Debtors, the Reorganized Debtors or the Disbursing Agent after the date of the Schedules if no Proof of Claim was Filed or after the date of any related Proof of Claim Filed, or (d) on any counsel that has appeared in the Chapter 11 Cases on such Holder's behalf; and (x) with respect to Holders of Allowed DIP Claims, to, or at the direction of, the DIP Agent, (y) with respect to Holders of Allowed Class 3 Claims (Foreign Debtors), to, or at the direction of, the Foreign Loan Agent and (z) with respect to Holders of Allowed Prepetition Second Priority Note Claims, to, or at the direction of the Prepetition Second Priority Trustee. Except as otherwise reasonably requested by the Prepetition Second Priority Trustee, all Distributions to Holders of Allowed Prepetition Second Priority Note Claims shall be deemed completed when made to the Prepetition Second Priority Trustee, which shall be deemed to be the Holder of all Allowed Prepetition Second Priority Note Claims for purposes of Distributions to be made hereunder. The Prepetition Second Priority Trustee shall hold or direct such Distributions for the benefit of the Holders of Allowed Prepetition Second Priority Note Claims. As soon as practicable in accordance with the requirements set forth in this Article VII, the Prepetition

Second Priority Trustee shall arrange to deliver such Distributions to or on behalf of such Holders of Allowed Prepetition Second Priority Note Claims. Upon delivery by the Reorganized Debtors of the Distributions in conformity with Section 7.06, the Reorganized Debtors shall be released of all liability with respect to the delivery of such Distributions.

Unless otherwise agreed between the Reorganized Debtors and the Disbursing Agent, amounts in respect of undeliverable Distributions made by the Disbursing Agent shall be returned to the Reorganized Debtors on the first (1st) anniversary of the Effective Date. Any amount returned to the Reorganized Debtors prior to such anniversary shall be held in trust by the Reorganized Debtors until the earlier of (a) the first anniversary of the Effective Date and (b) such Distribution(s) are claimed, at which time the applicable amount(s) shall be returned to the Disbursing Agent for Distribution pursuant to the Plan. All claims for undeliverable Distributions must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed Distributions shall revert to the Reorganized Debtors free of any restrictions thereon and without any re-allocation of the unclaimed Distribution, and the claims of any Holder or successor to such Holder with respect to such Distributions shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Section 7.07 Application of Distribution Record Date

At the close of business on the Distribution Record Date, the claims registers for all Claims shall be closed, and there shall be no further changes in the record Holders of such Claims. Except as provided herein, the Reorganized Debtors, the Disbursing Agent and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders stated on the claims registers as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Plan to such Persons or the date of such Distributions.

Section 7.08 Withholding, Payment and Reporting Requirements

In connection with the Plan and all Distributions under the Plan, the Reorganized Debtors and the Disbursing Agent shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all Distributions under the Plan shall be subject to any such withholding, payment, and reporting requirements. The Reorganized Debtors and the Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements.

Notwithstanding any other provision of the Plan, and except as provided in the DIP Credit Agreement or the Prepetition Second Priority Indenture, (a) each Holder of an Allowed Claim that is to receive a Distribution of Cash pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental unit, including income, withholding, and other Tax obligations, on account of such Distribution, and including, in the cases of any Holder of a Disputed Claim that has become an Allowed Claim, any Tax obligation that would be imposed upon the Reorganized Debtors in connection with such Distribution, and (b) no Distribution of Cash shall be made to or on behalf

of such Holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the applicable Reorganized Debtor for the payment and satisfaction of such withholding Tax obligations or such Tax obligation that would be imposed upon the Reorganized Debtors in connection with such Distribution. Any property to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable Distribution pursuant to Section 7.06 of the Plan.

Section 7.09 Setoffs

The Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claim or any Allowed Claim, and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such Claim that the Debtors or the Reorganized Debtors may have against such Holder.

Section 7.10 Prepayment

Except as otherwise provided in the Plan, any ancillary documents entered into in connection herewith, or the Confirmation Order, the Reorganized Debtors shall have the right to prepay, without penalty, all or any portion of an Allowed Claim entitled to payment in Cash at any time.

Section 7.11 No Distribution in Excess of Allowed Amounts

Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim shall receive in respect of such Claim any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim (excluding payments on account of interest due and payable from and after the Petition Date pursuant to the Plan, if any).

Section 7.12 Allocation of Distributions

All Distributions received under the Plan by Holders of Claims shall be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

Section 7.13 Minimum Distributions

No Cash Distribution on account of the Cash Payment Option of less than fifty dollars ($50.00) shall be made by the Disbursing Agent to the Holder of any Claim unless a request therefor is made in writing to the Disbursing Agent within 180 days of the Effective Date. Each Distribution of less than fifty dollars ($50.00) as to which no such request is made shall automatically revert without restriction to the Reorganized Debtors on the 181st day after the Effective Date.

ARTICLE VIII
PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT, AND UNLIQUIDATED CLAIMS AND DISTRIBUTIONS WITH RESPECT THERETO

Section 8.01 Prosecution of Objections to Claims

(a) Objections to Claims; Estimation Proceedings

Except as set forth in the Plan or any applicable Bankruptcy Court order, all objections to Claims must be Filed and served on the Holders of such Claims by the Claims Objection Bar Date, as the same may be extended by the Bankruptcy Court upon motion by the Debtors, the Reorganized Debtors or any other party-in-interest. If a timely objection has not been Filed to a Proof of Claim or the Schedules have not been amended with respect to a Claim that (i) was Scheduled by the Debtors but (ii) was not Scheduled as contingent, unliquidated, and/or disputed, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier. No payments or Distributions shall be made on account of a Claim until such Claim becomes an Allowed Claim. Notice of any motion for an order extending any Claims Objection Bar Date shall be required to be given only to those Persons or Entities that have requested notice in these Chapter 11 Cases, or to such Persons as the Bankruptcy Court shall order.

The Debtors (prior to the Effective Date), with the consent of the Required DIP Lenders, or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether the Debtors, the Reorganized Debtors or any other Party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time, including during litigation concerning any objection to any Claim (and during the pendency of any appeal relating to any such objection). In the event the Bankruptcy Court so estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court, as applicable. If the estimated amount constitutes a maximum limitation on such Claim, the Reorganized Debtors may elect to pursue any supplemental proceedings to object to any ultimate payments and Distributions on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanisms.

The Reorganized Debtors will have no obligation to review and/or respond to any Claim that is not Filed by the applicable Bar Date and all such Claims shall be conclusively deemed to receive no Distribution under the Plan unless: (i) the filer has obtained an order from the Bankruptcy Court authorizing it to File such Claim; or (ii) the Reorganized Debtors has consented to the Filing of such Claim in writing.

(b) Authority to Prosecute Objections

After the Effective Date, the Reorganized Debtors shall have the sole authority to File objections to Claims and to settle, compromise, withdraw, or litigate to judgment their objections

to Claims, including, without limitation, Claims for reclamation under section 546(c) of the Bankruptcy Code. The Reorganized Debtors may settle or compromise their objection to any Disputed Claim without approval of the Bankruptcy Court.

Section 8.02 Treatment of Disputed Claims

(a) No Distribution Pending Allowance

Notwithstanding any other provisions of the Plan, no payments or Distributions will be made on account of a Disputed Claim or, if less than the entire Claim is a Disputed Claim, the portion of a Claim that is Disputed, unless and until such Disputed Claim becomes an Allowed Claim.

(b) Distributions on Accounts of Disputed Claims Once Allowed

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions, if any, shall be made by the Disbursing Agent on the applicable Distribution dates to the Holder of such Allowed Claim. Such Distributions shall be made pursuant to the provisions of the Plan governing the applicable Class. Such Distributions shall be based upon the Distributions that would have been made to the Holder of such Claim under the Plan if the Disputed Claim had been an Allowed Claim on the Effective Date in the amount ultimately Allowed.

(c) Offer of Judgment

The Reorganized Debtors are authorized to serve upon a Holder of a Disputed Claim an offer to allow judgment to be taken on account of such Disputed Claim, and, pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the Holder of a Disputed Claim must pay the costs incurred by the Reorganized Debtors after the making of such offer, the Reorganized Debtors are entitled to set off such amounts against the amount of any distribution to be paid to such Holder without any further notice to or action, order, or approval of the Bankruptcy Court.

ARTICLE IX
CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE

Section 9.01 Conditions Precedent to Confirmation

The following conditions precedent to the occurrence of the Confirmation must be satisfied unless any such condition shall have been waived by the Debtors, with the consent of the Required DIP Lenders:

(a) the Confirmation Order shall have been entered by the Bankruptcy Court;

(b) the Bankruptcy Court shall have found that adequate information and sufficient notice of the Disclosure Statement, the Plan and the Confirmation Hearing, along with all deadlines for voting on or objecting to the Plan have been given to all relevant parties in accordance with the solicitation procedures governing such service and in substantial compliance with Bankruptcy Rules 2002(b), 3017, 9019 and 3020(b); and

(c) the Plan and the Plan Supplement, including any exhibits, schedules, amendments, modifications or supplements thereto shall be reasonably acceptable to the Debtors and the Required DIP Lenders, or such other party as specified in this Plan.

Section 9.02 Conditions Precedent to the Effective Date

The following conditions precedent to the occurrence of the Effective Date must be satisfied or, if permissible under federal, state or local law, waived by the Debtors (with the consent of the Required DIP Lenders) on or prior to the Effective Date in accordance with Section 9.04 of the Plan:

(a) the Confirmation Order shall have become a Final Order;

(b) after the Confirmation Date but prior to the Effective Date, the Debtors shall not have made any amendment, modification, supplement or other change to the Plan, the Plan Supplement or any Plan Supplement, including any exhibits, schedules, amendments, modifications or supplements thereto, without the consent of the Required DIP Lenders;

(c) the Cash on hand and the proceeds of any debt issued, or to be issued, on the consummation of the transaction contemplated hereby shall be sufficient to fund the transactions and the Distributions under the Plan;

(d) the New SFXE Board shall have been selected and shall have agreed to serve;

(e) all conditions precedent to the authorization and/or issuance of the Reorganized SFXE Credit Agreement, the New Second Lien Credit Agreement, the New Series A Preferred Stock, the Reorganized SFXE Common Stock, the CVRs (or New Warrants, as applicable), and the Litigation CVRs, other than those related to the occurrence of the Effective Date, shall have been satisfied;

(f) with respect to all actions, documents, certificates, and agreements necessary to implement the Plan (a) all conditions precedent to such documents and agreements shall have been satisfied or waived by the Debtors (with the consent of the Required DIP Lenders, or such other party as specified in the Plan) pursuant to the terms of such documents or agreements, (b) such documents, certificates and agreements shall have been tendered for delivery, (c) to the extent required, such documents, certificates and agreements shall have been filed with and approved by any applicable governmental unit in accordance with applicable laws, and (d) such actions, documents, certificates and agreements shall have been effected or executed; and

(g) all other documents and agreements necessary to implement the Plan on the Effective Date that are required to be in form and substance reasonably acceptable to the Debtors and/or the Required DIP Lenders shall have been executed and delivered and all other actions required to be taken in connection with the Effective Date shall have occurred;

(h) all Restructuring Support Advisors have been fully paid under the DIP Order, including the adequate protection obligations on account of the ad hoc group of

Prepetition Second Lien Noteholders pursuant to paragraph 11(c) of the DIP Order and the fees, costs, disbursement and expenses of the DIP Lenders pursuant to paragraph 26 of the DIP Order, or pursuant to section 1129(a)(4) of the Bankruptcy Code.

Section 9.03 Notice of Occurrence of the Effective Date

The Debtors or the Reorganized Debtors shall File a notice of the occurrence of the Effective Date within five (5) Business Days after the Effective Date. Failure to File such notice shall not prevent the effectiveness of the Plan, the Plan Supplement or any related documents.

Section 9.04 Waiver of Conditions

To the extent permissible under federal, state or local law, each of the conditions set forth in Section 9.02 of the Plan may be waived in whole or in part by the Debtors or the Reorganized Debtors (in each case, with the consent of the Required DIP Lenders) without any notice to other parties-in-interest or the Bankruptcy Court and without a hearing.

Section 9.05 Consequences of Non-Occurrence of Effective Date

If the Confirmation Order is vacated, (a) the Plan shall be null and void in all respects; (b) any settlement or release of Claims or Interests in the Debtors provided for hereby shall be null and void without further order of the Bankruptcy Court; and (c) to the extent permitted under the Bankruptcy Code, the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

ARTICLE X
RETENTION OF JURISDICTION

Section 10.01 Scope of Retention of Jurisdiction

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law (provided, however, that notwithstanding the foregoing, with respect to all civil proceedings arising in or related to the Chapter 11 Cases and the Plan, the Bankruptcy Court shall have original but not exclusive jurisdiction, in accordance with section 1334(b) of title 28 of the United States Code), including, among other things, jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status or amount of any Claim or Interest not otherwise Allowed under the Plan (other than personal injury or wrongful death Claims, unless agreed by the Holder), including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the secured or unsecured status, priority, amount or allowance of Claims or Interests in the Debtors;

(b) hear and determine all matters related to the granting and denying, in whole or in part, of any applications for compensation and reimbursement of expenses of Professionals authorized under the Plan or under sections 327, 328, 330, 331, 363 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code; provided, however, that from and after the Effective Date, the payment of the fees and expenses of the Professionals of the Reorganized Debtors shall be made in the ordinary course of business and shall not be subject to the review or approval of the Bankruptcy Court;

(c) hear and determine any matters related to Executory Contracts or Unexpired Leases, including: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable, and to hear, determine, and, if necessary, liquidate, any Cure or Claims arising therefrom, including pursuant to section 365 of the Bankruptcy Code; (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (iii) the Reorganized Debtors' amendment, modification, or supplement, after the Effective Date of the list of Executory Contracts and Unexpired Leases to be rejected; and (iv) any dispute regarding whether a contract or lease is or was executory or expired;

(d) ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to Distributions under the Plan;

(e) adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

(f) adjudicate, decide, or resolve any and all matters related to Causes of Action (including the Litigation CVR Claims) of the Debtors or brought by or against the Reorganized Debtors;

(g) adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

(h) enter and implement such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan, the Plan Supplement, the Disclosure Statement or the Confirmation Order;

(i) grant any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code;

(j) hear and determine any cases, controversies, suits, disputes or Causes of Action (including the Litigation CVR Claims) arising in connection with the interpretation, implementation, consummation or enforcement of the Confirmation Order, or the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan;

(k) consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(l) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the implementation, consummation or enforcement of the Plan or the Confirmation Order;

(m) enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated;

(n) hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the schedules to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan, the Plan Supplement, the schedules to the Plan, the Disclosure Statement or the Confirmation Order;

(o) enforce, interpret and determine any cases, controversies, suits, disputes or Causes of Action (including the Litigation CVR Claims) arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);

(p) enter and implement such orders as may be necessary or appropriate to execute, implement or consummate the provisions of all contracts, instruments, releases, indentures and other agreements or documents approved by Final Order in the Chapter 11 Cases;

(q) resolve any cases, controversies, suits, disputes, or Causes of Action (including the Litigation CVR Claims) with respect to the repayment or return of Distributions and the recovery of additional amounts owed by the holder of a Claim for amounts not timely repaid pursuant to the Plan;

(r) determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

(s) except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located;

(t) hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(u) hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment, regardless of whether such termination occurred prior to or after the Effective Date;

(v) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, the provisions of the Bankruptcy Code;

(w) enter a final decree closing each of the Chapter 11 Cases;

(x) enforce all orders previously entered by the Bankruptcy Court; and

(y) hear any other matter not inconsistent with the Bankruptcy Code.

Section 10.02 Failure of the Bankruptcy Court to Exercise Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, the provisions of this Article X shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE XI
EFFECT OF CONFIRMATION

Section 11.01 Dissolution of Creditors' Committee

Except to the extent provided herein, upon the Effective Date, the current and former members of the Creditors' Committee and any other creditor, equity or other committee appointed pursuant to section 1102 of the Bankruptcy Code in the Chapter 11 Cases, and their respective officers, employees, counsel, advisors and agents, shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Cases; provided, however, that following the Effective Date the Creditors' Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (1) Claims and/or applications for compensation by Professionals and requests for allowance of Administrative Claims for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code; (2) any appeals to which the Creditors' Committee is a party; and (3) any adversary proceedings or contested matters as of the Effective Date to which the Creditors' Committee is a party. Following the completion of the Creditors' Committee's remaining duties set forth above, the Creditors' Committee shall be dissolved, and the retention or employment of the Creditors' Committee's respective attorneys, financial advisors and any other agent shall terminate.

Section 11.02 Releases and Related Matters

(a) Released Parties

The term "**Released Parties**" means: (i) each Debtor, and each Reorganized Debtor; (ii) the DIP Agent; (iii) the DIP Lenders; (iv) the Foreign Loan Agent; (v) each Foreign Loan Lender; (vi) the Prepetition Second Priority Trustee; (vii) the holders of the Prepetition Second Priority Notes; (viii) the Notice and Claims Agent; (ix) the members of the Special Committee acting in any capacity, including in their capacity as directors of any of the SFX Entities; and

(x) with respect to each of the foregoing, all of their respective affiliates, related funds, partners, current and former directors, current and former members, current and former officers, current and former managers, agents, employees, representatives, advisors, counsel, accountants, financial advisors, successors and assigns of each of the foregoing, solely in their capacities as such; provided, that the term Released Parties shall not include (A) any person who "opts out" of the Consensual Release and/or is otherwise entitled to vote to accept or reject the Plan, but does not vote to accept the Plan, (B) Sillerman acting in any capacity, (C) Tytel acting in any capacity, (D) any officers, directors, members, managers or employees of the SFX Entities not serving or employed on the Confirmation Date, and (E) any advisor, accountant, agent, representative, counsel, or financial advisor (solely in their capacity as such) of the SFX Entities not actively engaged by the SFX Entities on the Confirmation Date.

(b) Releases by Debtors

As of the Effective Date, the Debtors, on behalf of themselves and their Estates, the Reorganized Debtors, and, with respect to each of the foregoing Entities, such Entity's predecessors, successors and assigns, Affiliates, Subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities, each solely in their capacity as such), and any Person or Entity seeking to exercise the rights of the Debtors' Estates, including, without limitation, any successor to the Debtors or any estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, shall be deemed to forever release, waive and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, losses, liability or Causes of Action, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other equity for any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date based on, arising under or in any way relating to, in whole or in part, among other things, the Debtors, their Affiliates and former Affiliates, the Debtors' certificate of incorporation, bylaws, and/or operating agreements, the Debtors' operations, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' restructuring, these Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any security, asset, right, or interest of the Debtors or the Reorganized Debtors, the formulation, negotiation, preparation, dissemination, implementation, administration, solicitation, confirmation or consummation of the Chapter 11 Cases, the Plan and related agreements, instruments and other documents (including the Plan Supplement), the Disclosure Statement, the Plan Process Documents, the New Governance Documents, the sale or issuance of the New Series A Preferred Stock, the Reorganized SFXE Common Stock, the New Warrants (if applicable) or any other debt or security to be offered, issued, or distributed in connection with the Plan, allocation and distribution on account of the

CVRs or the Litigation CVRs in accordance with the Plan, or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, the negotiation, formulation or preparation of the Plan, the solicitation of votes with respect to the Plan, or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases or the restructuring of the Debtors or the Reorganized Debtors (collectively, the "Covered Actions"); provided, however, that the foregoing shall not operate to waive or release (i) any Causes of Action (and rights with respect thereto) arising from fraud, gross negligence, willful misconduct or criminal acts; (ii) any Causes of Action (and rights with respect thereto) against any Person or Entity that is not a Released Party; and/or (iii) the rights of the Debtors, the Reorganized Debtors or any Creditor holding an Allowed Claim, if applicable, to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to a Final Order.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the foregoing releases by the Debtors, which includes by reference each of the related provisions and definition contained herein, and further, shall constitute the Bankruptcy Court's finding that each of the foregoing releases by the Debtors is: (1) in exchange for good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by the foregoing releases by the Debtors; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors or the Reorganized Debtors asserting any Claim or Cause of Action released pursuant to the foregoing release by the Debtors.

(c) **Releases by Holders of Claims and Interests**

As of the Effective Date, (i) each of the Released Parties, (ii) every Holder of a Claim against the Debtors, and (iii) every Holder of an Interest in the Debtors, and with respect to each of the foregoing Entities in clauses (i) through (iii), such Entity's predecessors, successors and assigns, Affiliates, Subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities in clauses (i) through (iii), each solely in their capacity as such) (collectively, the "Releasing Parties") shall be deemed to forever release, waive, and discharge each of the (other) Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including Avoidance Actions), and liabilities whatsoever, for all Covered Actions (the "Consensual Release"); provided, however, that the Releasing Parties shall not include Holders of Claims or Interests that are deemed to reject the Plan or that are entitled to vote on the Plan but (x) do not return a Ballot by the Voting Deadline or (y) affirmatively opt-out of the Consensual Release by returning a properly completed Ballot by the Voting Deadline and indicating on the Ballot that the Person or Entity opts out of the Consensual Release; provided, further, that the Consensual

Release shall not release the Indemnification Obligations as limited by Section 5.06 of the Plan.

Section 11.03 Discharge of Claims and Interests

(a) Except as otherwise provided herein or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release, effective as of the Effective Date, of all Claims, Interests and Causes of Action of any nature whatsoever, including any interest accrued on such Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties and, regardless of whether any property shall have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims and Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is Filed or deemed Filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been Disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan. The Plan shall bind all Holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors or any of their assets or properties, any other or further Claims, Interests, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination, as of the Effective Date, of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

Section 11.04 Injunctions

(a) Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, Interest, or other debt or liability that is discharged pursuant to Section 11.03 of the Plan, released pursuant to Section 11.02 of the Plan, or is subject to exculpation pursuant to Section 11.05 of the Plan, are permanently enjoined from taking any of the following actions against the Released Parties or any of their respective assets or property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding of any kind; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Released Parties or their respective assets or property; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a right of setoff, recoupment or subrogation

of any kind against any debt, liability, or obligation due to the Released Parties; or (v) commencing or continuing any action, in each such cases in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

(b) Without limiting the effect of the foregoing provisions of this Section 11.04 upon any Person, by accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim or Interest receiving a Distribution pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in this Section 11.04.

(c) Nothing in this Section 11.04 shall impair (i) the rights of any Holder of a Disputed Claim to establish its Claim in response to an objection Filed by the Debtors or the Reorganized Debtors, (ii) the rights of any defendant in an Avoidance Action Filed by the Debtors to assert defenses in such action, or (iii) the rights of any party to an Executory Contract or Unexpired Lease that has been assumed by the Debtors pursuant to an order of the Bankruptcy Court or the provisions of the Plan to enforce such assumed Executory Contract or Unexpired Lease.

Section 11.05 Exculpation and Limitations of Liability

The term "Exculpated Parties" means (i) each Debtor and its Affiliates, and each Reorganized Debtor and its Affiliates; (ii) the members of the Special Committee in any capacity, including in their capacity as directors of any of the SFX Entities; and with respect to each of the foregoing, each of their respective direct or indirect subsidiaries, officers and directors, managers, members, employees, agents, representatives, financial advisors, professionals, accountants, and attorneys actively engaged by the SFX Entities on the Confirmation Date pursuant to an agreement (solely in their capacity as such); provided, that the term Exculpated Parties shall not include (A) any person who "opts out" of the Consensual Release and/or is otherwise entitled to vote to accept or reject the Plan, but does not vote to accept the Plan, (B) Sillerman acting in any capacity (and any affiliate of Sillerman other than the SFX Entities), (C) Tytel acting in any capacity, (D) any officers, directors, members, managers or employees of the SFX Entities not serving or employed on the Confirmation Date, and (E) any advisor, accountant, agent, representative, counsel, or financial advisor (solely in their capacity as such) of the SFX Entities not actively engaged by the SFX Entities on the Confirmation Date.

On the Effective Date, the Exculpated Parties shall neither have, nor incur any liability to any Holder of a Claim or an Interest, the Debtors, the Reorganized Debtors, or any other party-in-interest, or any of their respective agents, employees, representatives, advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the prosecution of the Chapter 11 Cases, the formulation, negotiation, or implementation of the Disclosure Statement or the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, or the consummation of the Plan, except for acts or omissions that are the result of willful misconduct, gross negligence, fraud or criminal acts as determined by a Final Order; provided, however, that (i) the foregoing is not intended to limit or otherwise impact any defense of qualified immunity that may be available under applicable law; (ii) each Exculpated Party shall be entitled to rely upon the advice of

counsel concerning his, her or its duties pursuant to, or in connection with, the Plan; and (iii) the foregoing exculpation shall not be deemed to, release, affect, or limit any of the rights and obligations of the Exculpated Parties from, or exculpate the Exculpated Parties with respect to, any of the Exculpated Parties' obligations or covenants arising pursuant to the Plan or the Confirmation Order.

Section 11.06 Preservation of Setoff and Recoupment Rights

Notwithstanding any provision to the contrary in this Plan, the Confirmation Order, and any documents implementing the Plan, nothing shall bar any Creditor from asserting its setoff or recoupment rights to the extent permitted under section 553 or any other applicable provision of the Bankruptcy Code.

Section 11.07 Votes Solicited in Good Faith

The Debtors have, and upon confirmation of the Plan shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtors (and each of their respective Affiliates, agents, directors, officers, members, employees, advisors, and attorneys) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the securities offered and sold under the Plan and therefore have not, and on account of such offer and issuance will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer or issuance of the securities offered and distributed under the Plan.

ARTICLE XII
MISCELLANEOUS PROVISIONS

Section 12.01 Fees and Expenses of the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee

On the Effective Date, the Reorganized Debtors shall pay in Cash all fees for services rendered and expenses incurred by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee prior to or after the Petition Date. Following the Effective Date, the Reorganized Debtors shall pay all reasonable fees, costs and expenses incurred by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee in connection with the Distributions required pursuant to the Plan or in assisting in the implementation of the Plan, including, but not limited to, the reasonable fees costs and expenses incurred by the DIP Agent's, Foreign Loan Agent's, or the Prepetition Second Priority Trustee's professionals in carrying out their duties under the DIP Credit Documents, the Foreign Loan Agreement, and the Prepetition Second Priority Indenture, respectively. The foregoing reasonable fees, costs and expenses shall be disbursed by the Reorganized Debtors in the ordinary course, upon presentation of reasonably detailed invoices in customary form by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee without the need for approval by the Bankruptcy Court, or the filing of an Administrative Claim Request, but any disputes concerning such fees, costs and expenses shall be resolved by the Bankruptcy Court.

If the Reorganized Debtors dispute any portion of fees and expenses asserted by the DIP Agent, the Foreign Loan Agent, or the Prepetition Second Priority Trustee, the Reorganized Debtors shall pay the undisputed portion of such fees and expenses as set forth herein, and shall notify the party whose fees and/or expenses it disputes within ten (10) Business Days after the presentation of such invoices to the Reorganized Debtors. The party whose fees are in dispute may at any time submit such dispute for resolution to the Bankruptcy Court, provided that the Bankruptcy Court's review shall be limited to a determination under the reasonable standards in accordance with the DIP Credit Agreement, the Foreign Loan Agreement, and the Prepetition Second Priority Indenture. In addition, the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee may assert their respective rights under the DIP Credit Agreement, the Foreign Loan Agreement, and Prepetition Second Priority Indenture to Liens upon or other priority in payment with respect to the Distributions to Holders of the DIP Claims, the Original Foreign Loan Claims, and Prepetition Second Priority Notes to pay the disputed portion of the DIP Agent's, Foreign Loan Agent's, and Prepetition Second Priority Trustee's fees and expenses. Nothing herein shall waive, discharge or negatively affect any lien or priority of payment for any fees, costs and expenses not paid by the Reorganized Debtors and otherwise claimed by the DIP Agent, the Foreign Loan Agent, and Prepetition Second Priority Trustee under the Plan (a "**Charging Lien**").

Section 12.02 FTI Fees and Expenses

On the Effective Date, in full and complete settlement, release, and discharge of their Allowed Administrative Claims pursuant to sections 105, 363, 503(b) and 507(a)(2) of the Bankruptcy Code, the Debtors or the Reorganized Debtors shall promptly indefeasibly pay in full in Cash (pursuant to section 1129(a)(4) of the Bankruptcy Code or otherwise) all reasonable and documented fees, out-of-pocket costs, expenses, disbursements and charges incurred by FTI in connection with the Chapter 11 Cases up to and including the Effective Date that have not previously been paid (which fees and expenses shall be treated as Administrative Claims under the Plan). All amounts distributed and paid to FTI shall not be subject to setoff, recoupment, reduction or allocation of any kind and shall not require the filing or approval of any additional retention applications or fee applications in the Chapter 11 Cases.

Section 12.03 Restructuring Support Advisors Fees and Expenses

On the Effective Date, in full and complete settlement, release, and discharge of their Allowed Administrative Claims pursuant to section 503(b) and 507(a)(2) of the Bankruptcy Code, the Debtors or the Reorganized Debtors shall promptly indefeasibly pay in full in Cash (pursuant to section 1129(a)(4) of the Bankruptcy Code or otherwise) all reasonable and documented fees, out-of-pocket costs, expenses, disbursements and charges incurred by the Restructuring Support Advisors in connection with the Chapter 11 Cases up to and including the Effective Date that have not previously been paid (which fees and expenses shall be treated as Administrative Claims under the Plan). All amounts distributed and paid to the Restructuring Support Advisors shall not be subject to any setoff, defense, claim, counterclaim diminution, recoupment, reduction or allocation of any kind and shall not require the filing or approval of any retention applications or fee applications in the Chapter 11 Cases.

Section 12.04 Payment of Statutory Fees

All fees payable on or before the Effective Date pursuant to section 1930 of title 28 of the United States Code shall be paid by the Debtors on or before the Effective Date and all such fees payable after the Effective Date shall be paid by the applicable Reorganized Debtor. The obligation of each of the Reorganized Debtors to pay quarterly fees to the Office of the United States Trustee pursuant to section 1930 of title 28 of the United States Code shall continue until such time as the Chapter 11 Cases are closed.

Section 12.05 Modifications and Amendments

The Debtors may, with the consent of the Required DIP Lenders, alter, amend, or modify the Plan or any exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date.

The Debtors shall provide parties-in-interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified, or clarified, if the proposed alteration, amendment, modification, or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, the Debtors or Reorganized Debtors, as applicable, may, under section 1127(b) of the Bankruptcy Code and with the consent of the Required DIP Lenders, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims or Interests in the Debtors under the Plan; provided, however, that, to the extent required, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or an order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

Section 12.06 Fiduciary Duties

Nothing in this Plan shall require the Debtors, or any directors or officers or members of the Debtors (solely in such person's capacity as a director or officer or member of the Debtors) to take any action, or to refrain from taking any action, that the Special Committee determines, after consultation with counsel, to be inconsistent with, or a breach of, its fiduciary obligations or that would otherwise contravene applicable law.

Section 12.07 Continuing Exclusivity and Solicitation Period

Subject to further order of the Bankruptcy Court, until the Effective Date, the Debtors shall, pursuant to section 1121 of the Bankruptcy Code, retain the exclusive right to amend the Plan and to solicit acceptances thereof, and any modifications or amendments thereto.

Section 12.08 Severability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court at the request of the Debtors shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, interpretation or severance, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, interpretation or severance. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

Section 12.09 Successors and Assigns and Binding Effect

The rights, benefits, and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such Person or Entity, including, but not limited to, the Reorganized Debtors and all other parties-in-interest in the Chapter 11 Cases.

Section 12.10 Compromises and Settlements

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, THE ALLOWANCE, CLASSIFICATION, AND TREATMENT OF ALL ALLOWED CLAIMS AND ALLOWED INTERESTS AND THEIR RESPECTIVE DISTRIBUTIONS AND TREATMENTS HEREUNDER TAKE INTO ACCOUNT THE RELATIVE PRIORITY AND RIGHTS OF THE CLAIMS AND INTERESTS IN EACH CLASS IN CONNECTION WITH ANY CONTRACTUAL, LEGAL AND EQUITABLE SUBORDINATION RIGHTS RELATING THERETO. AS OF THE EFFECTIVE DATE, ANY AND ALL SUCH RIGHTS DESCRIBED IN THE PRECEDING SENTENCE ARE SETTLED, COMPROMISED AND RELEASED PURSUANT TO THE PLAN. THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING AND DETERMINATION THAT THE SETTLEMENTS REFLECTED IN THE PLAN, ARE (1) IN THE BEST INTERESTS OF THE DEBTORS AND THEIR ESTATES, (2) FAIR, EQUITABLE AND REASONABLE, (3) MADE IN GOOD FAITH, AND (4) APPROVED BY THE BANKRUPTCY COURT PURSUANT TO SECTIONS 363 AND 1123 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019. IN ADDITION, THE ALLOWANCE, CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS TAKES INTO ACCOUNT ANY CAUSES OF ACTION, CLAIMS, OR COUNTERCLAIMS, WHETHER UNDER THE BANKRUPTCY CODE OR OTHERWISE UNDER APPLICABLE

LAW, THAT MAY EXIST BETWEEN THE DEBTORS AND THE RELEASING PARTIES; AND AS BETWEEN THE RELEASING PARTIES AND THE RELEASED PARTIES. AS OF THE EFFECTIVE DATE, ANY AND ALL SUCH CAUSES OF ACTION, CLAIMS AND COUNTERCLAIMS ARE SETTLED, COMPROMISED AND RELEASED PURSUANT TO THE PLAN AND THE CONFIRMATION ORDER.

Section 12.11 Term of Injunctions or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

Section 12.12 Revocation, Withdrawal, or Non-Consummation

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims against, or any Interests in, the Debtors, or any Avoidance Actions or other claims by or against the Debtors or any Person or Entity, (ii) prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person or Entity.

Section 12.13 Plan Supplement

The Plan Supplement shall be Filed with the Bankruptcy Court at least seven (7) days prior to the Voting Deadline or by such later date as may be established by order of the Bankruptcy Court. Upon such Filing, all documents set forth in the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours, or by downloading such Plan Supplement from the Bankruptcy Court's website at http://www.deb.uscourts.gov (registration required) or the Notice and Claims Agent's website at www.kccllc.net/sfx.

Section 12.14 Notices

Any notice, request, or demand required or permitted to be made or provided under the Plan shall be: (a) in writing; (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, or (v) facsimile transmission; and (c) deemed to have been duly given or made when actually delivered or, in the cases of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

1. If to the Debtors or Reorganized Debtors:

Greenberg Traurig, LLP
Attn: Dennis A. Meloro
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, DE 19801
Tel: (302) 661-7000
Fax: (302) 661-7360

-and-

Greenberg Traurig, LLP
Attn: Matthew L. Hinker
MetLife Building
200 Park Avenue
New York, New York 10166
Tel: (212) 801-9200
Fax: (212) 801-6400

2. If to the DIP Lenders:

Stroock & Stroock & Lavan LLP
Attn: Kristopher M. Hansen
Jonathan D. Canfield
Elizabeth Taveras
180 Maiden Lane
New York, New York 10038
Tel: (212) 806-5400
Fax: (212) 661-6006

-and-

Young Conaway Stargatt & Taylor, LLP
Attn: Matthew B. Lunn
Rodney Square, 1000 North King Street
Wilmington, Delaware 19801
Tel: (302) 571-6600
Fax: (302) 571-1253

Section 12.15 Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

Section 12.16 Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of (a) the State of Delaware shall govern the construction and implementation of the Plan and (except as may be provided otherwise in any such

agreements, documents, or instruments) any agreements, documents, and instruments executed in connection with the Plan, and (b) the laws of the state of incorporation of the Debtors shall govern corporate governance matters with respect to the Debtors; in each case without giving effect to the principles of conflicts of law thereof.

Section 12.17 Exhibits

All exhibits are incorporated into and are a part of this Plan as if set forth in full herein, and, to the extent not annexed hereto, such exhibits shall be Filed with the Bankruptcy Court with or before the Plan Supplement. After the filing of the exhibits, copies of exhibits can be obtained upon written request to counsel for the Debtors at (i) Greenberg Traurig LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware 19801, Attn: Dennis Meloro, Esq., melorod@gtlaw.com, or (ii) by downloading such exhibits from the Bankruptcy Court's website at http://www.deb.uscourts.gov (registration required) or the Notice and Claims Agent's website at www.kccllc.net/sfx. To the extent any exhibit is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit portion of the Plan shall control.

Dated: August 25, 2016

GREENBERG TRAURIG, LLP

/s/ Denis A. Meloro

Dennis A. Meloro (DE Bar No. 4435)
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
Email: melorod@gtlaw.com

-and-

Nancy A. Mitchell (admitted *pro hac vice*)
Maria J. DiConza (admitted *pro hac vice*)
Nathan A. Haynes (admitted *pro hac vice*)
Matthew L. Hinker
GREENBERG TRAURIG, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
Email: mitchelln@gtlaw.com
diconzam@gtlaw.com
haynesn@gtlaw.com
hinkerm@gtlaw.com

Counsel for the Debtors and Debtors-in-Possession

Schedule 2.01

Debtor Groups

2019 Debtors

A. SFX Entertainment, Inc.
B. 430R Acquisition LLC
C. Beatport, LLC
D. Core Productions LLC
E. EZ Festivals LLC
F. Flavorus, Inc.
G. ID&T/SFX Mysteryland LLC
H. ID&T/SFX North America LLC
I. ID&T/SFX Q-Dance LLC
J. ID&T/SFX Sensation LLC
K. ID&T/SFX TomorrowWorld LLC
L. LETMA Acquisition, LLC
M. Made Event, LLC
N. Michigan JJ Holdings LLC
O. SFX Acquisition LLC
P. SFX Development LLC
Q. SFX EDM Holdings Corporation
R. SFX Intermediate Holdco II LLC
S. SFX Managing Member Inc.
T. SFX Marketing LLC
U. SFX Platform & Sponsorship LLC
V. SFX Technology Services, Inc.
W. SFX/AB Live Event Canada, Inc.
X. SFX/AB Live Event Intermediate Holdco LLC
Y. SFX/AB Live Event LLC
Z. SFX-94 LLC
AA. SFX-Disco Intermediate Holdco LLC
BB. SFX-Disco Operating LLC
CC. SFXE IP LLC
DD. SFX-EMC, Inc.
EE. SFX-Hudson LLC
FF. SFX-IDT N.A. Holding II LLC
GG. SFX-LIC Operating LLC
HH. SFX-IDT N.A. Holding LLC
II. SFX-Nightlife Operating LLC
JJ. SFX-Perryscope LLC
KK. SFX-React Operating LLC
LL. Spring Awakening, LLC

Foreign Debtors

A. SFXE Netherlands Holdings Coöperatief U.A.
B. SFXE Netherlands Holdings B.V.

Non-Obligor Debtors

A. SFX Brazil LLC
B. SFX Canada Inc.
C. SFX Entertainment International II, Inc.
D. SFX Entertainment International, Inc.

EXHIBIT B

Pro Forma Financial Projections

SFX Entertainment

Pro Forma Financial Projections

	Q4 2016	2017	2018	2019	2020	2021
P&L						
North America Live	$ 23,024	$ 118,100	$ 123,593	$ 131,522	$ 140,058	$ 149,247
Europe Live	21,010	126,578	133,302	140,593	148,531	157,208
Brazil Live	287	19,782	20,274	20,777	21,294	21,823
Platform	8,087	31,605	32,934	30,300	27,876	25,646
Corporate & Other	-	-	-	-	-	-
Total Revenue	**$ 52,408**	**$ 296,064**	**$ 310,102**	**$ 323,192**	**$ 337,758**	**$ 353,924**
North America Live	$ 18,677	$ 104,901	$ 101,420	$ 104,935	$ 110,336	$ 116,083
Europe Live	13,940	78,459	82,117	84,746	87,227	89,786
Brazil Live	17	21,762	18,637	18,644	18,900	19,157
Platform	5,610	24,892	21,922	22,845	20,714	18,778
Corporate & Other	-	-	-	-	-	-
Operating Expenses	**$ 38,244**	**$ 224,096**	**$ 231,171**	**$ 237,178**	**$ 243,804**	**$ 251,057**
Operating Income	**$ 14,164**	**$ 71,968**	**$ 78,932**	**$ 86,015**	**$ 93,954**	**$ 102,867**
EBITDA	**$ (3,779)**	**$ 7,725**	**$ 13,966**	**$ 19,750**	**$ 26,363**	**$ 33,925**

The Company developed a set of financial projections for the purposes set forth below. The Financial Projections reflect the Company's estimate for results of operations after confirmation of the Plan, based upon the Company's assumptions and judgments as to future market and business conditions and expected future operating performance, all of which are subject to change. Actual operating results and values may vary.

FINANCIAL PROJECTIONS

As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Company. In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the Company's management has, through the development of the Financial Projections, analyzed its ability to meet its obligations under the Plan and to maintain sufficient liquidity and capital resources to conduct its business subsequent to its emergence from these Chapter 11 Cases. The Financial Projections were prepared to assist those holders of Allowed Claims entitled to vote on the Plan in determining whether to accept or reject the Plan.

The Company has recently experienced disruption in its business operations caused by its Chapter 11 proceeding and uncertainty of its financial restructuring process. There is no assurance that it will be able to avert further loss or reduction in business from its users, sponsors and festival attendees without confirmation of the Plan.

Furthermore, the festival and event promotion industry has historically been and continues to be subject to volatility due to unpredictable weather, evolving sponsors and festival attendee demands and increasing talent cost, all of which could cause actual results to differ from projections.

For the purpose of demonstrating Plan feasibility, the Company prepared the Financial Projections. The Financial Projections present, to the best of the Company's knowledge, the results of operations from 2016 through 2021 and reflect the Company's assumptions and judgments as of the time prepared.

THE FINANCIAL PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARDS COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE COMPANY'S INDEPENDENT ACCOUNTANT HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO. THE COMPANY DOES NOT INTEND TO, AND DISCLAIMS ANY OBLIGATION TO (A) FURNISH UPDATED PROJECTIONS TO HOLDERS OF CLAIMS OR EQUITY INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO HOLDERS OF REORGANIZED COMPANY COMMON STOCK OR ANY OTHER PARTY AFTER THE EFFECTIVE DATE, (B) INCLUDE SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SEC, OR (C) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE COMPANY'S MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. THE COMPANY CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR TO THE COMPANY'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE.

FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER.

Scope of Financial Projections

The Financial Projections are based on the assumption that the Effective Date will occur on or about October 28, 2016. If the Effective Date is significantly delayed, additional expenses, including professional fees, may be incurred and operating results may be negatively impacted. It is also assumed that the reorganized Company will conduct operations substantially similar to its current business.

The Financial Projections do not fully reflect the application of fresh start accounting. Any formal fresh start reporting adjustments that may be required in accordance with Statement of Position 90-7 Financial Reporting by Entities in Reorganization under the Bankruptcy Code, including any allocation of the Company's reorganization value to the Company's assets in accordance with the procedures specified in Accounting Standards Codification 805, will be made after the Company emerges from bankruptcy. The Financial Projections include projected profit and loss of the reorganized Company.

The Financial Projections are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to: the ability of the reorganized Company to operate its business consistent with its projections generally, including the ability to maintain or increase revenue and cash flow to satisfy its liquidity needs, service its indebtedness and finance the ongoing obligations of its business, and to manage its future operating expenses and make necessary capital expenditures; the ability of the reorganized Company to comply with the covenants and conditions under its credit facilities; the loss or reduction in business from the reorganized Company's significant sponsors and festival attendees or the failure of its significant sponsors and vendors to perform their obligations; the loss or material downtime of major suppliers; material declines in demand for festival and event promotion; increases in production and payroll expenses; the reorganized Company's ability to attract and maintain key executives, managers and employees; changes in general domestic and international political conditions; and adverse changes in foreign currency exchange rates affecting the reorganized Company's expenses.

Overview of the Company

SFXE is a leading producer of live events and digital entertainment content focused exclusively on electronic music culture and world-class festivals. SFXE commenced material operations in 2012 with the intent of acquiring and operating companies within the EDM industry, specifically those engaged in the promotion and production of live music events, festivals and digital offerings attractive to EDM fans in the United States and abroad. Over the next three years, SFXE acquired a number of leading EDM brands, such as TomorrowWorld, Beatport, Mysteryland, Sensation and Electric Zoo, and expanded its operations worldwide. Today, the Company is actively engaged in the production and promotion of EDM festivals and events both domestically and abroad, with operations in multiple countries. In addition, the Company manages large, event-driven nightclubs that serve as venues for performances by key EDM talent.

KEY ASSUMPTIONS TO FINANCIAL PROJECTIONS

Methodology

The Company's current business plan incorporates assumptions related to certain economic and business conditions for the projected period 2016-2021. These assumptions are based upon historic seasonality and industry experience.

The financial statements included herein reflect the projected core operating performance of the reorganized Company's live event and platform businesses. The Financial Projections were developed on a bottom-up basis through 2018 and at the business unit level through 2021. The Financial Projections incorporate multiple sources of information including general business and market conditions as well as industry and competitive trends.

Revenue

Revenues in the Financial Projections for the Company's live event business units were developed on an event-by-event basis through 2018. Assumptions for attendance growth for each event were determined and revenues directly related to attendance levels were forecasted with assumptions per attendee; these assumptions include ticket price and net food and beverage, merchandise and other festival attendee spend amounts. Additionally, sponsorship sales amounts were determined on an event-by-event basis through 2018 based on attendance levels and market expectations.

An analysis of the Company's platform businesses' users and spending patterns supplied appropriate growth assumptions for revenue projection through 2018.

The Financial Projections were developed at the business unit level through 2021. The growth rate in total revenue from 2017 to 2018 was applied to the forecast for 2019-2021.

Operating Expenses

Operating expenses for the Company's live event businesses include the cost of talent, venue rent, marketing, production, security and other miscellaneous expenses. These expenses in the Financial Projections were developed on an event-by-event basis through 2018 and are based on historical spend and management's view of the planned event growth. Insurance for the live event businesses was forecasted in aggregate and was assumed based on expected market conditions.

Payments to artists' labels and performing rights organizations represent the largest portion of the Company's platform businesses' operating expenses, which are forecasted as a percentage of revenue through 2018.

The Financial Projections were developed at the business unit level through 2021. Operating expenses for each of the live event and platform business units were forecasted as a percentage of their respective revenues, with a 1.0% increase in gross margin each year from 2019-2021.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses ("SG&A") for the Company includes payroll, rent and office expenses, legal and other professional fees, auditing, and other corporate expenses. The Financial Projections for SG&A are estimated based on historical spend and management's view of improved lean operations and assumed inflation of 3.0% per year through 2018 and 2.0% per year from 2019-2021.

Capital Expenditures

The Company's capital expenditures in the Financial Projections consist of maintenance spend to upgrade the physical assets of the business during the forecast period. Other than assumptions related to specific expenditures for events, the capital expenditures forecast assumes 3.0% growth per year through 2021.

Currency / Foreign Exchange

The Company's core operating performance in the Financial Projections is presented in US Dollars. Results from international operations were converted to US Dollars at a constant rate throughout the forecast period.

Taxes

The impact of income tax on the Company's core operating performance was not considered in preparation of the Financial Projections.

Other

The Company's core operating performance in the Financial Projections excludes Rock in Rio on the basis that it is not expected to contribute cash flow.

EXHIBIT C

Liquidation Analysis

Hypothetical Chapter 7 Liquidation Analysis

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired allowed claim or interest either (a) accept the plan of reorganization or (b) receive or retain, under the plan, property of a value, as of the effective date, that is not less than the value such holder would receive or retain if the applicable Debtor were liquidated under chapter 7 of the Bankruptcy Code on the effective date. This requirement is referred to as the "best interests" test. To make these findings, a bankruptcy court must: (a) estimate the cash liquidation proceeds that a chapter 7 trustee would generate if the assets of such debtor's estate were liquidated pursuant to chapter 7 of the Bankruptcy Code; (b) determine the liquidation distribution that each non-accepting holder of a claim or an interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare the holder's liquidation distribution to the distribution that the holder would receive if the plan were confirmed and consummated.

To demonstrate compliance with the "best interests" test, the Debtors estimated a range of proceeds that would be generated from a hypothetical chapter 7 liquidation (the "***Liquidation Analysis***"). The Liquidation Analysis was prepared by the Debtors with assistance from their financial and other advisors and represents the Debtors' estimate of the proceeds that would be realized if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis assumes that the chapter 11 cases are converted into liquidations under chapter 7. The Liquidation Analysis also assumes that the chapter 7 trustee would seek to liquidate the assets promptly. During this process, the Debtors' estates would continue to need to use cash collateral and proceeds from the liquidation to operate the business while winding down the affairs of the estates. The Liquidation Analysis assumes the consensual use of cash collateral and proceeds from liquidation to permit the chapter 7 trustee to liquidate the assets and claims for a period up to 6 months following conversion.

The Liquidation Analysis is premised upon a number of estimates and assumptions that, although developed and considered reasonable by the Debtors, are inherently subject to significant business, economic, and competitive uncertainties beyond the control of the Debtors and, as discussed below, may be subject to change. Thus, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were, in fact, to undergo liquidation. In addition, any liquidation ultimately undertaken would take place under future circumstances that cannot be predicted with certainty. Accordingly, although the Liquidation Analysis that follows is necessarily presented with numerical specificity, if the Debtors' estates were in fact liquidated as described herein, the actual proceeds from such liquidation could vary significantly from the amounts set forth in the Liquidation Analysis. The actual liquidation proceeds could be materially higher or lower than the amounts set forth in the Liquidation Analysis, and no representation or warranty can be or is being made with respect to the actual proceeds that would be generated from the liquidation of the Debtors' assets under chapter 7 of the Bankruptcy Code. The Liquidation Analysis has been prepared solely for the purposes of estimating the proceeds that would be available if the Debtors liquidated under chapter 7 of the Bankruptcy Code for purposes of the "best interests" test and does not represent values that may be appropriate for any other purpose, including the values applicable in the context of the Plan. Nothing contained in the Liquidation Analysis is intended as or constitutes a concession or admission for any purpose other than the presentation of a hypothetical liquidation analysis, as required by the "best interests" test.

General Assumptions

The following is a list of key assumptions that were utilized in the Liquidation Analysis:

- The basis for the Liquidation Analysis is (a) information included in the Disclosure Statement and (b) the Debtors' books and records.

- The Liquidation Analysis assumes that the liquidation of the Debtors would commence on September 30, 2016 under the direction of a court-appointed chapter 7 trustee. While the Liquidation Analysis assumes the majority of the wind down would be accomplished in approximately 90 days, the liquidation could be expected to take six months to complete fully (the "Liquidation Period"). During this time, all of the

Debtors' major assets would be sold and the cash proceeds, net of liquidation-related costs, would be distributed to satisfy claims.

- The book value of all the assets presented, except for Cash & Cash Equivalents, is based on the latest balance sheet, which is unaudited and dated as of February 29, 2016. The Debtors estimate the book value of these assets will not be materially changed at the commencement of the Liquidation Period. Book value may not reflect the fair value of the assets. Cash & Cash Equivalents are forecasted as of September 30, 2016 based on the Debtors' financial projections. Outstanding balances of the Foreign Loan, DIP Facility and 2019 Notes (each as defined herein) are estimated as of September 30, 2016.

- The Liquidation Analysis assumes that most of the Debtors' assets are liquidated, rather than sold as going concern businesses, at a price based on a percentage of book value, which the Debtors' management has estimated. However, certain of the Debtors' European Business segments owned by non-Debtor subsidiaries of the Debtors, which are not dependent on the Debtors for financial support, are assumed to be sold as going concern businesses. The Debtors' management has assumed, for the purposes of this Liquidation Analysis, that the Debtors would sell their equity interest in non-Debtor subsidiaries which hold the following businesses: ID&T NL, iMotion, ID&T Brazil, Paylogic, CVBV, and Monumental. More detail on the methodology which the Debtors used to estimate the sale value of assets sold as going concern businesses can be found in the Note 1(j).

- The Liquidation Analysis assumes that the Liquidation Period may not provide sufficient time to maximize value during the sale of assets of the Debtors and the Debtors' negotiation position would be weak. The assets would likely be valued and transacted upon at "distressed" levels.

- Liquidation values were derived by estimating proceeds from a "distressed" sale of assets that a chapter 7 trustee might achieve. Proceeds are net of all costs assumed to be incurred in executing such sales. Values exclude certain fees and expenses detailed below.

- The Liquidation Analysis assumes that proceeds realized from a chapter 7 liquidation would be reduced by administrative costs incurred during the wind down of operations, the stabilization and protection of the assets, the disposition of assets and the reconciliation of claims. These costs include professional fees, trustee fees, corporate wind down costs and post–conversion date trade claims.

- The Liquidation Analysis assumes that net proceeds from the sale of the assets would be distributed in accordance with the Bankruptcy Code and that no distributions would be made to junior creditors or equity holders until all senior creditors are paid in full.

- Upon conversion of the chapter 11 cases to chapter 7 liquidation, it is assumed that the chapter 7 trustee would be permitted the use of cash collateral and sale proceeds for the purposes of managing a wind down and liquidation of assets.

While the Liquidation Analysis assumes full liquidation over the Liquidation Period commencing September 30, 2016, it is possible that the disposition and recovery from certain assets could take longer to realize. The potential impact of litigation and actions by other parties could increase the amount of time required to realize recoveries assumed in this analysis. Such events, including if the chapter 7 trustee were not granted consensual use of cash collateral, could also add costs to the liquidation in the form of higher legal and professional fees to resolve these potential events.

The table below summarizes the estimated proceeds that would be available for distribution to the Debtors' creditors and equity holders in a hypothetical liquidation of the Debtors' estates under chapter 7 of the Bankruptcy Code. Additional assumptions with respect to the Liquidation Analysis are provided below.

Hypothetical Liquidation Analysis

$ in '000s

	Notes Ref.	Book Value as of 2/29/2016	Asset Recovery (%) Low	Asset Recovery (%) High	Liquidation Value Low	Liquidation Value High
Current Assets						
Cash & Equivalents (est. as of 9/30/2016)	(a)	$13,818	100%	100%	$13,818	$13,818
Restricted Cash	(b)	849	0%	0%	0	0
Accounts Receivable	(c)	16,092	40%	55%	6,437	8,851
Prepaid Expenses	(d)	8,548	0%	0%	0	0
Due From Related Parties	(e)	1,344	0%	10%	0	134
Other Current Assets	(f)	1,796	5%	10%	90	180
Total Current Assets		**$42,446**			**$20,345**	**$22,983**
PP&E	(g)	$15,701	5%	10%	$785	$1,570
Goodwill	(h)	102,454	0%	0%	0	0
Intangible Assets	(h)	95,888	0%	0%	0	0
Other Assets	(i)	8,977	5%	10%	449	898
Total Assets		**$265,467**			**$21,579**	**$25,451**
Other Assets						
Select European Assets, going concern sale	(j)				$39,821	$62,220
Rock World	(k)				$0	$0
Total Net Proceeds Available for Distribution					$61,400	$87,671

Liquidation Costs & Admin. Claims		%	Low $	High $		
Corporate Wind Down	(l)		$500	$1,000	$500	$1,000
Chapter 7 Trustee	(m)	3.00%			1,842	2,630
Professional Fees & Expenses	(n)		3,000	3,000	3,000	3,000
Post-Conversion Trade Claims	(o)		1,000	1,000	1,000	1,000
Total Liquidation Costs & Admin. Costs					**$6,342**	**$7,630**
Net Proceeds Available for Distribution After Windown Costs					$55,058	$80,041

Summary Recoveries	**$ Recovery** Low	**$ Recovery** High
Pre-Petition European Foreign Loan - Recovery	$22,769	$22,769
D&O Tail - Recovery	$1,400	$1,400
Artist DIP Carveout - Recovery	$2,400	$2,400
Tranche A DIP Facility - Recovery	$28,488	$30,600
Tranche B DIP Facility - Recovery	$0	$6,894
Post-Petition Foreign Loan - Recovery	$0	$15,978
2019 Second Lien Secured Notes - Recovery	$0	$0
Chapter 11 Admin Costs - Recovery	$0	$0
Unsecured Tax Claims - Recovery	$0	$0
Unsecured Non-Priority Claims - Recovery	$0	$0

		Estimated Claim	**% Recovery** Low	**% Recovery** High
Pre-Petition European Foreign Loan	(p)	$22,769	100%	100%
D&O Tail	(q)	$1,400	100%	100%
Artist DIP Carveout	(r)	$2,400	100%	100%
Tranche A DIP Facility	(s)	$30,600	93%	100%
Tranche B DIP Facility	(s)	$19,430	0%	35%
Post-Petition Foreign Loan	(p)	$45,032	0%	35%
2019 Second Lien Secured Notes	(t)	$330,562	0%	0%
Chapter 11 Admin Claims	(u)	$500	0%	0%
Unsecured - Priority Tax Claims	(v)	$300	0%	0%
Unsecured - Non-priority Claims	(w)	$70,000	0%	0%

1) Assets

The following are assumptions with respect to specific categories of assets.

a. **Cash & Cash Equivalents.** Cash & Cash Equivalents are cash balances and highly liquid investments. At the commencement of a hypothetical liquidation, Cash & Cash Equivalents would not be subject to any discount factors. The balance of Cash & Cash Equivalents is as of 9/30/2016 based on the Debtors' financial projections.

b. **Restricted Cash.** Restricted Cash is cash held in contemplation for satisfaction of certain potential tax liabilities related to certain employee contracts; the Debtors' management believes that this cash would not be available to the Debtors in a chapter 7 liquidation.

c. **Accounts Receivable.** Accounts Receivable are amounts due to the Debtors from sales, primarily amounts related to show settlements from recent shows. Estimated proceeds realized from Accounts Receivable under a hypothetical liquidation scenario are based on the Debtors' estimate of collectability and the assumption that every reasonable effort would be made by the chapter 7 trustee to collect receivables from customers. The Debtors' management estimates a recovery percentage between 40% and 55% for Accounts Receivable.

d. **Prepaid Expenses.** Prepaid expenses are amounts which have been paid to suppliers for services to be rendered in the future. These primarily consist of artist costs and production costs which have been paid in advance of services being rendered. The Debtors do not believe that these costs are recoverable.

e. **Due from Related Parties.** Amounts Due From Related Parties are, primarily, amounts owed by MJX Asset Management and Viggle. The Debtors' management estimates that the recovery percentage on this asset class would be between 0% and 10%.

f. **Other Current Assets.** Other Current Assets are primarily advances to clients and suppliers as well as deposits for future expenses. The Debtors' management estimates that the recovery on this asset class would be between 5% and 10%.

g. **Property, Plant, and Equipment.** Property, Plant, and Equipment ("PP&E") consists of equipment, buildings and leasehold improvements, furniture, fixtures, office equipment and vehicles. This amount is primarily comprised of the improvements to the Debtors' office at 902 Broadway NY, NY. Stage and production assets are another significant portion of PP&E. The Debtors estimate that recovery rate on this asset class would range from 5% to 10% overall as a percentage of book value.

h. **Goodwill and Intangible Assets.** Goodwill and Intangible Assets represent the value of the Debtors' brands and the unallocated purchase price of prior acquisitions. The Debtors estimate that this asset class would not have any recoverable value in a chapter 7 liquidation.

i. **Other Assets.** Other Assets are various investments, licenses, receivables and other assets. The Debtors estimate that the recovery percentage on these assets in a chapter 7 liquidation would be between 5% and 10%.

j. **Select European Assets, going concern.** Certain European assets held by non-Debtor subsidiaries of the Debtors do not require cash from the Debtors and are assumed to be sold together on a going concern basis. That is, these businesses are assumed to be sold under the presumption of continued operations, which the Debtors' management believes would increase the recovery, to the Debtors, as compared to a liquidation of these businesses' assets. This group is comprised of the following businesses: ID&T NL, iMotion, ID&T Brazil, Paylogic, CVBV, and Monumental. The estimate of value received from a sale of these businesses in a chapter 7 liquidation is based on valuation multiples derived from public comparable companies. The sale of these businesses is assumed to be during the

Liquidation Period. Given the near term nature of the sale, the Debtors management believes that the public comparable companies analysis is the most relevant valuation methodology. The Debtors' management arrived at going concern sale value between $40 million and $62 million by: (i) calculating the Debtors' 2017E Adjusted EBITDA for the relevant business; (ii) reducing the Adjusted EBITDA by corporate costs based on a percentage of the business' revenue contribution; (iii) applying a multiple range to the Adjusted EBITDA after corporate costs; and finally (iv) reducing this value by a range of distressed discounts from 50% - 60%.

k. **Rock World.** The Debtors are estimating $0 from the Debtors' ownership of Rock World asset in a chapter 7 liquidation. Any cash flows to be received from this asset are uncertain and, given the Debtors' minority holdings in the operating company, the Debtors do not believe that they would be able to liquidate the assets for the benefit of the chapter 7 estate.

2) Liquidation Costs

The following are the Debtors' assumptions with respect to liquidation costs:

l. **Corporate Wind Down.** Corporate Wind Down costs include estimated general and administrative ("G&A") expenses over a 90 day to 6 month period. Estimated G&A expenses are significantly reduced relative to current run rate estimates as most of the Debtors staff would not remain following conversion to a chapter 7 liquidation. Additional Corporate Wind Down costs, not included in this estimate, could be incurred as a result of potential severance (WARN Act), retention and other payments, which would further reduce net liquidation proceeds available for distribution.

m. **Chapter 7 Trustee.** Fees to the chapter 7 trustee are estimated to be 3.0% of the total gross liquidated proceeds.

n. **Professional Fees & Expenses.** The costs associated with the chapter 7 trustee's legal counsel and professional advisors are estimated by the Debtors to be $3 million to execute the chapter 7 liquidation and sell select going concern assets.

o. **Post-Conversion Trade Claims.** Estimated trade claims arising following a conversion to chapter 7 liquidation.

3) Secured Claims

The Secured Claim amounts used in the Liquidation Analysis are the Debtors' estimates. The actual amount of Allowed Claims could vary materially from these estimates. No order has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Secured Claims.

p. **Foreign Loan**. On January 14, 2016 certain of SFX Entertainment's subsidiaries entered a Facility Agreement for a loan in the form of a senior first lien secured credit facility to non-domestic subsidiaries, some of which are not Debtors in this proceeding. The hypothetical liquidation analysis assumes that any projected shortfall in cash prior to conversion to a chapter 7 liquidation is funded through expanding the borrowings under the Foreign Loan agreement. The projected balance as of 9/30/2016 is $68 million. The Liquidation Analysis assumes that any proceeds from the liquidation of assets which are only the collateral of the Foreign Loan are first applied to the Foreign Loan's claim, before being applied to the remainder of the secured and unsecured claims.

q. **D&O Tail.** Carve-out in the amount of $1.4 million for Directors & Officers insurance policy.

r. **Artist DIP Carve Out.** The Court approved an Artist Carve Out of up to $15 million which, in a chapter 7 liquidation would have priority before any distributions were made to the Lenders under the DIP Credit Agreement.

s. **DIP Facility.** The Debtors currently have a senior secured priming superpriority multiple-draw term loan facility in an aggregate maximum principal amount not to exceed $87.6 million. This facility is further divided between $30 million Tranche A and $57.6 million Tranche B. Proceeds from assets liquidated from entities which are not guarantors of the European Foreign Loan are first applied to the DIP Facility balance. The projected balance of the DIP Facility as of 9/30/2016 is $50 million.

t. **2019 Second Lien Secured Notes.** SFX Entertainment, Inc. has outstanding, in the aggregate, par-amount of $295 million in 9.625% Second Lien Senior Secured Notes due 2019 (the "2019 Notes"). The Notes are subordinated to the DIP Facility and are assumed to not receive any liquidation proceeds until the DIP Facility is repaid in full. The balance of these Notes, including accrued interest on principal and accrued interest on overdue interest payments, is $331 million.

4) Unsecured Claims

The Unsecured Claim amounts used in the Liquidation Analysis are based on the Debtors' books and records. The actual amount of Allowed General Unsecured Claims could vary materially from these estimates. No order has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Allowed General Unsecured Claims.

u. **Chapter 11 Admin Claims.** This class of claims is comprised of administrative claims which arise post-petition of the Debtors' chapter 11 cases but before the conversion to a chapter 7 liquidation. Estimate is comprised of expected unpaid chapter 11 professional fees as of the conversion date.

v. **Unsecured Priority Tax Claims.** This class of claims is comprised of unsecured tax claims which are subordinated to the secured claims but senior to general unsecured trade payables. These claims receive no recovery based on the liquidation analysis performed.

w. **Unsecured Non-priority Claims.** This class of claims is primarily comprised of unsecured trade payables which are subordinated to the secured claims. These claims receive no recovery based on the liquidation analysis performed. This amount would be increased by any deficiency claim. The balance estimated for the Liquidation Analysis excludes the deficiency claim which could arise out of the Notes' claim. Excludes intercompany and Section 510 claims.

5) Equity Recovery

The Liquidation Analysis suggests that under a chapter 7 liquidation, there would be no proceeds available to the Debtors' pre-petition preferred equity owners.

The Liquidation Analysis suggests that under a chapter 7 liquidation, there would be no proceeds available to the Debtors' pre-petition common equity owners.

EXHIBIT D

Projections and Valuation

DRAFT

EXHIBIT D

VALUATION

THE VALUATION INFORMATION CONTAINED HEREIN IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY ASSETS OF THE DEBTORS OR ANY SECURITIES OR CVRS TO BE ISSUED PURSUANT TO THE PLAN OR THE PRICES AT WHICH THEY MAY TRADE IN THE FUTURE. THIS VALUATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE.

Reorganized Debtors Valuation Analysis

At the Debtors' request, Moelis & Company LLC ("Moelis") performed a valuation analysis of the Reorganized Debtors. Based upon and subject to the review and analysis described herein, and subject to the assumptions, limitations and qualifications described herein, Moelis' view, as of July 22, 2016, was that the estimated going concern enterprise value of the Reorganized Debtors, as of October 28, 2016 (the "Assumed Effective Date"), would be in a range between $115 million and $160 million. Moelis' views are necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Moelis as of the date of its analysis (July 22, 2016). It should be understood that, although subsequent developments may affect Moelis' views, Moelis does not have any obligation to update, revise, or reaffirm its estimate.

Moelis' analysis is based, at the Debtors' direction, on a number of assumptions, including, among other assumptions, that: (i) the Debtors will be reorganized in accordance with the Plan which will be effective on the Assumed Effective Date; (ii) the Reorganized Debtors will achieve the results in the amounts and timing set forth in the Debtors' management's Projections (as defined in this Disclosure Statement and attached as Exhibit C to this Disclosure Statement) for the period from September 30, 2016 through December 31, 2021 (the "Projection Period") provided to Moelis by the Debtors; (iii) the Reorganized Debtors' capitalization and available cash will be as set forth in the Plan and this Disclosure Statement (in particular, the pro forma indebtedness of the Reorganized Debtors as of the Assumed Effective Date will be approximately $56 million); and (iv) the Reorganized Debtors will be able to access the required financings prior to the Effective Date, obtain the New Second Lien Facility (as defined in the

Plan) and obtain all future financings, on the terms and at the times, necessary to achieve the results in the amounts and timing set forth in the Projections. Moelis makes no representation as to the achievability or reasonableness of the Projections or the foregoing assumptions. In addition, Moelis assumed that there will be no material change in economic, monetary, market, and other conditions as in effect on, and the information made available to Moelis as of the Assumed Effective Date.

Moelis assumed, at the Debtors' direction, that the Projections prepared by the Debtors' management were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Debtors' management as to the future financial and operating performance of the Reorganized Debtors. The future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors, and consequently are inherently difficult to project. The Reorganized Debtors' actual future results may differ materially (positively or negatively) from the Projections and as a result, the actual enterprise value of the Reorganized Debtors may be materially higher or lower than the estimated range herein. Among other things, failure to consummate the Plan in a timely manner may have a materially negative impact on the enterprise value of the Reorganized Debtors.

The estimated enterprise value in this section represents a hypothetical enterprise value of the Reorganized Debtors as the continuing operators of the businesses and assets of the Debtors, after giving effect to the Plan, based on consideration of certain valuation methodologies as described below. The estimated enterprise value in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors, its securities or its assets, which may be materially higher or lower than the estimated enterprise value range herein. The actual value of an operating business such as the Reorganized Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business.

In conducting its analysis, Moelis, among other things: (i) reviewed certain publicly available business and financial information relating to the Reorganized Debtors that Moelis deemed relevant; (ii) reviewed certain internal information relating to the business, earnings, cash flow, capital expenditures, assets, liabilities and prospects of the Reorganized Debtors, including the Projections, furnished to Moelis by the Debtors; (iii) conducted discussions with members of senior management and representatives of the Debtors concerning the matters described in clauses (i) and (ii) of this paragraph, as well as their views concerning the Debtors' business and prospects before giving effect to the Plan, and the Reorganized Debtors' business prospects after giving effect to the Plan; (iv) reviewed publicly available financial and stock market data for certain other companies in lines of business that Moelis deemed relevant; (v) reviewed publicly

available financial data of certain transactions that Moelis deemed relevant; (vi) reviewed a draft of the Plan; dated July 8th, 2016; and (vii) conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate. In connection with its review, Moelis did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Moelis and, with the consent of the Debtors, relied on such information being complete and accurate in all material respects. In addition, at the direction of the Debtors, Moelis did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent, derivative, off-balance-sheet, or otherwise) of the Reorganized Debtors, nor was Moelis furnished with any such evaluation or appraisal. Moelis also assumed, with the Debtors' consent, that the final form of the Plan does not differ in any respect material to its analysis from the draft that Moelis reviewed.

The estimated enterprise value in this section does not constitute a recommendation to any holder of a Claim or Interest as to how such holder should vote or otherwise act with respect to the Plan. Moelis has not been asked to and does not express any view as to what the trading value of the Reorganized Debtors' securities would be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated enterprise value set forth herein does not constitute an opinion as to fairness from a financial point of view to any holder of the consideration to be received by such holder under the Plan or of the terms and provisions of the Plan.

Valuation Methodologies

In preparing its valuation, Moelis performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Moelis, which consisted of (a) a discounted cash flow analysis and (b) a selected publicly traded companies analysis. Moelis also evaluated certain precedent transactions. However, given the following factors, Moelis applied no weight to the selected precedent transactions in arriving at our concluded valuation range. First, the Reorganized Debtors' projected negative LTM Adjusted EBITDA as of the Assumed Effective Date. Second, there are a limited set of precedent transactions for which sufficient pre-transaction financial information on the target company and/or the terms of the transaction is available to develop a valuation benchmark. This summary does not purport to be a complete description of the analyses performed and factors considered by Moelis. The preparation of a valuation analysis is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description. As such, Moelis' valuation analysis must be considered as a whole. Reliance on only one of the methodologies used, or portions of the analysis performed, could create a misleading or

incomplete conclusion as to enterprise value.

A. Discounted Cash Flow Analysis. The discounted cash flow ("DCF") analysis is a forward-looking valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Moelis' DCF analysis used the Projections' estimated debt-free, after-tax free cash flows through December 31, 2021 as provided by the Reorganized Debtors. These cash flows were then discounted at a range of estimated weighted average costs of capital ("Discount Rate") for the Reorganized Debtors. The enterprise value was determined by calculating the present value of the Reorganized Debtors' unlevered after-tax free cash flows based on the Projections plus an estimate for the value of the Reorganized Debtors beyond the Projection Period known as the terminal value. In determining the estimated terminal value of the Reorganized Debtors, Moelis relied upon the perpetuity growth rate method which estimates a range of values that the Reorganized Debtors will be valued at the end of the Projection Period based on a constant growth profile of its unlevered free cash flow into perpetuity.

To determine the Discount Rate, Moelis used the estimated cost of equity and the estimated after-tax cost of debt for the Reorganized Debtors, assuming a targeted long-term debt-to-total capitalization ratio. Moelis calculated the cost of equity based on (i) the capital asset pricing model, which assumes that an asset's expected return is a function of the risk-free rate and the correlation of such asset to the return on the broader market and (ii) an adjustment related to the estimated equity market capitalization of the Reorganized Debtors, which reflects the historical equity returns of small, medium, and large equity market capitalization companies that are not accounted for by the capital asset pricing model. Moelis, in estimating the correlation of the Reorganized Debtors' equity to the broader market, used, as reference, the historical correlation of SFX Entertainment Inc.'s equity to the broader market from its initial public offering until February 23, 2015 and also reviewed the historical correlation of certain selected publicly traded live entertainment companies . The DCF analysis involves considerations and judgments concerning appropriate terminal values and discount rates.

B. Selected Publicly Traded Companies Analysis. The selected publicly traded companies analysis is based on the enterprise values of selected publicly traded live entertainment companies that have operating and financial characteristics comparable in certain respects to the Reorganized Debtors. Similar characteristics could include, among other things: comparable lines of business, revenue drivers, business risks, growth prospects and geographic presence. Under this methodology, certain financial multiples that measure financial performance and value are calculated for each selected company and then applied to the Reorganized Debtors' financials to imply an enterprise value for the Reorganized Debtors. Moelis used, among other measures, enterprise value (defined as market value of equity plus book value of debt, book

value of preferred stock and minority interests less cash, subject to adjustment where appropriate) for each selected company as a multiple of such company's publicly available forward consensus projected EBITDA for 2017.

Although the selected companies were used for comparison purposes, no selected company is either identical or directly comparable to the business of the Reorganized Debtors. Accordingly, Moelis' comparison of selected companies to the business of the Reorganized Debtors and analysis of the results of such comparisons was not purely mathematical but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and Reorganized Debtors. The selection of appropriate companies for analysis is a matter of judgment and subject to limitations due to sample size and the public availability of meaningful market-based information.

In estimating a valuation range for the Reorganized Debtors, Moelis relied more heavily on the DCF analysis than the selected publicly traded companies analysis because: (i) there is a limited set of comparable companies, none of which are identical or directly comparable to the business of the Reorganized Debtors (ii) the Debtors have no material real estate ownership, while many of the selected publicly traded companies own and/or operate various venues; (iii) the Debtors are more concentrated in live music events than many of the selected publicly traded companies; and (iv) on an enterprise value-basis, the Reorganized Debtors are substantially smaller than the selected publicly traded companies.

Valuation Considerations

As a result of the foregoing, the estimated enterprise value in this section is not necessarily indicative of actual value, which may be significantly higher or lower than the estimate herein. Accordingly, none of the Debtors, Moelis or any other person assumes responsibility for the accuracy of such estimated enterprise value. Depending on the actual financial results of the Debtors or changes in the financial markets, the enterprise value of the Reorganized Debtors as of the Assumed Effective Date may differ from the estimated enterprise value set forth herein. In addition, the market prices, to the extent there is a market, of the Reorganized Debtors' securities will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the investment decisions of prepetition creditors receiving such securities under the Plan (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), and other factors that generally influence the prices of securities.

EXHIBIT E

Analysis of Certain Federal Income Tax Consequences of the Plan

I. ANALYSIS OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain anticipated U.S. federal income tax consequences of the Plan to the Debtors and Holders of Claims and Interests under the DIP and in Classes 1, 2, 3, 4, 5, 6, 7, 8 and 9. This summary is provided for information purposes only and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect, that could adversely affect the U.S. federal income tax consequences described below.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to a particular Holder of a Claim or Interest in the Debtors in light of its particular facts and circumstances or to certain types of Holders of Claims subject to special treatment under the Tax Code (for example, non-U.S. taxpayers, financial institutions, broker- dealers, life insurance companies, tax-exempt organizations, real estate investment trusts, regulated investment companies, grantor trusts, persons holding a Claim as part of a "hedging," "integrated," or "constructive" sale or straddle transaction, persons holding Claims through a partnership or other pass through entity, persons that have a "functional currency" other than the U.S. dollar, and persons who acquired or expect to acquire either an equity interest or other security in a Debtor or a Claim in connection with the performance of services). In addition, this summary does not discuss any aspects of state, local, estate and gift or non-U.S. taxation.

For purposes of this summary, a "U.S. Holder" means a Holder of a Claim or Interest that, in any case, is, for U.S. federal income tax purposes: (i) an individual that is a citizen or resident of the U.S.; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or (b) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. A "Non-U.S. Holder" means a Holder of a Claim or Interest that is not a U.S. Holder and is, for U.S. federal income tax purposes, an individual, corporation (or other entity treated as a corporation for U.S. federal income tax purposes), estate or trust.

If an entity taxable as a partnership for U.S. federal income tax purposes holds a Claim, the U.S. federal income tax treatment of a partner (or other owner) of the entity generally will depend on the status of the partner (or other owner) and the activities of the entity. Such partner (or other owner) should consult its tax advisor as to the tax consequences of the Plan.

A substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final Distribution under the Plan. Events occurring after the date of this Disclosure Statement, such as additional tax legislation, court decisions, or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions

contemplated thereunder. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view with respect to one or more of the issues discussed below. No ruling will be sought from the IRS with respect to any of the tax aspects of the Plan, and no opinion of counsel has been or will be obtained by the Debtors with respect thereto.

Accordingly, the following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a Holder of a Claim or Interest in the Debtors. All Holders of Claims or Interests in the Debtors are urged to consult their own tax advisors for the federal, state, local and other tax consequences applicable to them under the Plan.

EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN OR THE PLAN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. U.S. Federal Income Tax Consequences to the Debtors

1. Taxation of the Reorganized Debtors in General

SFX Entertainment, Inc. is currently organized as a corporation, is taxed as a corporation for U.S. federal income tax purposes, and is the parent of a consolidated group for U.S. federal income tax purposes that includes some of the Debtor entities that are United States entities. The Reorganized SFX Entertainment, Inc. will be taxed as a corporation for U.S. federal income tax purposes and is expected to remain the parent of a consolidated group for U.S. federal income tax purposes.

In general, if as a result of implementing the Plan, the Debtors satisfy any Claims with collateral securing such Claims or sell any collateral, the Debtors will recognize gain or loss in an amount equal to the difference, if any, between the fair market value of the collateral transferred and the Debtors' adjusted tax basis in such collateral. In general, if any of the Debtors have net operating loss ("NOL") carryforwards, those carryforwards may be used to offset any taxable gains.

2. Net Operating Losses and other Losses; Section 382

The Debtors' balance sheet currently reflects NOLs, including NOL carryforwards. However, under Tax Code section 382, if a "loss corporation" (generally, a corporation with NOLs and/or built-in losses) undergoes an "ownership change," the amount of its pre-change losses (including NOLs and certain losses or deductions which are "built-in," i.e., economically

accrued but unrecognized as of the date of the ownership change) that may be utilized to offset future taxable income generally are subject to an annual limitation. Similar rules apply to a corporation's capital loss carryforwards and tax credits.

The Debtors' issuance of the New Series A Preferred Stock and the Reorganized SFXE Common Stock pursuant to the Plan is expected to result in an ownership change for purposes of Tax Code section 382. Accordingly, assuming that the Debtors emerge with any NOLs after offsetting gain from the disposition of collateral, if any (discussed above) or following attribute reduction (discussed below), the NOLs and other pre-change losses of the Debtor consolidated group may be subject to an annual limitation. This limitation applies in addition to, and not in lieu of, any other limitation that may already or in the future be in effect and the attribute reduction that may result from COD (discussed below). In the context of an ownership change pursuant to a bankruptcy or similar proceeding, the Tax Code provides certain exceptions that may eliminate, or mitigate the impact of, such limitation, but it is uncertain at this time whether any such exceptions will be available. As a result, there can be no assurance that the Debtors will emerge from bankruptcy with a significant, if any, usable NOL, and the Debtors' use of its other pre-change losses may be subject to significant limitation.

3. Cancellation of Indebtedness Income

Under the Tax Code, a U.S. taxpayer generally must include in gross income the amount of any COD income realized during the taxable year. COD income generally equals the excess of the adjusted issue price of the indebtedness discharged over the sum of (i) the amount of cash, (ii) the fair market value of any property (including equity interests), and (iii) the issue price of any new indebtedness of the Debtors, in each case, transferred or issued by the Debtors in satisfaction of such discharged indebtedness. COD income also includes any interest that has been previously accrued and deducted but remains unpaid at the time the indebtedness is discharged.

A corporation will not, however, be required to include any amount of COD income in gross income if the corporation is a debtor under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding (the "Section 108(a) Bankruptcy Exception"). Instead under Tax Code Section 108(b), as a consequence of such exclusion, the debtor must reduce its tax attributes by the amount of COD income excluded from gross income. In general, tax attributes are reduced in the following order: (a) NOLs and NOL carryforwards, (b) general business and minimum tax credit carryforwards, (c) capital loss carryforwards, (d) basis of the debtor's assets, and (e) foreign tax credit carryforwards. A debtor's tax basis in its assets generally may not be reduced below the amount of liabilities remaining immediately after the discharge of indebtedness. NOLs for the taxable year of the discharge and NOL carryovers to such year generally are the first attributes subject to reduction. However, a debtor may elect under Tax Code section 108(b)(5) (the "Section 108(b)(5) Election") to reduce its basis in its depreciable property first. If a debtor makes a Section 108(b)(5) Election, the limitation on reducing the debtor's basis in its assets below the amount of its remaining liabilities does not apply.

COD income is determined on a company-by-company basis. If a debtor with excluded COD income is a member of a consolidated group (as is the case with certain of the United States entities in the debtor group), Treasury regulations address the application of the rules for the reduction of tax attributes (the "Consolidated Attribute Reduction Rules"). If the debtor is a member of a consolidated group and is required to reduce its basis in the stock of another group member, a "look-through rule" generally requires a corresponding reduction in the tax attributes of the lower-tier member. If the amount of a debtor's excluded COD income exceeds the amount of attribute reduction resulting from the application of the foregoing rules, certain other tax attributes of the consolidated group may also be subject to reduction. If the debtor is a member of a consolidated group, the debtor may treat stock in another group member as depreciable property for purposes of the Section 108(b)(5) Election, provided the lower-tier member consents to a corresponding reduction in its basis in its depreciable property. Finally, if the attribute reduction is less than the amount of COD income and a member of the consolidated group has an excess loss account (an "ELA") (i.e., negative basis in the stock of another member of the consolidated group), the consolidated group will recognize taxable income to the extent of the lesser of such ELA or the amount of the COD income that was not offset by tax attributes.

The Debtors expect to realize a significant amount of COD income as a result of the Plan. The amount of COD income will depend upon, among other things, the fair market value the property transferred in satisfaction of the debtors' indebtedness. As described below with respect to CVRs issued in connection with the Plan, the taxation and valuation of CVRs is subject to some uncertainty, and this uncertainty, in turn, may affect the determination of the Debtor's COD income. In any event, pursuant to the Section 108(a) Bankruptcy Exception, the debtors will not include this COD income in gross income. Instead, the debtor will be required to reduce their tax attributes in accordance with the Consolidated Attribute Reduction Rules after determining the taxable income (or loss) of the Debtors' consolidated group for the taxable year of discharge. Accordingly, the tax attributes (and, in particular, NOLs) are available to offset taxable income that accrues between the Effective Date and the end of the Debtors taxable year. Basis reduction applies to assets owned by a debtor at the beginning of the tax year following the discharge.

Under the Consolidated Attribute Reduction Rules, the Debtors' excluded COD income will be applied to reduce their NOLs and, if necessary, other tax attributes, including the Debtors' tax basis in their assets. The extent to which NOLs and other tax attributes remain following the application of the Consolidated Attribute Reduction Rules will depend upon a number of factors, including the amount of COD income that is actually incurred and whether the Debtors make the Section 108(b)(5) Election. The Debtors have not yet determined whether they will make a Section 108(b)(5) Election.

B. U.S. Federal Income Tax Consequences to U.S. Holders of Claims and Interests

1. In General

Generally speaking, the U.S. federal income tax consequences to U.S. Holders of Allowed Claims and Interests in the Debtors arising from the Distributions to be made in satisfaction of their Claims pursuant to the Plan may vary, depending upon, among other things:

(a) the type of consideration received by the Holder of a Claim or Interest in the Debtors in exchange for such Claim or Interest; (b) the nature of such Claim or Interest; (c) whether the Holder has previously claimed a bad debt or worthless security deduction in respect of such Claim or Interest; (d) whether such Claim constitutes a security; (e) whether the Holder of such Claim or Interest in the Debtors is a citizen or resident of the United States for tax purposes, or otherwise subject to U.S. federal income tax on a net income basis; (f) whether the Holder of such Claim or Interests in the Debtors reports income on the accrual or cash basis; and (g) whether the Holder of such Claim or Interests in the Debtors receives Distributions under the Plan in more than one taxable year. For tax purposes, if a Claim is reinstated yet subject to a modification, the reinstatement may be treated as a taxable exchange of the Claim for a new Claim, even though no actual transfer takes place.

In addition, where gain or loss is recognized by a Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, whether the Claim or Interest constitutes a capital asset in the hands of the Holder and how long it has been held or is treated as having been held, whether the Claim was acquired at a market discount, and whether and to what extent the Holder previously claimed a bad debt deduction with respect to the underlying Claim or Interest. In general, for purposes of the discussion below, subject to other matters discussed herein such as the market discount rules, if the asset giving rise to a Holder's Claim, or a Holder's Interest, was held as a capital asset, gain or loss recognized by a Holder upon exchange of that Claim or Interest generally would be long-term capital gain or loss if the U.S. Holder held such asset or Interest for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations. If property is received by a Holder upon an exchange, a Holder's tax basis in the property received should equal the fair market value of such property. A U.S. Holder's holding period for the property received on the Effective Date would begin on the day following the Effective Date.

2. Satisfaction of Claims or Interests

In general, subject to the other discussions below, the satisfaction of Claims or Interests by the Debtors is expected to result in the following U.S. federal income tax consequences for U.S. Holders.

a. DIP Claims:

Under the Plan, Holders of Tranche A DIP Claims will receive either: (A) payment in full, in cash, from the proceeds of the Third Party First Lien Facility, or (B) (x) payment in full, in cash, of such Holder's pro rata share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of all accrued and unpaid cash interest due on the Tranche A Loans as of the Effective Date, and (y) such Holder's pro rata share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of the New First Lien Facility after conversion of the Tranche A DIP Facility Claims (less the total amount of accrued and unpaid cash interest paid in cash on the Effective Date to all Holders of Allowed Tranche A DIP Facility Claims) into the New First Lien

Facility. In general, a Tranche A DIP Lender who receives only cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Lender's adjusted tax basis in its Tranche A Facility Claim surrendered. A Tranche A DIP Lender who receives cash and a share of the New First Lien Facility should recognize taxable gain or loss equal to the difference between (a) amount of cash received and the issue price of its share of the New First Lien Facility (other than amounts attributable to interest, discussed below) and (b) such Lender's adjusted tax basis in its Tranche A DIP Facility Claim surrendered. While not free from doubt, the Debtors intend to take the position that any amounts attributable to the paid-in-kind commitment fees on the Tranche A DIP Facility with respect to the DIP Facility created "original issue discount" ("OID") for the DIP Facility, and amounts received on account of OID that has accrued but not been taken into account yet as interest income will be taxed accordingly as interest income.

Under the Plan, Holders of a Tranche B DIP Facility Claim (other than an Incremental Tranche B DIP Loan Claim), together with the Holders of Allowed Original Foreign Loan Claims, will receive, in full and complete settlement, release, and discharge of such Tranche B DIP Facility Claim, such Holder's pro rata share (calculated based on the percentage such Holder's Allowed Tranche B DIP Facility Claim (exclusive of any Incremental Tranche B DIP Loan Claim) represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of: (A) 100% of the New Series A Preferred Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any. A U.S. Holder of Tranche B DIP Facility Claim should recognize taxable gain or loss equal to the difference between (a) the fair market value of the New Series A Preferred Stock and Common Stock received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Tranche B Facility Claim surrendered. While not free from doubt, the Debtors intend to take the position that any amounts attributable to the paid-in-kind commitment fee and paid-in-kind interest on the Tranche B DIP Facility will be recognized as OID and taxed accordingly, unless such amounts were previously included in the gross income.

Under the Plan, each Holder of an Incremental Tranche B DIP Loan Claim, if any, shall receive, in full and complete settlement, release, and discharge or such Claim, a loan under the New Second Lien Facility equal to the Allowed Incremental Tranche B DIP Loan Claim after conversion of the Incremental Tranche B DIP Loan Claims into the New Second Lien Facility. A Holder of Incremental Tranche B DIP Loan Claim should not recognize gain or loss if the face value of the new loan under the New Second Lien Facility is equal to such Holder's adjusted tax basis in its Incremental Tranche B Facility Claim and the interest rate if at least equal to the applicable federal rate. However, gain or loss may be recognized if the new loan under the New Second Lien Facility constitutes a significant modification of Incremental Tranche B DIP Loan Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code.

b. Class 1 Claims

Under the Plan, Holders of Class 1 Claims will receive payment of the Allowed Class 1 Claim in full. A U.S. Holder of a Class 1 Claim should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its holdings of the Class 1 Claim surrendered.

c. Class 2 Claims

Under the Plan, Holders Class 2 Claims will receive, as applicable: (i) payment in full in cash, including the payment of interest allowable under section 506(b) of the Bankruptcy Code, if any; (ii) with the consent of the Required DIP Lenders, reinstatement pursuant to section 1124 of the Bankruptcy Code; (iii) with the consent of the Required DIP Lenders, the collateral securing any such Allowed Other Secured Claim; or (iv) with the consent of the Required DIP Lenders, such other consideration so as to render such Allowed Other Secured Claim Unimpaired. In general, a U.S. Holder of a Class 2 Claim who receives cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Lender's adjusted tax basis in its Class 2 Claim surrendered. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant modification" of Class 2 Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. A U.S. Holder who receives collateral or other property of the Debtors should recognize taxable gain or loss equal to the difference between (a) the fair market value of the collateral or other property received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 2 Claim surrendered.

d. Class 3 Claims

Under the Plan, Holders of Class 3 Claims will receive such Holder's *pro rata* share (calculated based on the percentage such Holder's Allowed Original Foreign Loan Claim represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of (A) 100% of the New Series A Preferred Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any. A U.S. Holder of Class 3 Claims receiving such consideration should recognize taxable gain or loss equal to (a) the fair market value of the New Series A Preferred Stock and Common Stock received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Tranche B Facility Claim and Allowed Original Foreign Loan Claim surrendered.

e. Class 4 Claims (2019 Debtors)

Under the Plan, Class 4 Claims (2019 Debtors) will receive:

- To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to accept the Plan: at the Holder's election, either (A) such Holder's Pro Rata share of (i) Class A CVRs (or Series A Warrants, as applicable), and (ii) Class B CVRs (or Series B Warrants, as applicable) or (B) such Holder's Pro Rata share of the Notes Cash Pool Payment; or

- To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to reject the Plan: at the Holder's election, either (A) such Holder's Pro Rata share of (i) Class A CVRs (or Series A Warrants, as applicable) and (ii) Litigation CVRs, or (B) such Holder's Pro Rata share of the Cash Pool Payment Amount.

Under the Plan, Holders of Class 4 Claims (Foreign Debtors) will receive (i) payment in full cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 4 Claim (Foreign Debtors) Unimpaired.

Under the Plan, Holders of Class 4 Claims (Non-Obligor Debtors) will receive (i) payment in full cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 4 Claim (Non-Obligor Debtors) Unimpaired.

With respect to U.S. Holders of Class 4 Claims that receive of a share of the Notes Cash Pool Payment, such Holders should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

With respect to U.S. Holders of Class 4 Claims that receive CVRs, as described further below under "Taxation of CVRs," the tax consequences of the receipt of CVRs, and any payments thereon, are uncertain. Assuming, as discussed below, that a value to the CVRs can be ascertained, the Debtors intend to take the position that a Holder of Class 4 Claims that receives CVRs will recognize taxable gain or loss equal to the difference between (a) the fair market value of the CVRs received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

With respect to U.S. Holders of Class 4 Claims that receive Series A Warrants or Series B Warrants, as applicable, such Holders should recognize taxable gain or loss equal to the difference between (a) the fair market value of the Series A or Series B Warrants received and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

In general, a U.S. Holder of a Class 4 Claims (Foreign Debtors) and Class 4 Claims (Non-Obligor Debtors) who receives cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, described below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such collateral securing such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant

modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. A U.S. Holder of a Class 4 Claim (Foreign Debtors) or a Class 4 Claim (Non-Obligor Debtors) who receives property of the Debtors should recognize taxable gain or loss equal to the difference between (a) the fair market value of the property received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

f. Class 5 Claims

Under the Plan, except to the extent that a Holder of an Allowed Class 5 Claim agrees to a less favorable treatment, each Holder of an Allowed Class 5 Claim shall receive, on the Effective Date or as soon as reasonably practicable thereafter, in full satisfaction, settlement, discharge and release or, and in exchange for, such Claim, a one-time full payment in Cash equal to such Holder's *Pro Rata* share of the Convenience Class Cash Pool.

With respect to Holders of Class 5 Claims that receive Cash equal to such Holder's Pro Rata share of the Convenience Class Cash Pool, such Holders should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 5 Claim surrendered.

g. Class 6 Claims

Under the Plan, Holders of Class 6 Claims (2019 Debtors) shall not be entitled to receive or retain any Distributions or other property on account of such Claims under the Plan. In general, such a Holder should recognize a taxable loss equal to its adjusted tax basis in such Claims.

Under the Plan, Holders of Class 6 Claims (Foreign Debtors) and Class 6 Claims (Non-Obligor Debtors) shall each receive (i) payment in full in cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Non-Obligor Debtors) Unimpaired. In general, a U.S. Holder of a Class 6 Claim (Foreign Debtors or Non-Obligor Debtors) who receives cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, described below) and (b) such Lender's adjusted tax basis in its Class 6 Claim surrendered. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such collateral securing such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. A U.S. Holder of Class 6 Claim (Foreign Debtors or Non-Obligor Debtors) who receives property of the Debtors should recognize taxable gain or loss equal to the difference between (a) the fair market value of the property received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 6 Claim surrendered.

h. Class 7 Claims

Under the Plan, Holders of Intercompany Claims against the (i) 2019 Debtors, (ii) Foreign Debtors and (iii) Non-Obligor Debtors will be: (a) reinstated; (b) set off against other Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary in one or a series of transactions, or (c) released and discharged. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. If a Class 7 claim is set off against other Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary, in general gain or loss may be recognized equal to the difference between (a) the fair market value of the Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary and (b) such Holder's adjusted tax basis in its Class 7 Claim set-off. If a Class 7 Claim is released and discharged, in general and subject to any applicable rules regarding consolidated groups and other rules, Holders should recognize a taxable loss equal to the amount of their adjusted tax basis in such Claim.

i. Class 8 Interests

Under the Plan, Class 8 Interests in the (i) Guarantor Debtors; (ii) Foreign Debtors; and (iii) Non-Obligor Debtors will be either reinstated or released and discharged. If the Interest is reinstated, the Holder of such Claim should not recognize gain or loss except if such Interest is modified and the modification constitutes a "significant modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. If a Class 8 Interest is released and discharged, and if a Holder had any adjusted tax basis in such Interest, Holders should recognize a taxable loss equal to the amount of such adjusted tax basis.

j. Class 9 Interests

Class 9 Interests in SFXE will be completely extinguished. In general, a U.S. Holder of such Interests should recognize a taxable loss equal to its adjusted tax basis in such Interests.

3. Taxation of CVRs[1]

There is some uncertainty regarding the U.S. federal income tax consequences of the receipt of CVRs under the Plan and any future payments on account of holding the CVRs.

a. The Receipt of CVRs under the Plan

With respect to the receipt of CVRs under the Plan, such receipt could be treated as either a "closed transaction" or an "open transaction" for U.S. federal income tax purposes. Generally, if the CVR's value can be reasonably ascertained at the time of the exchange of a Claim for a CVR, the exchange will be treated as a "closed transaction," and the recipient would recognize

[1] For purposes of this Analysis of Certain Federal Income Tax Consequences of the Plan, the term "CVR" shall include Class A CVRs, Class B CVRs, and Litigation CVRs.

taxable gain or loss equal to the difference between (a) the value of the CVR received (other than amounts attributable to interest, discussed below) and (b) the Holder's adjusted tax basis in the Claim surrendered. If on the other hand, the value of the CVR cannot be reasonably ascertained, then the transaction is treated as an "open transaction," Holders will not be able to claim a taxable gain or loss on the Effective Date with respect to the Claim exchanged for CVRs, and the transaction will not be "closed" (resulting in the recognition of a taxable gain or loss) until the value of the CVRs are realized. It is the general position of the IRS that only in "rare and extraordinary cases" is the value of the property so uncertain that the open transaction treatment is available. However, there is no authority directly addressing whether contingent payment rights with characteristics similar to the rights under the CVRs should treated as an open transaction or a closed transaction, and such question is inherently factual in nature. As described further above, assuming a value can be ascertained for the CVRs upon consummation of the Plan, the Debtors intend to take the position that the receipt of the CVRs results in a "closed transaction."

b. The Receipt of Payments on Account of Holding CVRs

There is no authority directly addressing the treatment of payments received by a holder of CVRs when the original receipt of the CVRs was characterized as a closed transaction. You should therefore consult your tax advisor as to the taxation of such payments. Under the characterization as a closed transaction, a payment with respect to a CVR would likely be treated as a non-taxable return of a U.S. Holder's adjusted tax basis in the CVR to the extent thereof. A payment in excess of such amount may be treated as (i) a payment with respect to a sale of a capital asset, (ii) income taxed at ordinary rates, or (iii) a dividend. Additionally, it is possible that, were a payment to be treated as being with respect to the sale of a capital asset, a portion of such payment would constitute imputed interest under Section 483 of the Tax Code.

Similarly, there is no authority directly addressing the treatment of payments received by a holder of CVRs where the original receipt of the CVRs was characterized as an open transaction. Under such characterization, a payment in the future to a U.S. Holder of a CVR could be treated as a payment under a contract for the sale or exchange of the original Claim to which Section 483 of the Tax Code applies. Under Section 483 of the Tax Code, a portion of a payment made pursuant to a CVR more than one year after the date of the exchange of the Claim for the Plan consideration will be treated as interest, which will be ordinary income to the U.S. Holder of the CVR. The interest amount will equal the excess of the amount received over its present value as of the consummation of the exchange, calculated using the applicable federal rate as the discount rate and using such U.S. Holder's regular method of accounting (such amount being taken into account when paid, in the case of a cash method Holder, and, when fixed, in the case of an accrual method holder). The portion of the payment pursuant to the CVR Holder that is not treated as interest under Section 483 of the Tax Code should be treated as received in connection with the original exchange pursuant to the Plan and gain or loss may be recognized to the extent such payment exceeds the Holder's adjusted tax basis in the CVR.

Due to the legal and factual uncertainty regarding the valuation and tax treatment of the CVRs, you are urged to consult your tax advisors concerning the tax consequences to you resulting from the receipt of CVRs in the Plan.

4. Accrued but Unpaid Interest

In general, to the extent a Holder of a Claim or Interest receives consideration in satisfaction of interest accrued during the holding period of such instrument, such amount will be taxable to the Holder as interest income (if not previously included in the Holder's gross income). Conversely, such a Holder should generally recognize a deductible loss to the extent that any accrued interest claimed or amortized OID was previously included in its gross income and is not paid in full.

The extent to which property received by a Holder of a Claim or Interest will be attributable to accrued but unpaid interest is unclear. Pursuant to the Plan, all Distributions in respect of any Allowed Claim will be allocated first to the principal amount of such Allowed Claim, and thereafter to accrued but unpaid interest, if any. Certain legislative history indicates that an allocation of consideration between principal and interest provided for in a chapter 11 plan is binding for U.S. federal income tax purposes. There is no assurance, however, that such allocation will be respected by the IRS for U.S. federal income tax purposes. If a distribution with respect to a Claim is allocated entirely to the principal amount of such Claim, a Holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the Holder's gross income.

Each Holder of an Allowed Claim is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of previously included unpaid interest and OID for tax purposes.

5. Market Discount

Holders of Claims who receive consideration in exchange for their Claims may be affected by the "market discount" provisions of sections 1276 through 1278 of the Tax Code. Under these provisions, some or all of the gain realized by a Holder may be treated as ordinary income (instead of capital gain) to the extent of the amount of accrued "market discount" on such Allowed Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price as defined in section 1278 of the Tax Code, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation is not a "market discount bond" if the excess is less than a statutory de minimis amount (equal to 0.25% of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining until maturity at the time of the acquisition).

Any gain recognized by a Holder on the taxable disposition of Allowed Claims (determined as described above) that were acquired with market discount should be treated as

ordinary income to the extent of the market discount that accrued thereon while the Allowed Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued).

6. Ownership and Disposition of New Series A Preferred Stock and the Reorganized SFXE Common Stock

Cash distributions made by Reorganized SFXE in respect of New Series A Preferred Stock or Reorganized SFXE Common Stock will constitute a taxable dividend when such distribution is actually or constructively received, to the extent such distribution is paid out of the current or accumulated earnings and profits of Reorganized SFXE (as determined under U.S. federal income tax principles). To the extent the amount of any distribution received by a U.S. Holder in respect of New Series A Preferred Stock or Reorganized SFXE Common Stock exceeds the current or accumulated earnings and profits of Reorganized SFXE, the distribution (1) will be treated as a non-taxable return of the U.S. Holder's adjusted tax basis in its New Series A Preferred Stock or Reorganized SFXE Common Stock, as the case may be, and (2) thereafter will be treated as capital gain.

Sales or other taxable dispositions by U.S. Holders of New Series A Preferred Stock or Reorganized SFXE Common Stock generally will give rise to gain or loss equal to the difference between the amount realized on the disposition and the U.S. Holder's tax basis in such New Series A Preferred Stock or Reorganized SFXE Common Stock. In general, gain or loss recognized on the sale or exchange of New Series A Preferred Stock or Reorganized SFXE Common Stock will be capital gain or loss and, if the U.S. Holder's holding period for such New Series A Preferred Stock or Reorganized SFXE Common Stock exceeds one year, will be long-term capital gain or loss. For a U.S. Holder that acquires New Series A Preferred Stock or Reorganized SFXE Common Stock on account of the consummation of the Plan, such Holder's holding period will begin the day after the Effective Date. Certain U.S. Holders, including individuals, are eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains realized. The deduction of capital losses against ordinary income is subject to limitations under the Tax Code.

C. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Claims and Interests

Non-U.S. Holders should consult with their own tax advisors to determine the effect of U.S. federal, state, and local tax laws, as well as any other applicable non-U.S. tax laws and/or treaties, with regard to their participation in the transactions contemplated by the Plan and their ownership of Claims or Interests. The following discussion does not apply to Class 7 or Class 8 Claims.

1. Gain Recognition upon Consummation of the Plan

Subject to the assumptions and intentions of the Debtors described above under "U.S. Federal Income Tax Consequences to U.S. Holders of Claims and Interests," particularly under "Taxation of CVRs," any gain realized by a Non-U.S. Holder on the exchange of its Claim or Interest generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S.

Holder is an individual who was present in the U.S. for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the U.S. (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange.

If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such Non-U.S. Holder is a corporation, it may be subject to a branch profits tax ("BPT") equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. However, a BPT may not apply if the Non-U.S. Holder qualifies for the "exit exemption" (i.e., after the Exchange, the Holder has no other U.S. business assets and neither the Holder nor a related party reinvests the proceeds in the U.S. for a period of three years following the Exchange).

2. Payments Attributable to Interest

Payments to a Non-U.S. Holder that are attributable to interest (including OID), or to accrued but untaxed interest, generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person. Interest income will also include any gain from the sale, redemption, retirement or other taxable disposition of the Claim that is treated as interest income. Interest income, however, may be subject to U.S. income or withholding tax if:

i. the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of classes of Reorganized SFXE's stock entitled to vote;

ii. the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Reorganized SFXE (each within the meaning of the Tax Code);

iii. the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A); or

iv. such interest is effectively connected with the conduct by the Non- U.S. Holder of a trade or business within the U.S. (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a BPT with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest (including OID) or accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to such interest or accrued but untaxed interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

3. The Receipt of Payments on Account of Holding CVRs

As described above under "U.S. Federal Income Tax Consequences to U.S. Holders of Claims and Interests – Taxation of CVRs," the tax consequences of receiving payments on account of holding CVRs is uncertain. Non-U.S. Holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of receiving such payments.

4. Owning and Disposing of Reorganized SFXE Common Stock and New Series A Preferred Stock

a. Dividends on Reorganized SFXE Common Stock and New Series A Preferred Stock

Any distributions made with respect to Reorganized SFXE Common Stock and New Series A Preferred Stock will constitute dividends for U.S. federal income tax purposes to the extent of Reorganized SFXE's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Except as described below, dividends paid with respect to Reorganized SFXE Common Stock and New Series A Preferred Stock held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a

reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments.

Dividends paid with respect to Reorganized SFXE Common Stock and New Series A Preferred Stock held by a Non-U.S. Holder that are effectively connected with a Non- U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a BPT with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

b. Sale, Redemption, or Repurchase of Reorganized SFXE Common Stock, New Series A Preferred Stock or CVRs

Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of Reorganized SFXE Common Stock, New Series A Preferred Stock, or CVRs, unless:

i. such Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the U.S.;

ii. such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.); or

iii. Reorganized SFXE is or has been during a specified testing period a U.S. real property holding corporation ("USRPHC"), whose real estate assets exceed 50% of the sum of its (A) U.S. real property interest, (B) interest in real property located outside the U.S. and (C) other assets other than (A) and (B) that are used or held for use in its trade or business.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of Reorganized SFXE Common Stock and New Series A Preferred. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a BPT with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to

such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty). However, a BPT may not apply if the Non-U.S. Holder qualifies for the "exit exemption" (i.e., after the Exchange, the Holder has no other U.S. business assets and neither the Holder nor a related party reinvests the proceeds in the U.S. for a period of three years following the Exchange). Reorganized SFXE does not believe that it is a USRPHC.

5. FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income (including dividends, if any, on Reorganized SFXE Common Stock and New Series A Preferred and interest on the Claim), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include Reorganized SFXE Common Stock and New Series A Preferred and the Claim).

FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax. FATCA withholding rules apply to U.S.-source payments on obligations issued after July 1, 2014, and to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S.-source interest or dividends that occurs after December 31, 2018. Although administrative guidance and Treasury regulations have been issued, the exact scope of these rules remains unclear and potentially subject to material changes. A Non-U.S. Holder can avoid FATCA withholding if it adheres to certain procedures and requirements imposed by the Code and applicable IRS rules and certifies such compliance to payers of pass-through payments. These rules vary dramatically depending upon whether the non-U.S. person is characterized as an FFI or a non-financial foreign entity. In addition, certain non-U.S. persons are "deemed compliant" with FATCA if they meet certain criteria and certify certain facts to the IRS. Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder's ownership of Reorganized SFXE Common Stock and New Series A Preferred.

FATCA obligations may vary depending on whether the non-U.S. person subject to FATCA regulations is a resident of a country with which the U.S. has signed a bilateral Intergovernmental Agreement ("IGA"). IGAs are signed to facilitate implementation of FATCA and enhance broader international tax transparency. Under IGAs, respective countries implement FATCA regulations into their local law, and would require residents of such country to first determine if they are Financial Institutions ("FIs"), and the extent to which they need to perform FATCA obligations. General FATCA regulations would apply to residents of countries that have not entered into an IGA with the U.S.

D. Information Reporting and Backup Withholding

Certain payments, including certain payments of Claims pursuant to the Plan, payments of interest, and the proceeds from the sale or other taxable disposition of the Claims and Interests

may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding unless the taxpayer: (i) comes within certain exempt categories (which generally include corporations) or (ii) provides a correct taxpayer identification number and otherwise complies with applicable backup withholding provisions. In addition, Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS on a timely basis. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

E. Importance of Obtaining Your Own Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ASSOCIATED WITH THE PLAN ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

EXHIBIT 2

Blackline of Amended Disclosure Statement to Disclosure Statement

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
SFX ENTERTAINMENT, INC., *et al.*,[1]	Case No. 16-10238 (MFW)
Debtors.	(Jointly Administered)

FIRST AMENDED DISCLOSURE STATEMENT WITH RESPECT TO THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF SFX ENTERTAINMENT, INC., *ET AL.* UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dennis A. Meloro (DE Bar No. 4435)
GREENBERG TRAURIG, LLP
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
melorod@gtlaw.com

Nancy A. Mitchell
Maria J. DiConza
Nathan A. Haynes
Matthew L. Hinker
GREENBERG TRAURIG, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
mitchelln@gtlaw.com
diconzam@gtlaw.com
haynesn@gtlaw.com
hinkerm@gtlaw.com

Counsel for the Debtors and Debtors-in-Possession

[1] The Debtors in these Chapter 11 Cases, along with the last four (4) digits of each Debtor's federal tax identification number, if applicable, are: 430R Acquisition LLC (7350); Beatport, LLC (1024); Core Productions LLC (3613); EZ Festivals, LLC (2693); Flavorus, Inc. (7119); ID&T/SFX Mysteryland LLC (6459); ID&T/SFX North America LLC (5154); ID&T/SFX Q-Dance LLC (6298); ID&T/SFX Sensation LLC (6460); ID&T/SFX TomorrowWorld LLC (7238); LETMA Acquisition LLC (0452); Made Event, LLC (1127); Michigan JJ Holdings LLC (n/a); SFX Acquisition, LLC (1063); SFX Brazil LLC (0047); SFX Canada Inc. (7070); SFX Development LLC (2102); SFX EDM Holdings Corporation (2460); SFX Entertainment , Inc. (0047); SFX Entertainment International, Inc. (2987); SFX Entertainment International II, Inc. (1998); SFX Intermediate Holdco II LLC (5954); SFX Managing Member Inc. (2428); SFX Marketing LLC (7734); SFX Platform & Sponsorship LLC (9234); SFX Technology Services, Inc. (0402); SFX/AB Live Event Canada, Inc. (6422); SFX/AB Live Event Intermediate Holdco LLC (8004); SFX/AB Live Event LLC (9703); SFX-94 LLC (5884); SFX-Disco Intermediate Holdco LLC (5441); SFX-Disco Operating LLC (5441); SFXE IP LLC (0047); SFX-EMC, Inc. (7765); SFX-Hudson LLC (0047); SFX-IDT N.A. Holding II LLC (4860); SFX-LIC Operating LLC (0950); SFX-IDT N.A. Holding LLC (2428); SFX-Nightlife Operating LLC (4673); SFX-Perryscope LLC (4724); SFX-React Operating LLC (0584); Spring Awakening, LLC (6390); SFXE Netherlands Holdings Coöperatief U.A. (6812); SFXE Netherlands Holdings B.V. (6898). The Debtors' business address is 902 Broadway, 15th Floor, New York, NY 10010.

DATED: ~~July 26,~~August 25, 2016

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE **SECOND AMENDED JOINT** PLAN OF REORGANIZATION PROPOSED BY SFX ENTERTAINMENT, INC. *ET AL.* AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

EXCEPT AS OTHERWISE PROVIDED HEREIN, CAPITALIZED TERMS NOT OTHERWISE DEFINED IN THIS DISCLOSURE STATEMENT HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN. UNLESS OTHERWISE NOTED, ALL DOLLAR AMOUNTS PROVIDED IN THIS DISCLOSURE STATEMENT AND THE PLAN ARE GIVEN IN UNITED STATES DOLLARS.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE CHAPTER 11 CASES, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT ALL SUCH SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE UNDERLYING DOCUMENTS AND TO THE EXTENT THAT THEY MAY CHANGE AS PERMITTED BY THE PLAN AND APPLICABLE LAW. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS, AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. EXCEPT WITH RESPECT TO THE PRO FORMA FINANCIAL PROJECTIONS SET FORTH IN THE ATTACHED **EXHIBIT B** (THE "**PROJECTIONS**") AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS DO NOT UNDERTAKE ANY OBLIGATION TO, AND DO NOT INTEND TO, UPDATE THE PROJECTIONS; THUS, THE PROJECTIONS WILL NOT REFLECT THE IMPACT OF ANY SUBSEQUENT EVENTS

NOT ALREADY ACCOUNTED FOR IN THE ASSUMPTIONS UNDERLYING THE PROJECTIONS. THE DEBTORS DISCLAIM ANY OBLIGATION, EXCEPT AS SPECIFICALLY REQUIRED BY LAW, TO PUBLICLY UPDATE OR REVISE ANY SUCH STATEMENTS TO REFLECT ANY CHANGE IN THE DEBTORS' EXPECTATIONS OR IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENTS MAY BE BASED, OR THAT MAY AFFECT THE LIKELIHOOD THAT ACTUAL RESULTS WILL DIFFER FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. FURTHER, THE DEBTORS DO NOT ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS DISCLOSURE STATEMENT WILL BE DISTRIBUTED TO REFLECT SUCH OCCURRENCES. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. MOREOVER, THE PROJECTIONS ARE BASED ON ASSUMPTIONS THAT, ALTHOUGH BELIEVED TO BE REASONABLE BY THE DEBTORS, MAY DIFFER FROM ACTUAL RESULTS. ANY FORWARD-LOOKING STATEMENT SHOULD BE CONSIDERED IN LIGHT OF FACTORS DISCUSSED IN SECTION VIII "CERTAIN RISK FACTORS TO BE CONSIDERED" IN THIS DISCLOSURE STATEMENT. WE CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK AS OF THE DATE THEY ARE MADE.

ALL HOLDERS OF CLAIMS OR INTERESTS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN, THE PLAN SUPPLEMENT DOCUMENTS ONCE FILED, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016(C) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTORS IN THESE CASES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER APPLICABLE EVIDENTIARY RULES. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS IN THESE CASES. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR WITH RESPECT TO ANY QUESTIONS OR CONCERNS REGARDING TAX, SECURITIES, OR OTHER LEGAL CONSEQUENCES OF THE PLAN.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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TABLE OF EXHIBITS

I. INTRODUCTION

SFX Entertainment, Inc. ("**SFXE**") and each of its affiliated debtors and debtors-in-possession (collectively, the "**Debtors**"), submit this disclosure statement (as may be further amended, supplemented or modified from time to time, the "**Disclosure Statement**") pursuant to section 1125 of title 11 of the United States Code (the "**Bankruptcy Code**"), for use in the solicitation of votes on the **Second Amended** Joint Plan of Reorganization of SFX Entertainment, Inc., *et al.* under Chapter 11 of the Bankruptcy Code, dated ~~July 26,~~**August 25,** 2016 (as the same may be further amended, supplemented or modified from time to time, the "**Plan**"). A copy of the Plan is attached as **Exhibit A** to this Disclosure Statement. Unless otherwise provided herein, all capitalized terms used in this Disclosure Statement but not otherwise defined herein have the meanings ascribed to such terms in Article I of the Plan.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, their reasons for seeking protection and reorganization under chapter 11 of the Bankruptcy Code, significant events that have occurred during the Chapter 11 Cases and the anticipated organization, operations, and financing of the Debtors upon their successful emergence from bankruptcy protection. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of Confirmation of the Plan, certain risk factors associated with the Plan and the securities that may be issued under the Plan, and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

The Debtors engaged in extensive negotiations with the DIP Lenders as well as the Ad Hoc Group (as defined below), which represents over 70% of the Noteholders (as defined below), regarding the potential terms of the Debtors' restructuring. As a result of those negotiations, the Debtors determined it was in the best interest of their estates to pursue Confirmation of the Plan.

THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THEM TO SUCCESSFULLY REORGANIZE AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR CONSTITUENTS. THE DEBTORS URGE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN.

II. SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The following is a brief overview of the treatment of Claims under the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Article VI of this Disclosure Statement, entitled "Detailed Summary of the **Second Amended** Joint Plan of Reorganization of SFX Entertainment, Inc. *et al.* under Chapter 11 of the Bankruptcy Code."

The Plan proposes the issuance of two classes of securities: New Series A Preferred Stock and Reorganized SFXE Common Stock. The shares of New Series A Preferred Stock to be issued shall have a face amount and a liquidation value as of the Effective Date equal to (i) the ~~amounts outstanding under the~~ Tranche B DIP Facility~~, including any advanced amounts under~~ Claims, exclusive of any Incremental Tranche B DIP ~~Loans~~Loan Claims, *plus* (ii) the ~~amounts outstanding under the~~Original Foreign Loan ~~Documents with respect to the Initial Foreign Loans~~Claims, *plus* (iii) an additional amount, earned on the Effective Date, equal to 2% of the amount ~~outstanding under~~of the Tranche B DIP Facility ~~and the amount outstanding under the Foreign Loan Documents with respect to the Initial Foreign Loans~~Claims (other than the Incremental Tranche B DIP Loan Claims) and the Original Foreign Loan Claims. The New Series A Preferred Stock ~~will~~shall, among other things, (i) accrue PIK dividends at 15% per annum and shall be perpetual preferred with a mandatory redemption at the Liquidation Preference, upon a Liquidity Event, ~~and~~(ii) have voting rights entitling it to vote on a 20:1 ratio to the voting rights of the Reorganized SFXE Common Stock, and (iii) have such other terms and conditions as set forth in the Restated Charter Documents or the New Series A Preferred Stock Certificate.

The shares of Reorganized SFXE Common Stock to be issued shall be issued pursuant to the Plan and the ~~New Governance~~Restated Charter Documents.

The Plan also proposes the issuance of ~~two~~three classes of CVRs: the Class A CVRs ~~and~~, the Class B CVRs, and Litigation CVRs. Holders of Class A CVRs shall receive rights that, upon the occurrence of a Liquidity Event, entitle such holder to a Cash payment equal to such holder's *pro rata* share (calculated based on the percentage that a Holder's Class A CVRs represent of the total Class A CVRs allocated) of the product of (x) ~~ten~~twelve-and-a-half percent (~~10~~12.5%) of the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering), and (y) a fraction, the numerator of which is the total number of Class A CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class A CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the ~~Notes~~ Cash ~~Pool~~ Payment~~, GUC Cash Pool Payment, and/or rejection of the Plan by an applicable~~ Option or the Convenience Class Election; provided, however, that the Class A CVRs shall be subject to dilution by the Class B CVRs.

Holders of Class B CVRs shall receive rights that, upon the occurrence of a Liquidity Event, shall entitle such holder to a Cash payment equal to such holder's *pro rata* share (calculated based on the percentage that a Holder's Class B CVRs represent of the total Class B CVRs allocated) of the product of (x) ten percent (10%) of the amount by which the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding

immediately prior to such Qualified Public Offering) exceeds the CVR Equity Value Threshold**, and (y) a fraction, the numerator of which is the total number of Class B CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class B CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election**. The Class B CVRs shall dilute the Class A CVRs above the CVR Equity Value Threshold.

Holders of Litigation CVRs shall receive rights that, upon the occurrence of the Litigation CVR Payment Date, shall entitle such holder to a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Litigation CVRs represent of the total Litigation CVRs allocated) of the product of (x) fifty percent (50%) of the Litigation CVR Net Proceeds (if any) and (y) a fraction, the numerator of which is the total number of Litigation CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Litigation CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. Any value on account of Litigation CVRs that were not allocated as a result of the Cash Payment Option or the Convenience Class Election shall remain with the Reorganized Debtors.

The Plan organizes the Debtors into three (3) groups: (1) the 2019 Debtors, (2) the Foreign Debtors and (3) the Non-Obligor Debtors. In Group 1 (the 2019 Debtors), there are ~~seven~~**six** (~~7~~**6**) Classes of Claims and two (2) Classes of Interests. In Group 2 (the Foreign Debtors), there are six (6) Classes of Claims and one (1) Class of Interests. In Group 3 (the Non-Obligor Debtors), there are five (5) Classes of Claims and one (1) Class of Interests. These Classes take into account the differing nature and priority of the various Claims and Interests under the Bankruptcy Code.

The Debtors believe that the Plan provides the best means currently available for the Debtors' emergence from chapter 11.

Estimated Claim amounts are set forth below and calculated, unless otherwise provided, as of the Petition Date. Estimated percentage recoveries are also set forth below for certain Classes of Claims. Estimated percentage recoveries have been calculated based upon a number of assumptions, including the estimated amount of Allowed Claims in each Class.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. The Debtors have not yet fully reviewed and analyzed all Claims and Interests. Estimated Claim amounts for each Class set forth below are based upon the Debtors' review of their books and records and Filed Proofs of Claim, and include estimates of a number of Claims that are contingent, disputed, and/or unliquidated.

UNCLASSIFIED CLAIMS	
Description and Amount	

of Claims or Interests and Projected Recoveries	Summary of Treatment
Administrative Claims of all Debtors[2] Estimated Aggregate Allowed amount of Administrative Claims exclusive of Professional Fee Claims: ~~$~~ approximately $275,000 Estimated Recovery: 100%	• Unimpaired. • Except to the extent that an Allowed Administrative Claim has been paid prior to the Effective Date, or is otherwise provided for herein, and unless otherwise agreed to by the Debtors, or the Reorganized Debtors, as applicable, and the Holder of such Allowed Administrative Claim, all Holders of an Allowed Administrative Claim shall receive, in full and complete settlement, release and discharge of such Administrative Claim, either (a) payment in full in Cash on or as soon as is reasonably practicable after the later of: (i) the Effective Date if such Administrative Claim is Allowed as of the Effective Date; (ii) the date such Administrative Claim is Allowed by Final Order of the Bankruptcy Court; and (iii) the date such Allowed Administrative Claim becomes due and payable or (b) with the consent of the Required DIP Lenders, such other treatment to render such Allowed Administrative Claim Unimpaired.
Priority Tax Claims of all Debtors Estimated Aggregate Allowed amount of Priority Tax Claims: ~~$~~ approximately $102,000 Estimated Recovery: 100%	• Unimpaired. • Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Effective Date, or unless otherwise agreed to by the Debtors with the consent of the Required DIP Lenders, or the Reorganized Debtors, as applicable, and the Holder of an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall, at the sole option of the Debtors or the Reorganized Debtors, as applicable, receive on account of such Allowed Priority Tax Claim and in full and complete settlement, release, and discharge of such Claim: (i) Cash in the amount equal to such Allowed Priority Tax Claim on or as soon as is reasonably practicable after the later of (a) the Effective Date (or as soon as thereafter as reasonably practicable) and (b) the date on which such Claim is Allowed by a Final Order of the Bankruptcy Court; or (ii) such other treatment to render such Allowed

[2] This estimate does not include estimates for ordinary course payables or deferred revenue.

	Priority Tax Claim Unimpaired; provided, further, that the Bankruptcy Court may retain non-exclusive jurisdiction over IRS claims, audit deficiencies and other issues arising therefrom to the extent allowable under applicable bankruptcy and non-bankruptcy law.
DIP Claims Aggregate Allowed amount of DIP Claims: $~~———~~**100,560,180** Allowed Tranche A DIP Facility Claims: $~~———~~**30,600,020** Estimated Recovery: 100% Allowed Tranche B DIP Facility Claims: $~~———~~**73,472,955** Estimated Recovery: ~~———~~**approximately 100**%	• Impaired. • Tranche A DIP Facility Claims: Tranche A DIP Facility Claims shall be Allowed in an amount equal to (a) the aggregate outstanding ~~**funded**~~ principal amount under the Tranche A DIP Facility of $~~**30,600,000,**~~**30,600,020,** *plus* (b) all accrued and unpaid cash interest on the Tranche A DIP Loans under the Tranche A DIP Facility as of the Effective Date, *plus* (c) any default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Tranche A DIP Facility as of the Effective Date. On the Effective Date, each Holder of an Allowed Tranche A DIP Facility Claim shall receive, in full and complete settlement, release, and discharge of such Claim, either: (A) payment in full, in Cash, from the proceeds of the Third Party First Lien Facility, or (B) (x) payment in full, in Cash, of such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of all accrued and unpaid cash interest due on the Tranche A DIP Loans as of the Effective Date, and (y) such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of the New First Lien Facility after conversion of the Tranche A DIP Facility Claims (*less* the total amount of accrued and unpaid cash interest paid in Cash on the Effective Date to all Holders of Allowed Tranche A DIP Facility Claims) into the New First Lien Facility. • Tranche B DIP Facility Claims: Tranche B DIP Facility Claims shall be Allowed in an amount equal to: (a) the aggregate outstanding funded

	principal amount under the Tranche B DIP Facility (as of ~~July 26,~~**August 22,** 2016) of $~~[~~**52,600,000**~~],~~**57,600,000,** *plus* (b) the aggregate principal amount of any additional amounts funded under the Tranche B DIP Facility from and after ~~July 26,~~**August 22,** 2016, *plus* (c) $~~[~~2,304,000~~]~~ representing a commitment fee paid-in-kind on February 10, 2016 on Tranche B DIP Loans (other than Incremental Foreign Loans) in accordance with the DIP Credit Documents, *plus* (d) $[____] representing interest paid-in-kind through but not including [DATE][3] on Tranche B DIP Loans (other than Incremental Foreign Loans) under the Tranche B DIP Facility, plus all interest payable-in-kind from and after such date on the Tranche B DIP Loans under the Tranche B DIP Facility through the Effective Date, *plus* (e) $[____] representing interest paid-in-kind through but not including [DATE][4] on the Incremental Foreign Loans under the Foreign Loan Agreement, plus all interest payable-in-kind from and after such date on the Incremental Foreign Loans under the Foreign Loan Agreement through the Effective Date, *plus* (f) any default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Tranche B DIP Facility as of the Effective Date. On the Effective Date, each Holder of a Tranche B DIP Facility Claim (**other than an Incremental Tranche B DIP Loan Claim),** together with the Holders of Allowed Original Foreign Loan Claims as set forth in Section 3.02(c~~)~~) of the Plan, shall receive, in full and complete settlement, release, and discharge of such ~~Tranche B DIP Facility~~ Claim, such Holder's *pro rata* share (calculated based on the percentage such Holder's Allowed Tranche B DIP Facility Claim **(exclusive of any Incremental Tranche B DIP Loan Claim)** represents of the total of Allowed Tranche B DIP Facility Claims **(exclusive of the Incremental Tranche B DIP Loan Claims)** and Allowed Original Foreign Loan Claims) of (~~A~~**1**) 100% of the New Series A

[3] TO BE INSERTED: The last day of the applicable paid-in-kind interest period preceding the date of this Disclosure Statement.

[4] TO BE INSERTED: The last day of the applicable paid-in-kind interest period preceding the date of this Disclosure Statement.

	Preferred Stock, and (~~B~~2) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any. On the Effective Date, each Holder of an Incremental Tranche B DIP Loan Claim, if any, shall receive, in full and complete settlement, release, and discharge of such Claim, a loan under the New Second Lien Facility equal to the Allowed Incremental Tranche B DIP Loan Claim after conversion of the Incremental Tranche B DIP Loan Claim into the New Second Lien Facility.
Professional Fee Claims Estimated Aggregate Allowed ~~amount~~Amount of Professional Fee Claims: ~~$~~approximately $25,000,000 Estimated Recovery: 100%	• Unimpaired. • All final requests for payment of Professional Fee Claims pursuant to sections 327, 328, 330, 331, 363, 503(b), or 1103 of the Bankruptcy Code (other than Professional Fee Claims made by Ordinary Course Professionals) must be made by application Filed with the Bankruptcy Court and served on the Reorganized Debtors, their counsel, counsel to the Required DIP Lenders, the Fee Examiner, and other necessary parties-in-interest **no later than sixty (60) days after notice of the Effective Date having been entered on the docket**, unless otherwise ordered by the Bankruptcy Court. Objections to such applications must be Filed and served on the Reorganized Debtors, their counsel, counsel to the Required DIP Lenders, and the requesting Professional or other Entity on or before the date that is thirty (30) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application was served. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court. • **The Reorganized Debtors may, with application to or approval by the Bankruptcy Court, retain**

	professionals and pay reasonable professional fees and expenses in connection with services rendered to the Reorganized Debtors after the Effective Date.
CLASSIFIED CLAIMS	
Class 1 Claims: Other Priority Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Allowed Amount of Class 1 Claims: ~~$_____~~**0** Estimated Recovery: 100%	• Unimpaired. • The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 1 Claim and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 1 Claim shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 1 Claim (a) payment of the Allowed Class 1 Claim in full in Cash on or as soon as is reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim is Allowed by a Final Order of the Bankruptcy Court or (b) with the consent of the Required DIP Lenders, such other treatment permitted by section 1129(a)(9) of the Bankruptcy Code. • Class 1 Claims are Unimpaired and are therefore not entitled to vote on the Plan.
Class 2 Claims: Other Secured Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Allowed Amount of Class 2 Claims: ~~$_____~~**approximately $300,000** Estimated Recovery: 100%	• Unimpaired. • On or as soon as is reasonably practicable after the later of (A) the Effective Date and (B) the date on which an Other Secured Claim is Allowed by a Final Order of the Bankruptcy Court, each Holder of an Allowed Class 2 Claim shall receive, in full and complete settlement, release and discharge of such Claim, in the sole discretion of the Debtors or the Reorganized Debtors, as applicable: (i) payment in full in Cash, including the payment of interest allowable under section 506(b) ~~of the Bankruptcy Code and/or section 511~~ of the Bankruptcy Code, if any; (ii) with the consent of the Required DIP Lenders, reinstatement pursuant to section 1124 of the Bankruptcy Code; (iii) with

	the consent of the Required DIP Lenders, the ~~collateral~~**Collateral** securing any such Allowed Other Secured Claim; or (iv) with the consent of the Required DIP Lenders, such other consideration so as to render such Allowed Other Secured Claim Unimpaired. • Class 2 Claims are Unimpaired and **the Holders of Allowed Class 2 Claims** are therefore not entitled to vote on the Plan.
Class 3 Claims: ~~**(i) Prepetition Second Priority Secured Claims against the 2019 Debtors, and (ii)**~~ Original Foreign Loan Claims against the Foreign Debtors **Estimated** Aggregate Allowed Amount of Class 3 Claims: $~~_____~~**25,361,414** ~~**Allowed Class 3 Claims (2019 Debtors): $_____**~~ Estimated Recovery:~~**_____%**~~ ~~**Allowed Class 3 Claims (Foreign Debtors): $_____**~~ ~~**Estimated Recovery: _____%**~~ **approximately 100%**	• Impaired. • Class 3 Claims ~~**(2019 Debtors): Class 3 Claims (2019 Debtors) shall be Allowed in the aggregate principal amount, as of the Petition Date, of [$_____] million. Except to the extent that a Holder of an Allowed Class 3 Claim (2019 Debtors) agrees to a less favorable treatment, each Holder of an Allowed Class 3 Claim (2019 Debtors), in exchange for full and final satisfaction, settlement, release and compromise of such Claim, shall receive, on the Effective Date:**~~ ~~**To the extent the Holders of Allowed Class 3 Claims (2019 Debtors) vote as a Class to accept the Plan: at the Holder's election, either (A) such Holder's *Pro Rata* share of (i) the Available Class A CVRs – Class 3 and (ii) the Available Class B CVRs – Class 3 (subject to reduction by the Allianz Turnover Amount) or (B) such Holder's *Pro Rata* share of the Notes Cash Pool Payment; or**~~ ~~**To the extent the Holders of Allowed Class 3 Claims (2019 Debtors) vote as a Class to reject the Plan: at the Holder's election, either (A) such Holder's *Pro Rata* share of the Available Class B CVRs – Class 3 (subject to reduction by the Allianz Turnover Amount) or (B) such Holder's *Pro Rata* share of the Notes Cash Pool Payment.**~~ ~~**Each Holder must identify its election to receive CVRs or the Notes Cash Pool Payment on the Ballot. If a Holder of an Allowed Class 3 Claim**~~

~~(2019 Debtors) (i) fails to properly fill out a Ballot, (ii) fails to timely submit a Ballot or does not submit a Ballot, or (iii) becomes entitled to vote on the Plan after the Voting Deadline, then the Holder of such Allowed Class 3 Claim (2019 Debtors) shall be deemed to have elected to receive Class A CVRs and/or Class B CVRs, as applicable, in lieu of the Notes Cash Pool Payment.~~

~~Holders of Prepetition Second Priority Note Claims and Prepetition Second Priority Guarantee Claims against the 2019 Debtors shall be entitled to a single Distribution under the Plan.~~

- ~~Class 3 Claims (Foreign Debtors): Class 3 Claims (Foreign Debtors)~~**: Class 3 Claims** shall be Allowed in an amount equal to (a) the aggregate outstanding amount due in respect of the Initial Foreign Loans as of February 10, 2016 of $21,936,194.49, *plus* (b) $[____], representing interest subsequently paid-in-kind through but not including [DATE][5] on the Initial Foreign Loans, plus all interest payable-in-kind from and after such date on the Initial Foreign Loans through the Effective Date, *plus* (c) any other default interest, premiums, fees, expenses, disbursements, costs, charges and any other amounts due under the Foreign Loan Documents with respect to the Initial Foreign Loans as of the Effective Date.

Each Holder of an Allowed Class 3 Claim ~~(Foreign Debtors)~~ (together with ~~the~~**those** Holders of Tranche B DIP Facility Claims as set forth in Section 3.01(c)**(ii)** of the Plan), shall receive, on the Effective Date, in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim, such Holder's *pro rata* share (calculated based on the percentage such Holder's Allowed Original Foreign Loan Claim represents of the total of Allowed Tranche B DIP Facility Claims **(exclusive of the Incremental Tranche B DIP Loan Claims)** and Allowed Original Foreign Loan Claims) of (A) 100% of the New Series A Preferred

[5] TO BE INSERTED: the last day of the applicable paid-in-kind interest period preceding the date of this Disclosure Statement.

	Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity **and by any common stock that may be issued upon exercise of the New Warrants, if any**. • Class 3 Claims are Impaired and the Holders of Class 3 Claims shall be entitled to vote to accept or reject the Plan.
~~**Class 4 Claims: Prepetition Second Priority Deficiency Claims against the 2019 Debtors**~~ ~~**Allowed Class 4 Claims (2019 Debtors): $_____**~~ ~~**Estimated Recovery: _____%**~~	~~**• Impaired.**~~ ~~**• Class 4 Claims (2019 Debtors) shall be Allowed in the aggregate principal amount, as of the Petition Date, of [$_____] million (the amount of Allowed Prepetition Second Priority Note Clams less the Allowed Class 3 Claims (2019 Debtors).**~~ ~~**Except to the extent that a Holder of an Allowed Class 4 Claim (2019 Debtors) agrees to a less favorable treatment, each Holder of an Allowed Class 4 Claim (2019 Debtors), in exchange for full and final satisfaction, settlement, release and compromise of such Claim, shall receive, on the Effective Date:**~~ ~~**To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to accept the Plan: at the Holder's election, either (A) such Holder's *Pro Rata share* of (i) the Available Class A CVRs – Class 4, and (ii) the Available Class B CVRs – Class 4 or (B) such Holder's *Pro Rata* share of the Notes Cash Pool Payment; or**~~ ~~**To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to reject the Plan: at the Holder's election, either (A) such Holder's *Pro Rata* share of the Available Class B CVRs – Class 4 or (B) such Holder's *Pro Rata* share of the Notes Cash Pool Payment.**~~ ~~**Each Holder must identify its election to receive CVRs or the Notes Cash Pool Payment on the Ballot. If a Holder of an Allowed Class 4 Claim (2019 Debtors) (i) fails to properly fill out a**~~

	~~Ballot, (ii) fails to timely submit a Ballot, or (iii) becomes entitled to vote on the Plan after the Voting Deadline, then the Holder of such Allowed Class 4 Claim (2019 Debtors) shall be deemed to have elected to receive Class A CVRs and/or Class B CVRs, as applicable, in lieu of the Notes Cash Pool Payment.~~ ~~Holders of Prepetition Second Priority Deficiency Claims against the 2019 Debtors shall be entitled to a single Distribution under the Plan.~~ • ~~Class 4 Claims (2019 Debtors) are Impaired and the Holders of Class 4 Claims (2019 Debtors) shall be entitled to vote to accept or reject the Plan.~~
Class ~~5~~4 Claims: **(i)** General Unsecured Claims **and Prepetition Second Priority Note Claims** against ~~(i)~~ the 2019 Debtors~~,~~**;** (ii) **General Unsecured Claims against** the Foreign Debtors~~,~~**;** and (iii) **General Unsecured Claims against** the Non-Obligor Debtors Estimated ~~Aggregate Amount of~~ Allowed Class ~~5 Claims:~~ ~~$_____~~ ~~Allowed Class 5~~4 Claims (2019 Debtors): ~~$_____~~**$362,000,000** Estimated Recovery: ~~_____%~~**approximately 0.2%-1.3%**[6] Estimated ~~Amount of~~ Allowed Class ~~5~~4 Claims (Foreign Debtors): ~~$_____~~**$2,500** Estimated Recovery: 100% Estimated ~~Amount of~~ Allowed Class ~~5~~4 Claims (Non-Obligor Debtors):	• Impaired for Class ~~5~~4 Claims (2019 Debtors) only. Unimpaired for Class ~~5~~4 Claims (Foreign Debtors) and Class ~~5~~4 Claims (Non-Obligor Debtors). • Class ~~5~~4 Claims (2019 Debtors): **Prepetition Second Priority Note Claims shall be Allowed in the aggregate amount, as of the Petition Date, of $309,196,875.** Except to the extent that a Holder of an Allowed Class ~~5~~4 Claim (2019 Debtors) **makes the Convenience Class Election, if eligible, or** agrees to a less favorable treatment, each Holder of an Allowed Class ~~5~~4 Claim (2019 Debtors), in exchange for full and final satisfaction, settlement, release and compromise of such Claim, shall receive, on the Effective Date: **To the extent the Holders of Allowed Class ~~5~~4 Claims (2019 Debtors) vote as a Class to accept the Plan**: at the Holder's election, either (A) such Holder's *Pro Rata share* of (i) ~~the Available~~ Class A CVRs ~~– Class 5,~~**(or Series A Warrants, as applicable),** and (ii) ~~the Available~~ Class B CVRs ~~– Class 5~~**(or Series B Warrants, as applicable) and (iii) Litigation CVRs,** or (B) such Holder's *Pro Rata* share of the ~~GUC~~ Cash Pool Payment

[6] This estimated recovery excludes recovery on Litigation CVRs and is based on an estimated enterprise value of $137.5 million.

~~$~~ ~~$2,300~~ Estimated Recovery: 100%	Amount; or **To the extent the Holders of Allowed Class ~~5~~4 Claims (2019 Debtors) vote as a Class to reject the Plan**: at the Holder's election, either (A) such Holder's *Pro Rata* share of ~~the Available Class B CVRs – Class 5~~(i) Class A CVRs (or Series A Warrants, as applicable) and (ii) Litigation CVRs, or (B) such Holder's *Pro Rata* share of the ~~GUC~~ Cash Pool Payment Amount. Holders of Prepetition Second Priority Note Claims against the 2019 Debtors shall be entitled to a single Distribution under the Plan. CVR/Cash Payment Option Mechanics: Each Holder of a Class 4 Claim (2019 Debtors) must identify its election to receive CVRs or, in the ~~GUC~~alternative, the payment on account of the Cash ~~Pool~~ Payment Option on the Ballot; provided that if the Holder elects to receive CVRs, the Holder must also identify whether or not it is an Accredited Investor. If a Holder of an Allowed Class ~~5~~4 Claim (2019 Debtors) (i) fails to properly fill out a Ballot, (ii) fails to timely ~~submit a Ballot or does not~~ submit a Ballot, or (iii) becomes entitled to vote on the Plan after the Voting Deadline, then the Holder of such Allowed Class ~~5~~4 Claim (2019 Debtors) shall be deemed to have ~~elect~~elected to receive Class A CVRs, Class B CVRs, and/or ~~Class B~~Litigation CVRs, as applicable, in lieu of the ~~GUC~~payment on account of the Cash ~~Pool~~ Payment. Option, and shall be presumed to not be an Accredited Investor for purposes of the Plan. Holders of Class 4 Claims (2019 Debtors) that elect to receive (or are deemed to have elected to receive) Class A CVRs and Class B CVRs shall be deemed to have also elected to receive Series A Warrants and Series B Warrants, respectively, to the extent such New Warrants are issued, as provided under Section 5.07(f) of the Plan. Convenience Class Election Mechanics: A Holder of a General Unsecured Claim against the 2019 Debtors that votes in favor of the Plan

	is eligible to make the Convenience Class Election. Each eligible Holder of a General Unsecured Claim must vote in favor of the Plan and identify on the Ballot its election to voluntarily and irrevocably reduce the Allowed amount of its General Unsecured Claim to $50,000 and to receive the treatment specified for Class 5 Claims set forth in Section 3.02(e) of the Plan with respect to such reduced Allowed General Unsecured Claim. For the avoidance of doubt, (x) an Allowed General Unsecured Claim subject to the Convenience Class Election shall be treated as a single reduced Claim of $50,000 and shall not be subdivided into multiple Claims of $50,000 or less for purposes of receiving Distributions as a Convenience Claim, and (y) any such Holder who makes the Convenience Class Election shall not be entitled to receive any other recovery or Distribution on account of such Claim. • Class ~~5~~4 Claims (Foreign Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class ~~5~~4 Claims (Foreign Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class ~~5~~4 Claim (Foreign Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class ~~5~~4 Claim (Foreign Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class ~~5~~4 Claim (Foreign Debtors): (A) payment in full in Cash; (B) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (C) such other consideration so as to render such Allowed Class ~~5~~4 Claim (Foreign Debtors) Unimpaired. • Class ~~5~~4 Claims (Non-Obligor Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class ~~5~~4 Claims (Non-Obligor Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class ~~5~~4 Claim (Non-Obligor Debtors) and the Debtors or the Reorganized Debtors, as applicable, each Holder of an Allowed Class ~~5~~4 Claim (Non-Obligor Debtors) shall receive in full, final

	and complete satisfaction, settlement, release and discharge of such Allowed Class ~~5~~4 Claim (Non-Obligor Debtors): (A) payment in full in Cash; (B) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (C) such other consideration so as to render such Allowed Class ~~5~~4 Claim (Non-Obligor Debtors) Unimpaired. • Class ~~5~~4 Claims (2019 Debtors) are Impaired and the Holders of Allowed Class ~~5~~4 Claims (2019 Debtors) shall be entitled to vote to accept or reject the Plan. • Class ~~5~~4 Claims (Foreign Debtors) and Class ~~5~~4 Claims (Non-Obligor Debtors) are Unimpaired and the Holders of Allowed Class 4 Claims (Foreign Debtors) and Allowed Class 4 Claims (Non-Obligor Debtors) are therefore not entitled to vote on the Plan.
Class 5 Claims: Convenience Claims against the 2019 Debtors **Estimated Aggregate Amount of Allowed Class 5 Claims: $5,460,000** **Estimated Recovery: 10%**	**• Impaired.** **• On the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Class 5 Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim, a one-time payment in Cash equal to such Holder's *Pro Rata* share of the Convenience Class Cash Pool.** **• Class 5 Claims are Impaired and the Holders of Allowed Class 5 Claims shall be entitled to vote on the Plan.**
Class 6 Claims: Subordinated Claims against (i) the 2019 Debtors, (ii) the Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Amount of Allowed Class 6 Claims: $~~———~~15,900,000 Estimated Allowed Class 6 Claims (2019 Debtors): $~~0~~15,900,000	• Impaired for Class 6 Claims (2019 Debtors) only. Unimpaired for Class 6 Claims (Foreign Debtors) and Class 6 Claims (Non-Obligor Debtors). • Class 6 Claims (2019 Debtors): Holders of Class 6 Claims (2019 Debtors) shall not be entitled to receive or retain any Distributions or other property on account of such Claims under the Plan. Pursuant to the Plan, all Subordinated Claims against the 2019 Debtors shall be deemed settled, cancelled, extinguished and discharged on the

Estimated Recovery: 0% Estimated Amount of Allowed Class 6 Claims (Foreign Debtors): $0 Estimated Recovery: 100% Estimated Amount of Allowed Class 6 Claims (Non-Obligor Debtors): $0 Estimated Recovery: 100%	Effective Date. • Class 6 Claims (Foreign Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 6 Claims (Foreign Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 6 Claim (Foreign Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 6 Claim (Foreign Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 6 Claim (Foreign Debtors): (i) payment in full in Cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Foreign Debtors) Unimpaired. • Class 6 Claims (Non-Obligor Debtors): The legal, equitable and contractual rights of the Holders of Allowed Class 6 Claims (Non-Obligor Debtors) will be unaltered by the Plan. Unless otherwise agreed to by the Holder of an Allowed Class 6 Claim (Non-Obligor Debtors) and the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, each Holder of an Allowed Class 6 Claim (Non-Obligor Debtors) shall receive in full, final and complete satisfaction, settlement, release and discharge of such Allowed Class 6 Claim (Non-Obligor Debtors): (i) payment in full in Cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Non-Obligor Debtors) Unimpaired. • Class 6 Claims (2019 Debtors) are Impaired but will not receive any Distributions, and are therefore not entitled to vote on the Plan. • Class 6 Claims (Foreign Debtors) and Class 6 Claims (Non-Obligor Debtors) are Unimpaired and are therefore not entitled to vote on the Plan.
Class 7 Claims: Intercompany Claims against (i) the 2019 Debtors, (ii) the	• Unimpaired.

Foreign Debtors, and (iii) the Non-Obligor Debtors Estimated Aggregate Allowed Amount of Class 7 Claims: $~~———~~**10,600,000** Estimated Recovery: 100%	• On the Effective Date, Allowed Class 7 Claims shall, at the election of the Debtors (with the consent of the Required DIP Lenders), or the Reorganized Debtors, as applicable, be either (i) reinstated, ~~or~~ (ii**) set off against other Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary in one or a series of transactions, or (iii**) released, waived, and discharged. • Class 7 Claims are Unimpaired and are therefore not entitled to vote on the Plan.
Class 8 Interests: Interests in (i) the Guarantor Debtors; (ii) the Foreign Debtors; and (iii) the Non-Obligor Debtors Estimated Recovery: 100%	• Unimpaired. • As of the Effective Date, each Holder of Class 8 Interests shall, at the election of the Debtors (with the consent of the Required DIP Lenders), or the Reorganized Debtors, as applicable, be either (i) reinstated, or (ii) released, waived, and discharged. • Class 8 Interests are Unimpaired and are therefore not entitled to vote on the Plan.
Class 9 Interests: Interests in SFXE Estimated Recovery: 0%	• Impaired. • On the Effective Date, each Holder of an Interest in SFXE shall not receive or retain any Distribution or other property on account of such Interests under the Plan. All Interests in SFXE and all stock certificates, instruments, and other documents evidencing such Interests in SFXE shall be cancelled as of the Effective Date. • Class 9 Interests are Impaired but will not receive any Distributions, and are therefore not entitled to vote on the Plan.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND THUS **STRONGLY RECOMMEND** THAT YOU VOTE TO **ACCEPT** THE PLAN.

III. SOLICITATION, PLAN VOTING INSTRUCTIONS AND VOTING PROCEDURES

A. Notice to Holders of Claims Against and Interests in the Debtors

APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT MEANS THAT THE BANKRUPTCY COURT HAS FOUND THAT THIS DISCLOSURE STATEMENT CONTAINS INFORMATION OF A KIND AND IN SUFFICIENT AND ADEQUATE DETAIL AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTORS TO ENABLE HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT WHETHER TO ACCEPT OR REJECT THE PLAN. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF THE PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF CLAIMS ENTITLED TO VOTE AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES, SUPPLEMENTS AND EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT, AND NO PERSON HAS BEEN AUTHORIZED TO DISTRIBUTE ANY INFORMATION CONCERNING THE DEBTORS OTHER THAN THE INFORMATION CONTAINED HEREIN OR THEREIN. NO SUCH INFORMATION SHOULD BE RELIED UPON IN MAKING A DETERMINATION TO VOTE TO ACCEPT OR REJECT THE PLAN.

TO THE EXTENT THERE IS ANY CONFLICT BETWEEN THE SOLICITATION PROCEDURES ORDER AND THE PROVISIONS OF THE DISCLOSURE STATEMENT WHICH RELATE TO THE SOLICITATION OF VOTES TO ACCEPT OR

REJECT THE PLAN AND/OR THE TABULATION OF VOTES RELATED THERETO, THE SOLICITATION PROCEDURES ORDER SHALL CONTROL.

B. Parties-in-Interest Entitled to Vote

Pursuant to section 1126 of the Bankruptcy Code, a holder of a claim against or interest in a debtor may vote to accept or to reject a plan of reorganization if (a) the claim or interest is "allowed" and (b) the claim or interest is "impaired" by such plan.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan of reorganization unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before such default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan of reorganization on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan of reorganization. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on such plan.

C. Classes Entitled to Vote to Accept or Reject the Plan

Under the Bankruptcy ~~Codeb~~Code, acceptance of a plan of reorganization by a class of claims or interests is determined by calculating the number and the amount of claims or interests voting to accept such plan, based on the actual total allowed claims or interests voting on the plan. Acceptance by a class requires more than one-half of the number of total allowed claims or interests in the class to vote in favor of the plan and at least two-thirds in dollar amount of the total allowed claims or interests in the class to vote in favor of the plan.

Pursuant to the Plan, **Class 3 Claims, Class 4 Claims (2019 Debtors) and Class 5 Claims ~~(2019 Debtors)~~** are Impaired by, and entitled to receive a Distribution under, the Plan, and only the Holders of Claims in these Classes are entitled to vote to accept or reject the Plan. **Class 1 Claims, Class 2 Claims, Class ~~5~~4 Claims (Foreign Debtors), Class ~~5~~4 Claims (Non-Obligor Debtors), Class 6 Claims (Foreign Debtors), Class 6 Claims (Non-Obligor Debtors), Class 7 Claims, and Class 8 Interests** are Unimpaired by the Plan, and such Holders are conclusively presumed to have accepted the Plan and are therefore not entitled to vote to accept or reject the Plan. **Class 6 Claims (2019 Debtors)** and **Class 9 Interests** are Impaired by the Plan and are not receiving a Distribution, therefore such Holders are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

D. Calculation of Claims for Voting Purposes; Claim Objection Deadline

Pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(2), any Holder of a Claim (a) that is either (i) not scheduled, or (ii) scheduled ~~as~~ (x) as

contingent, unliquidated, undetermined or disputed, (y) in the amount of $0.00 or (z) as unknown; (b) that is not the subject of a Proof of Claim Filed by the applicable Bar Date set by the Bankruptcy Court or is not otherwise deemed timely Filed by the Bankruptcy Court; (c) that is satisfied by the Debtors; (d) that is Filed in the amount of $0.00; (e) that has been resolved pursuant to stipulation or order entered by the Bankruptcy Court; or (f) that is subject to an objection, will not be treated by the Debtors as a Creditor (as such term is defined in the Plan) with respect to such Claim for purposes of voting on, or objecting to, the Plan.

In order to calculate the amount of Claims for voting purposes, Claims will be (a) counted in the amount Allowed by the Plan; (b) counted in the amount listed on the Schedules if (i) the Claim is not scheduled (x) as contingent, unliquidated, disputed or undetermined or (y) in the amount of $0.00, (ii) no Proof of Claim has been timely Filed (or otherwise deemed timely Filed by the Bankruptcy Court under applicable law), (iii) such Claim has not been satisfied by the Debtors, and (iv) such Claim has not been resolved pursuant to a stipulation or order entered by the Bankruptcy Court; (c) counted in the amount listed in a timely Filed Proof of Claim (or otherwise deemed timely Filed by the Bankruptcy Court under applicable law) if (i) the Claim amount is not disputed, contingent, undetermined or unliquidated, (ii) the Claim was not Filed in the amount of $0.00, (iii) the Proof of Claim has not been amended or superseded by another Proof of Claim, and (iv) the Claim is not the subject of a Claim Objection (as defined below); (d) allowed in the amount temporarily allowed by the Bankruptcy Court for voting purposes only pursuant to rule 3018(a) of the Bankruptcy Rules as set forth below; or (e) reclassified and/or allowed in a fixed, reduced amount if the Debtors have requested that such Claim be reclassified and/or allowed in a fixed, reduced amount pursuant to a Claim Objection to such Claim.

Pursuant to Bankruptcy Rule 3018(a), the deadline for the Debtors to File and serve any objections (each, a "**Claim Objection**") to a Claim for purposes of voting on the Plan in a different Class or different amount than is set forth in the Proof of Claim timely Filed by the applicable Bar Date as set by the Bankruptcy Court, shall be **_____, 2016** (the "**Claim Objection Deadline**"). For the avoidance of doubt, the Debtors shall retain their right to object to a Claim at a later date on any ground(s) so long as such objection is not for voting purposes. Responses, if any, to the Claim Objection shall be Filed no later than **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)**. The Bankruptcy Court may conduct a hearing on any Claim Objection at the Confirmation Hearing or such earlier time as may be scheduled by the Bankruptcy Court. The ruling by the Bankruptcy Court on any Claim Objection will be considered a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, if at all, for voting purposes only, in the amount determined by the Bankruptcy Court. Any party with a response to a Claim Objection may be heard at the Confirmation Hearing. If, and to the extent that, the Debtors and such party are unable to resolve the issues raised by the Claim Objection on or prior to the Confirmation Hearing, any such Claim Objection will be heard at the Confirmation Hearing.

Creditors seeking to have a Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a) must File a motion (the "**Claims Estimation Motion**") for such relief no later than **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)** (the "**Claims Estimation Motion Deadline**") which date is eighteen (18) days prior to the Voting Deadline (as defined below). The Bankruptcy Court shall hear such Claims Estimation Motion at the Confirmation Hearing or such earlier time as may be scheduled by the

Bankruptcy Court. Any such Claims Estimation Motion may be resolved by agreement between the Debtors and the movant without the requirement for further order or approval of the Bankruptcy Court. The deadline for the Debtors to file and serve any objections (each, a "**Claims Estimation Objection**") to a Claims Estimation Motion shall be **_____, 2016** (the "**Claims Estimation Objection Deadline**"). Responses to any Claims Estimation Objection may be Filed with this Court up to and including the date of the Confirmation Hearing, and any party with a response to a Claims Estimation Objection may be heard at the Confirmation Hearing.

E. Solicitation Materials

In soliciting votes for the Plan pursuant to this Disclosure Statement, the Debtors, through Kurtzman Carson Consultants, LLC (the "**Voting Agent**"), will send to Holders of Claims who are entitled to vote, a solicitation package (the "**Solicitation Package**"), which shall include, among other things copies of (a) this Disclosure Statement together with the Plan and all other exhibits annexed thereto, (b) the Solicitation Procedures Order, excluding the exhibits annexed thereto, (c) the notice of, among other things, (i) the date, time, and place of the hearing to consider Confirmation of the Plan and related matters and (ii) the deadline for filing objections to Confirmation of the Plan ((i) and (ii) collectively, the "**Confirmation Hearing Notice**"), (d) one or more Ballots (and return envelopes) to be used in voting to accept or to reject the Plan, and (e) other materials that the Bankruptcy Court may direct or approve, as more fully set forth in the Solicitation Procedures Order.

Prior to the Confirmation Hearing, the Debtors intend to file a Plan Supplement that includes, among other things, the Plan Supplement Documents. As the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made available on the Debtors' restructuring website, without charge, at http://kccllc.net/sfx.

F. Voting Procedures, Ballots, and Voting Deadlines

The record date with respect to Holders of Claims is **_____, 2016** (the "**Voting Record Date**"). The Voting Record Date is used to (1) compare the Holders of Claims against (a) the Classes of Claims entitled to vote to accept or reject the Plan (each, a "**Voting Class**"), who are entitled to receive Solicitation Packages and vote to accept or reject the Plan, and (b) the Classes not entitled to vote to accept or reject the Plan (each, a "**Non-Voting Class**"), who shall receive a package (the "**Non-Voting Package**") consisting of the Confirmation Hearing Notice and notice of non-voting status, and (2) determine whether Claims have been properly assigned or transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of a Claim. However, with respect to any transferred Claim, the transferee shall be entitled to receive a Solicitation Package and cast a Ballot on account of the transferred Claim only if the parties have completed all actions necessary to effect the transfer of the Claim pursuant to Bankruptcy Rule 3001(e) by the Voting Record Date. In the event a Claim is transferred after the transferor has executed and submitted a Ballot to the Voting Agent, the transferee of such Claim shall be bound by any such vote (and the consequences thereof) made by the Holder of such transferred Claim as of the Voting Record Date. The Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' Creditors and other parties in interest.

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying Ballot.

All votes to accept or reject the Plan must be cast by using the Ballot enclosed with the Solicitation Packages. Unless the Debtors determine otherwise in their sole and absolute discretion, in order for your vote to be counted your Ballot must be properly completed as set forth below and in accordance with the voting instructions on the Ballot and received no later than **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)** (the "**Voting Deadline**") at the following address:

SFX Ballot Processing Center
c/o Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, CA 90245

Unless otherwise provided in the instructions accompanying the Ballots, the following Ballots will not be counted in determining whether the Plan has been accepted or rejected:

- any Ballot that is otherwise properly completed, executed and timely returned to the Voting Agent, but does not indicate an acceptance or rejection of the Plan, or indicates both an acceptance and a rejection of the Plan;
- any Ballot received after the Voting Deadline, except in the Debtors' discretion or by order of the Bankruptcy Court;
- any Ballot containing a vote that the Bankruptcy Court determines, after notice and a hearing, was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code;
- any Ballot that is illegible or contains insufficient information to permit the identification of the Creditor;
- any Ballot that partially accepts, or partially rejects, the Plan;
- any Ballot cast by a Person or Entity that does not hold a Claim in a Voting Class;
- any unsigned Ballot or Ballot without an original signature, except in the Debtors' discretion; and
- any Ballot transmitted to the Voting Agent by facsimile, e-mail or other electronic means, except in the Debtors' discretion.

The Ballots do not require Holders of Claims to return any stock certificates, debt instruments, or other evidences of their Claim with their Ballot.

Except as otherwise provided herein, or in the Solicitation Procedures Order: (a) if no Holders of Claims eligible to vote in a particular Class vote to accept or reject the Plan, the Plan will be deemed accepted by the Holders of such Claims in such Class, and (b) any Class of Claims that does not have a Holder of an Allowed Claim or Interest or a Claim temporarily allowed by the Bankruptcy Court as of the date of the Confirmation Hearing will be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

Each Holder of a Claim must vote all of its Claims within a particular Class either to accept or reject the Plan and may not split such votes within a Voting Class. Accordingly, an individual Ballot that partially rejects and partially accepts the Plan on account of multiple Claims within the same Voting Class shall not be counted. By signing and returning a Ballot, each Holder of a Claim will certify to the Bankruptcy Court and the Debtors that no other Ballots with respect to such Claim have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such other Ballots indicated the same vote to accept or reject the Plan.

It is important that the Holder of a Claim in the Classes entitled to vote follow the specific instructions provided on such Holder's Ballot(s) and the accompanying instructions.

If you have any questions about (a) the procedure for voting your Claim, (b) the Solicitation Package that you have received, or (c) the amount of your Claim, or if you wish to obtain, at your own expense (unless otherwise specifically required by Bankruptcy Rule 3017(d)), an additional copy of the Plan, this Disclosure Statement, the Plan Supplement or any appendices or exhibits to such documents, please contact the Voting Agent at (~~888) 201-2205,~~877) 833-4150, or if calling from outside the United States and Canada, at (~~310) 751-1839,~~917) 281-4800, or at the following address:

SFX Ballot Processing Center
c/o Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, CA 90245

For further information and general instructions on voting to accept or reject the Plan, see the instructions accompanying your Ballot.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN BY COMPLETING THEIR BALLOTS AND RETURNING THEM BY THE VOTING DEADLINE (_____, 2016 AT 5:00 P.M. (PREVAILING EASTERN TIME)). IF YOU (1) VOTE TO ACCEPT THE PLAN, (2~~) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN AND ABSTAIN FROM VOTING OR (3~~) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN AND YOU SUBMIT A BALLOT BUT YOU DO NOT MARK YOUR BALLOT TO INDICATE YOUR REFUSAL TO GRANT THE ~~THIRD PARTY~~CONSENSUAL RELEASES IN ARTICLE XI OF THE PLAN, YOU ARE AUTOMATICALLY DEEMED TO CONSENT TO AND WILL BE BOUND BY THE THIRD PARTY RELEASES IN ARTICLE XI OF THE PLAN.

G. Waiver of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Voting Agent and the Debtors, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of Ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the right to contest the validity of any such withdrawals of Ballots. Subject to any contrary order of the Bankruptcy Court, the Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive, without notice, any defects, irregularities or conditions of delivery as to any particular Ballot, including failure to timely file such Ballot. Unless otherwise ordered by the Court, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine, and delivery of such Ballots shall not be deemed to have been made until such irregularities have been cured or waived. Neither the Debtors nor any other Person or Entity will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor shall any such party incur any liability for failure to provide such notification. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will not be counted, except as otherwise provided herein or in the Solicitation Procedures Order.

H. Withdrawal of Ballots; Revocation

Unless otherwise provided, any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. To be valid, a notice of withdrawal must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be actually received by the Voting Agent prior to the Voting Deadline. The Debtors intend to consult with the Voting Agent to determine whether any withdrawals of Ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the right to contest the validity of any such withdrawals of Ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast Ballot.

Unless otherwise provided, any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change such vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. In the event where more than one timely, properly completed Ballot is received, the last valid Ballot received before the Voting Deadline will supersede and revoke any earlier received Ballot, provided that if a Holder of

Claims casts multiple Ballots on account of the same Claim or Class of Claims, which are received by the Voting Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

I. Request for Ballot(s); Further Information; Additional Copies

If you have any questions or require further information about the voting procedures for voting your Claim or about the packet of material you received, if you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Order), or if you are the Holder of a Claim who believes you are entitled to vote on the Plan, but you did not receive a Ballot or your Ballot is damaged or illegible, please contact the Voting Agent at:

SFX Ballot Processing Center
c/o Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, CA 90245

J. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128(a) of the Bankruptcy Code, the Bankruptcy Court, after notice, may hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Confirmation Hearing will commence on **_____, 2016 at _____ (prevailing Eastern Time)**, before the Honorable Mary F. Walrath, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment Filed with the Bankruptcy Court and served on the master service list and the Entities who have Filed an objection to the Plan ("**Plan Objection**")~~, without further notice to parties in interest~~. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing.

The Plan may be modified if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

All Plan Objections must be Filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest in accordance with the Solicitation Procedures Order so that they are received on or before **_____, 2016, at 5:00 p.m. (prevailing Eastern Time)** (the "**Plan Objection Deadline**"). The Debtors or any other party supporting Confirmation of the Plan, may file a response to any Plan Objections no later than **_____, 2016**, which is seven (7) days prior to the date of the Confirmation Hearing. At that same time, the Debtors will also file their proposed findings of fact and conclusions of law with a form of order confirming the Plan, and may file any memorandum of law in support of Confirmation of the Plan.

The Confirmation Order shall approve all provisions, terms, and conditions of the Plan, unless such provisions, terms or conditions are otherwise satisfied or waived pursuant to the Plan provisions described in Article VI herein.

IV. GENERAL INFORMATION CONCERNING THE DEBTORS

A. Overview of Debtors' Corporate History

SFXE is a leading producer of live events and digital entertainment content focused exclusively on electronic music culture and world-class festivals. SFXE commenced material operations in 2012 with the intent of acquiring and operating companies within the electronic dance music ("**EDM**") industry, specifically those engaged in the promotion and production of live music events, festivals and digital offerings attractive to EDM fans in the United States and abroad. Over the next three years, SFXE acquired a number of leading EDM brands, such as TomorrowWorld, Beatport, Mysteryland, Sensation and Electric Zoo, and expanded its operations worldwide.

Today, the Debtors and their non-debtor subsidiaries and affiliates (collectively, "**SFX**" or the "**Company**") are actively engaged in the production and promotion of EDM festivals and events both domestically and abroad. In addition, the Company manages large, event-driven nightclubs that serve as venues for performances by key EDM talent. As of the Petition Date, the Debtors and their 120 non-debtor subsidiaries operated a business that spanned the globe, with operations in over 30 countries. The Debtors are substantially all of the domestic companies comprising SFX as well as select foreign holding companies. SFX's foreign operating subsidiaries and affiliates are not debtors in these cases. As of the Petition Date, the Debtors had more than 325 employees and, together with the non-Debtor entities, had more than 625 employees.

The Company's strategy was to take advantage of the heightened interest in EDM and the associated attractive demographic by building the largest integrated EDM business in the world. Through consolidation, the Company sought to take advantage of scale including the ability to: (i) share services and corporate overhead; (ii) sell across platforms (e.g., live and online); (iii) increase purchasing power; (iv) establish common branding; (v) create a touring infrastructure to mitigate event costs; (vi) engage the best EDM talent; and (vii) attract large sponsors. The Company's strategy also sought to take advantage of its platform to enhance revenue by attracting sponsors for their festivals and other activities. The vast majority of the over 3 million tickets the Debtors sold in 2015 were attributable to the 18- to 34-year old demographic. This age bracket is highly desirable to marketers, and presented the Debtors with opportunities to enter into lucrative corporate sponsorships.

The Debtors' business also included control of a portion of its ticketing function, as well as online streaming platforms that enabled EDM fans and professionals access to music, news, ticketing, social networks and events. The Company's streaming and ticketing operations complemented their EDM operations and provided another revenue stream. As a result of the Company's roll-up strategy, SFX owned or operated more than 106 festivals and produced over 1,134 other events across the world in 2015, all in the vibrant and growing EDM community.

The Company's growth strategy was successful in building a platform but resulted in high acquisition-related costs. The Company's operating costs have remained high, as the Company had not yet completed the integration of the acquired companies. In addition, certain of the acquisitions did not add the expected level of value to the Company's platform.

B. Debtors' Corporate Structure

SFXE is a corporation formed under the laws of the State of Delaware. It began its business on July 7, 2011 as SFX EDM Holdings Corporation (f/k/a SFX Entertainment Inc.), which is now a wholly-owned subsidiary of SFXE. SFXE was incorporated on June 5, 2012; between June 5, 2012 and February 13, 2013, SFXE operations were conducted under the name SFX Holding Corporation. On October 15, 2013, SFXE completed its initial public offering and became a publicly traded company on NASDAQ, trading under the ticker symbol "SFXE". As of the Petition Date, there were a total of 98,805,935 shares of common stock issued and outstanding.

The Company has two operating segments under which the various SFX companies belong: (i) "Live Events", which is the production and promotion of the live EDM events, and includes revenue from ticket sales, concessions of food, beverages and merchandise, ticketing fees and commissions, promoter and management fees, event-specific sponsorships and advertising; and (ii) "Platform," which is the Company's 365-day per year engagement with the Company's fans outside of live events, and includes the sale of audio files, merchandise and certain marketing and digital activities.

Over the past few years, the Company acquired rights to host festivals under trusted brands that attract millions of EDM fans worldwide. As discussed above, the Company made a number of acquisitions to expand its global reach in Europe, Australia and South America. As SFX acquired new companies, the management team expanded to include a new generation of promoters, producers and executives who are innovators and leaders in the EDM community. These team members were generally managers or former owners of the acquired companies who received equity in the Company and other consideration, some of which has been payable over time. The Company's acquisition strategy included the acquisition of foreign subsidiaries that house much of the Company's creative talent and intellectual property, as well as online platforms enabling EDM fans and professionals alike to access music, news, ticketing, social networks and events.

Some of these acquisitions involved the purchase of entire businesses. In other instances, the Company entered into joint ventures or purchased non-controlling interests, such as in connection with the acquisition of the Rock in Rio festival.

C. Debtors' Prepetition Capital Structure

1. *Overview*

To fund its roll-up strategy, the Company raised significant capital. As of the Petition Date, the Debtors had outstanding debt obligations in the aggregate principal amount of over $345 million, consisting mainly of their obligations under the Credit Agreement (as defined below), Original Foreign Loan (as defined below) and Notes (as defined below). The Company

also raised $45 million in preferred stock issuances in September 2015 and an additional $7.5 million thereafter in November and December 2015.

2. *Prepetition First Lien Debt and Original Foreign Loan*

39. On February 7, 2014, SFXE and certain of the Debtors (the "**Credit Facility Borrowers**") entered into a credit agreement (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") with the lenders party thereto and Barclays Bank PLC, as administrative agent and collateral agent (in such capacities, together with its successors and permitted assigns, the "**Administrative Agent**"), which provided the Company with a $30 million revolving credit facility (the "**Revolving Credit Facility**").

The Credit Agreement was fully and unconditionally guaranteed by the Company's present and future wholly-owned domestic subsidiaries (collectively, the "**Guarantors**"). The Revolving Credit Facility was secured by a first-priority lien on substantially all of the present and future assets of SFXE and the Guarantors, subject to certain exceptions and permitted liens.

On March 16, 2015, the Credit Facility Borrowers entered into Amendment No. 2 to the Credit Agreement (the "**Second Amendment**") and a commitment letter with Sillerman Investment Company III LLC ("**SIC**"), an entity controlled by Mr. Robert F.X. Sillerman ("**Sillerman**"). Among other things, the Second Amendment modified the Credit Agreement, as previously amended, by removing certain financial covenants, eliminating the incurrence tests to which certain exceptions to the negative covenants were subject and modifying the applicable margin of the borrowings under the Credit Agreement. Further, SIC agreed to cash collateralize any credit extension under the Credit Agreement, in the aggregate amount of $31.5 million, and deposit a maximum of such amount into a deposit account that was subject to a first-priority lien in favor of the Administrative Agent.

On September 17, 2015, the Credit Agreement was assigned to GoldenTree Asset Management LP and its affiliates (collectively, "**GoldenTree**") and the Credit Facility Borrowers also entered into that Amendment and Restatement Agreement (the "**Revolver Restatement**") with the Administrative Agent and the lenders party thereto. Among other things, the Revolver Restatement modified the Credit Agreement by (i) reinstating a maximum total leverage ratio and a minimum interest coverage ratio financial covenant; (ii) increasing the applicable margins for base rate loans and Eurodollar loans to 9.00% per annum and 10.00% per annum, respectively, and instituting a 1.00% LIBOR floor; (iii) eliminating or restricting certain exceptions to the negative covenants; and (iv) extending the maturity date of the Credit Agreement from February 7, 2017 to September 17, 2017. Additionally, SIC's cash collateral was released and SIC agreed to purchase $30 million of Series A Preferred Stock (as discussed below).

On November 17, 2015, the Company delivered notice to the parties to the Credit Agreement disclosing the event of default as a result of the non-funding of the Series A Preferred Stock (as discussed below).

In November 2015, Catalyst Fund Limited Partnership V ("**Catalyst**") expressed interest in purchasing the entire first-lien Credit Agreement position from GoldenTree. Prior to

the purchase, Catalyst discussed with the Credit Facility Borrowers the terms and conditions on which they would forbear on the default caused by the non-funding of the Series A Preferred Stock and extend additional credit.

On December 31, 2015, GoldenTree assigned all its rights as a lender under the Credit Agreement to Catalyst. Concurrently therewith, the Credit Facility Borrowers and Catalyst entered into that Forbearance Agreement and First Amendment to Credit Agreement (the "**Forbearance and Amendment Agreement**"). Among other things, the Forbearance and Amendment Agreement modified the Credit Agreement by (i) providing for a forbearance period through the earlier to occur of January 28, 2016 or the occurrence of an event of default under the Credit Agreement, during which Catalyst agreed not to exercise its rights with respect to certain existing and identified defaults by the Company under the Credit Agreement; (ii) appointing Catalyst as the Administrative Agent under the Credit Agreement in replacement of Barclays Bank PLC; (iii) increasing the applicable interest rates for loans under the Credit Agreement to 20.00% per annum; (iv) providing for interest payments to be due on the last day of each calendar month; (v) providing for an early termination payment of $1.5 million in the event the Company prepaid the loans under the Credit Agreement; (vi) requiring the Company to engage a Chief Restructuring Officer ("**CRO**") reasonably acceptable to Catalyst; and (vii) restricting and limiting certain commercial and dividend payments and asset sales by the Company during the term of the Credit Agreement.

In addition, the Forbearance and Amendment Agreement contemplated the provision of a $20 million loan facility (the "**Original Foreign Loan**") to Debtor SFXE Netherlands Holdings Coöperatief U.A., a material European subsidiary of the Company (the "**Original Foreign Loan Borrower**"), to be guaranteed on a first-lien basis by select non-domestic subsidiaries of the Company (the "**Original Foreign Loan Guarantors**"). Subsequently, on January 14, 2016, the Original Foreign Loan Borrower, the Original Foreign Loan Guarantors, SFXE, Catalyst, and Catalyst Media Coöperatief U.A., as facility agent and security agent (in such capacities, the "**Original Foreign Loan Agent**") entered into that certain Facility Agreement (the "**Original Foreign Loan Agreement**"), which memorialized the terms and conditions of the Original Foreign Loan.

Under the terms of the Forbearance and Amendment Agreement, the Company paid a $1 million forbearance fee to Catalyst simultaneously with the closing of the Original Foreign Loan. The Original Foreign Loan provides for an early termination fee of $1.5 million and matures in January 2017. Proceeds of the Original Foreign Loan were used to support the operations of the Company, including its European operations. As of the Petition Date, the Original Foreign Loan had been fully drawn.

3. *Prepetition Second Lien Senior Secured Notes Due 2019*

On February 4, 2014, the Company issued $220 million aggregate principal amount of 9.625% second lien senior secured notes due 2019 (the "**Notes**", and the holders thereof, the "**Noteholders**"). In connection with the issuance of the Notes, SFXE, certain of its subsidiaries and U.S. Bank National Association, as trustee (in such capacity, the "**Indenture Trustee**") and collateral agent, entered into an indenture which governs the Notes (the "**Indenture**").

On September 24, 2014, the Company issued $75 million aggregate principal amount of the Notes in private offerings, including $10 million that was issued in a private placement to SIC. The Company used the net proceeds from the offering for working capital, general corporate purposes, and to fund acquisitions. The Notes issued in September 2014 have the same terms as the Notes issued in February 2014 and are also governed by the Indenture.

The Notes are second-priority lien senior secured obligations of the Company and are fully and unconditionally guaranteed by the Guarantors. The Notes and the guarantees thereof are secured by a second-priority lien on substantially all of the present and future assets of SFXE and the Guarantors, subject to certain exceptions and permitted liens.

On the Petition Date, the principal outstanding amount of the Notes was $295,000,000. The Notes mature on February 1, 2019 and accrue interest at a rate of 9.625% per annum, which is payable semi-annually in arrears on February 1 and August 1 of each year.

4. ***Intercreditor Agreement***

SFXE, the Guarantors, the Administrative Agent and the Indenture Trustee entered into that certain First Lien/Second Lien Intercreditor Agreement, dated February 7, 2014 (the "**Intercreditor Agreement**"). The Intercreditor Agreement governed certain of the respective rights and interests of the Lenders under the Credit Agreement and the Noteholders.

5. ***General Unsecured Claims***

As of the Petition Date, the aggregate amount of all general unsecured Claims against the Debtors was approximately [$225] million. This number includes Claims relating to acquisition, intercompany obligations, and trade claims.

6. ***Equity Interests***

a. **Series A Preferred Stock**

On September 17, 2015, in connection with the Revolver Restatement and the release of the cash in the collateral account associated therewith, the Company entered into a subscription agreement with SIC, pursuant to which SIC agreed to purchase a total of $30 million in Series A Preferred Stock in a series of transactions. SIC purchased $15 million of Series A Preferred Stock on September 17, 2015. SIC agreed to purchase the remaining $15 million in six (6) subsequent closings (of $2.5 million each) to be held every fifth day after the initial closing (i.e., 30 days) (the "**Additional Sillerman Investment**").

On November 2, 2015 the Company delivered notice to SIC that SIC did not timely purchase the entire amount of the Series A Preferred Stock. SIC notified the Board of Directors that the failure to purchase the Series A Preferred Stock was due to an asserted failure by the Company to fulfill certain alleged obligations to Sillerman. On November 17, 2015, the Company delivered notice to the parties to the Credit Agreement disclosing the event of default as a result of the non-funding of the Series A Preferred Stock. Subsequently, SIC purchased an additional $5 million of Series A Preferred Stock on November 23, 2015 and $2.5 million of Series A Preferred Stock on December 17, 2015.

As of the Petition Date, there were 225 issued and outstanding shares of Series A Preferred Stock, all of which are owned by Sillerman and entities controlled by Sillerman (collectively, the "**Sillerman Entities**").

b. Series B Convertible Preferred Stock

On September 17, 2015, SFX entered into a Securities Purchase Agreement with funds managed by Allianz Global Investors U.S. LLC ("**Allianz**"), whereby Allianz purchased $30 million of Series B Convertible Preferred Stock. Allianz is an institutional investor that owns a significant portion of the Notes. As of the Petition Date, there were 30,000 issued and outstanding shares of Series B Convertible Preferred Stock, all of which are owned by Allianz.

The shares of Series B Convertible Preferred Stock are senior to Series A Preferred Stock and common stock. At any time after issuance, holders of Series B Convertible Preferred Stock could convert such shares to common stock. Additionally, Series B Convertible Preferred Stock would automatically convert to common stock on a rolling basis, beginning 36 months after the Series B Convertible Preferred Stock was issued.

c. Common Stock

As discussed above, the Company went public in October 2013 at $13 per share. As of December 31, 2015 a total of 98,805,935 shares of common stock were outstanding. The Sillerman Entities own approximately 40.3% of the outstanding common stock.

During the two months immediately prior to the Petition Date, the Company's stock traded below $1. In the days leading up to the Petition Date, the stock was trading in the vicinity of $0.10 per share. The Company's stock was delisted from NASDAQ on or about March 4, 2016.

D. Events Leading to the Filing of the Chapter 11 Cases

1. *The 2015 Merger Offers and Other Sale Efforts*

On February 24, 2015, Sillerman approached the Board of Directors with an offer to acquire all the common stock of SFXE (the "**First Merger Offer**"). The Board of Directors appointed a committee of independent board members (the "**Merger Special Committee**") to review the proposed Merger. The Merger Special Committee retained Steptoe & Johnson LLP and Moelis & Company LLC ("**Moelis**") as its counsel and financial advisor, respectively.

On May 26, 2015, SFXE entered into an agreement and plan of merger (the "**Merger Agreement**") with SIC affiliates, SFXE Acquisition LLC (the "**SIC Purchaser**") and SFXE Merger Sub, Inc. (the "**SIC Merger Sub**"), a Delaware corporation and wholly-owned subsidiary of the SIC Purchaser. During a subsequent go-shop period, Moelis marketed the Company and discussed a potential sale with numerous parties. There was, however, ultimately no interest that resulted in a higher valuation than as proposed under the Merger Agreement. The go-shop period expired, and the SIC Purchaser and the SIC Merger Sub did not provide the required financing commitments. Accordingly, on or about August 17, 2015, the Company terminated the Merger Agreement.

The Company, with Moelis' assistance, continued to pursue a potential sale of its assets, including both a sale of the entire Company and a sale of certain non-core assets. A number of parties received access to datarooms and engaged in diligence calls with Company management with the assistance of Moelis. By October 22, 2015, the Company had received preliminary indications of interest from 12 parties interested in acquiring the Company or parts thereof.

This included an offer from Sillerman on October 14, 2015 (the "**Second Merger Offer**", and together with the First Merger Offer, the "**Merger Offers**"), whereby Sillerman proposed to acquire all of the outstanding shares of SFXE's common stock not presently held, directly or indirectly, by Sillerman and his affiliates. Sillerman withdrew the Second Merger Offer on November 17, 2015. None of the other offers ultimately materialized into a definitive agreement to purchase any of the Company's assets, and the Merger Special Committee was subsequently terminated in December 2015.

2. ***Further Efforts to Restructure***

Beginning in the fall of 2015, the Debtors' already strained liquidity became more critical. The confluence of factors mentioned above came to a head, with vendors and counterparties demanding payments and tighter trade terms. With these cash demands rising, finding additional funding for the business was crucial to ensure continued operations.

In its efforts to source this funding, the Company began discussions with an ad hoc group of Noteholders (the "**Ad Hoc Group**") as to a potential restructuring of the Notes and recapitalization of the Company. As of the Petition Date, the Ad Hoc Group held over 70% of the outstanding principal amount of the Notes.

In addition, the Debtors entered into similar discussions with Catalyst, who also expressed interest in providing DIP financing to the Debtors in the event that the Company filed for chapter 11 bankruptcy.

Both Catalyst and the Ad Hoc Group provided funding proposals to the Debtors. After careful consideration, the Debtors determined to proceed with the Catalyst proposal, which presented a clear path to obtain and quickly effectuate the financing critical to the Debtors' operations in a manner consistent with the terms of the Debtors' other obligations, including the Notes. After substantial negotiations, on December 31, 2015, the Company entered into the Forbearance and Amendment Agreement (discussed above).

On January 3, 2016, FTI Consulting, Inc. ("**FTI**") was retained and Michael E. Katzenstein was appointed as the CRO. Shortly thereafter, on January 14, 2016, as discussed above, the parties executed the Original Foreign Loan Agreement, which provided $20 million in operating capital, some of which was utilized by the domestic Debtors pursuant to intercompany loans.

While the Original Foreign Loan provided the Debtors with much-needed liquidity, the Company still did not have sufficient funds to make the February 1 cash interest payment on the Notes and to cover its operating expenses. The Debtors thus continued

discussions with Catalyst over the terms of a potential DIP financing for a chapter 11 bankruptcy. The Debtors were also approached by the Ad Hoc Group, which made a proposal that included both DIP financing and the RSA (as defined below) and presented a clear path to an exit from chapter 11.

After careful consideration of the two proposals, the Debtors determined that the proposal by the Ad Hoc Group was economically superior to the Catalyst proposal. Further, execution of the Catalyst proposal undoubtedly would have been complicated by costly litigation with the Ad Hoc Group with respect to priming, intercreditor and other issues.

3. *Appointment of the Special Committee*

On January 31, 2016, the Board of Directors of SFXE appointed a special committee of the Board comprised of independent members (the "**Special Committee**"). The Board of Directors delegated to the Special Committee the power and authority to manage and oversee the financial restructuring of the business, assets, liabilities, and interests of the Company and its subsidiaries after the filing and during the pendency of these Chapter 11 Cases, including but not limited to operational issues and implementation of the transactions contemplated by and other terms and conditions, such as milestones, of the RSA.

4. *The Restructuring Support Agreement*

On January 31, 2016, the Company, certain of the Noteholders, and Sillerman entered into a Restructuring Support Agreement (the "**RSA**"). The RSA sought to provide for the Debtors' expedient emergence from these Chapter 11 cases. The RSA contemplated a significant deleveraging of the Debtors' balance sheet, which would have allowed the reorganized Debtors to operate effectively and emerge as a profitable enterprise going forward. Moreover, the RSA sought to avoid a free-fall bankruptcy, which would have disrupted the Debtors' operations.

Throughout the pendency of these Chapter 11 Cases, however, the RSA was met with resistance from the Debtors' constituents, including objections from the Creditors' Committee (as defined below) and the U.S. Trustee. Accordingly, the hearing to consider the motion to approve assumption of this agreement was adjourned repeatedly. The RSA was subsequently terminated by the Noteholders on June 1, 2016 due to the occurrence of defaults on certain covenants and the Debtors' failure to meet performance milestones.

V. THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

On February 1, 2016, the Debtors commenced the Chapter 11 Cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Since the Petition Date, the Debtors have continued to operate as debtors-in-possession subject to the supervision of the Bankruptcy Court, and in accordance with the Bankruptcy Code. The Debtors are authorized to operate their business and manage their properties in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of commencement of the Chapter 11 Cases was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by Creditors, the enforcement of liens against property of the Debtors, and the continuation of litigation against the Debtors during the pendency of the Chapter 11 Cases. The relief provided the Debtors with the "breathing room" necessary to assess and reorganize their business and prevent Creditors from obtaining an unfair recovery advantage while the Chapter 11 Cases are continuing. The automatic stay will remain in effect, unless modified by the Bankruptcy Court, until the entry of a final decree closing the Chapter 11 Cases.

B. First Day Orders

The first day hearing (the "**First Day Hearing**") was held in the Chapter 11 Cases before the Bankruptcy Court on February 3, 2016. At the First Day Hearing, the Bankruptcy Court heard certain requests for immediate relief Filed by the Debtors to facilitate the transition between the Debtors' prepetition and postpetition business operations, and objections thereto, and entered the following orders:

- Order Authorizing and Directing the Joint Administration of the Debtors' Chapter 11 Cases for Procedural Purposes Only [Docket No. 49];

- Interim Order (A) Authorizing the Maintenance of Bank Accounts and Continued Use of Existing Business Forms and Checks, (B) Authorizing the Continued Use of Cash Management System, (C) Waiving Certain Investment and Deposit Guidelines and (D) Granting Administrative Expense Status to Postpetition Intercompany Claims [Docket No. 50] (the Final Order was entered on March 4, 2016 [Docket No. 195]);

- Interim Order Authorizing (A) the Debtors to Pay (I) All or a Portion of the Prepetition claims of Certain Critical Vendors and Foreign Vendors and (II) Certain Prepetition Mechanics' Liens and Shipping and Warehousing Charges in the Ordinary Course of Business, and (B) Financial Institutions to Honor and Process Related Checks and Transfers [Docket No. 51] (the Final Order was entered on March 4, 2016) [Docket No. 196];

- Order Authorizing, But Not Directing, Debtors to (A) Maintain Existing Insurance Policies, Pay All Policy Premiums and Consultant Fees Arising Thereunder and Renew or Enter Into New Policies, and (B) Continue Insurance Premium Financing Programs, Pay Insurance Premium Financing Obligations Arising in Connection Therewith and Renew or Enter Into New Premium Financing Arrangements [Docket No. 52];

- Interim Order Pursuant to Sections 105(a) and 366 of the Bankruptcy Code (A) Prohibiting Utilities from Altering, Refusing or Discontinuing Services, (B) Deeming Utilities Adequately Assured of Future Performance, and (C) Establishing Procedures for Determining Adequate

Assurance of Payment [Docket No. 54] (the Final Order was entered on March 3, 2016 [Docket No. 184]);

- Interim Order Authorizing (A) the Debtors to Pay Prepetition Sales, Franchise and Similar Taxes in the Ordinary Course of Business, and (B) Banks and Financial Institutions to Honor and Process Checks and Transfers Related Thereto [Docket No. 55] (the Final Order was entered on March 3, 2016 [Docket No. 184]);

- Order (A) Authorizing the Debtors to Honor Certain Prepetition Ticket Obligations to Customers and to Otherwise Continue Certain Prepetition Customer Practices in the Ordinary Course of Business [Docket No. 56];

- Interim Order Establishing (I) Notification, Objection and Hearing Procedures for Transfers of Equity Securities and (II) Establishing a Record Date for Notice and Sell-Down Procedures for Trading in Claims Against the Debtors' Estates [Docket No. 57] (pursuant to the terms of the Interim Order, the Interim Order was deemed final as of March 4, 2016 as no objections were received on or prior to this date);

- Order (A) Authorizing Debtors to Pay (I) All Prepetition Employee Obligations and (II) Prepetition Withholding Obligations, and (B) Directing Banks to Honor Related Transfers [Docket No. 58] (a supplemental Order on the payment of commissions, which incorporated comments by the U.S. Trustee and the Creditors' Committee, was entered on March 3, 2016 [Docket No. 185]);

- Order Authorizing Retention and Appointment of Kurtzman Carson Consultants, LLC as Claims and Noticing Agent [Docket No. 59]; and

- Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503 and 507 (I) Authorizing the Debtors to Obtain Senior Secured Priming Superpriority Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling A Final Hearing, and (VII) Granting Related Relief [Docket No. 62] (an Amended Interim Order was entered on February 9, 2016 [Docket No. 82] and the Final Order was entered on March 8, 2016 [Docket No. 203]).

C. Retention of Professionals

During the Chapter 11 Cases, the Bankruptcy Court has authorized the retention of various professionals by the Debtors, including:

- Greenberg Traurig, LLP, as bankruptcy counsel [Docket No. 179];

- Bayard, P.A., as litigation and conflicts counsel [Docket No. 264];

- Kaye Scholer LLP, as counsel for the Special Committee [Docket No. 175];
- Moelis & Company LLC, as investment banker [Docket No. 265];
- Kurtzman Carson Consultants, LLC, as claims and noticing agent [Docket No. 59] and administrative agent [Docket No. 180];
- Ernst & Young LLP, as tax advisors [Docket No. 373];
- Jones Lang LaSalle Brokerage, Inc. as real estate broker [Docket No. 647]; and
- Ordinary Course Professionals [Docket No. 176].

In addition to the retention of the above professionals, the Bankruptcy Court authorized the retention of FTI as crisis and turnaround manager [Docket No. 177]. The Bankruptcy Court also authorized FTI to provide a Chief Restructuring Officer and Associate Chief Restructuring Officer to the Debtors, and the appointments of Michael E. Katzenstein and Christopher T. Nicholls, respectively, to those positions. On April 5, 2016, the Bankruptcy Court further authorized an expanded scope of services to be rendered as well as the employment of additional personnel from FTI's Australia offices to provide assistance in representing the Debtors' interests with respect to a material non-debtor affiliate. On June 21, 2016, the Bankruptcy Court additionally authorized (i) an expanded scope of services to be rendered, (ii) the employment of additional personnel from FTI's Brazil offices to provide assistance in representing the Debtors' interests with respect to certain wholly-owned indirect non-debtor Brazilian Entities, and (iii) the appointment of the Debtors' Associate Chief Restructuring Officer as Chief Executive Officer of Debtor Beatport, LLC.

The fees and expenses of the professionals retained by the Debtors are entitled to be paid by the Debtors subject to approval by the Bankruptcy Court and in accordance with the *Administrative Order Establishing Procedures for Final, Interim and Monthly Compensation and Reimbursement of Expenses of Professionals Retained in these Chapter 11 Cases and Reimbursement of Expenses of Committee Members Appointed in these Chapter 11 Cases* [Docket No. 181]. On June 3, 2016, the Bankruptcy Court entered an order appointing Direct Fee Review LLC as fee examiner in these Chapter 11 Cases and establishing related procedures for the review of certain professional claims [Docket No. 699].

D. Creditors' Committee

On February 12, 2016, the U.S. Trustee appointed an Official Committee of Unsecured Creditors (the "**Creditors' Committee**") [Docket No. 99]. Subsequently, the Bankruptcy Court authorized the retention of Pachulski Stang Ziehl & Jones LLP as the Creditors' Committee's bankruptcy counsel [Docket No. 338], Conway Mackenzie, Inc. as the Creditors' Committee's financial advisor [Docket No. 355] and Van Benthem & Keulen N.V. as the Creditors' Committee's foreign counsel [Docket No. 670].

E. DIP Credit Facility and Assignment of Original Foreign Loan Agreement

On February 2, 2016, the Debtors Filed the *Motion of the Debtors for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503 and 507 (I) Authorizing the Debtors to Obtain Senior Secured Priming Superpriority Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**DIP Motion**") [Docket No. 28]. Pursuant to the DIP Motion, the Debtors sought the Bankruptcy Court's approval of a $115 million (which amount was later revised to $87.6 million) debtor-in-possession credit facility providing for two different tranches of term loans, to be provided by certain members of the Ad Hoc Group. The Bankruptcy Court entered an Interim Order on February 3, 2016 [Docket No. 62], and an Amended Interim Order on February 9, 2016 [Docket No. 82]. The final credit agreement for the debtor-in-possession facility (the "**DIP Credit Agreement**") was executed on February 10, 2016 (the "**DIP Closing Date**").

On March 2, 2016, M&M Management BVBA and ID&T BVBA Filed an objection to the DIP Motion [Docket No. 155], which objection was consensually resolved. On March 3, 2016, the Creditors' Committee Filed its objection to the DIP Motion [Docket No. 187]. On March 8, 2016, the Bankruptcy Court entered a Final Order approving the requested relief, as modified per the rulings of the Court and further negotiations between the Debtors, the lenders under the DIP Credit Agreement, and the Creditors' Committee (the "**Final DIP Order**") [Docket No. 203].

The DIP Credit Agreement provides for a multiple-draw, senior secured, super-priority debtor-in-possession term loan facility in an aggregate principal amount of up to $87.6 million (the "**DIP Facility**"), which consists of $30.0 million of tranche A loans ("**Tranche A DIP Facility**") made by the tranche A lenders (the "**Tranche A Lenders**") on the DIP Closing Date and up to $57.6 million of tranche B loans ("**Tranche B DIP Facility**") made by the tranche B lenders (the "**Tranche B Lenders**") from time to time. The Tranche B DIP Facility also includes borrowings incurred, after the Petition Date, as incremental loans under the Foreign Loan Facility (as defined below) (the "**Incremental Foreign Loans**"), *plus* any Incremental Tranche B DIP Loans (as defined below).

Under the DIP Credit Agreement, the Debtors may request up to $15.0 million of additional term loans under the Tranche B DIP Facility, subject to the consent of the Tranche B Lenders (the "**Incremental Tranche B DIP Loans**"). Subject to certain exceptions, carve-outs and permitted liens as set forth in the DIP Credit Agreement, the obligations under the DIP Facility are secured by first priority perfected security interests and liens on substantially all of the assets of the Debtors in accordance with the relevant provisions of the Bankruptcy Code.

Outstanding amounts under the Tranche A DIP Facility bear an interest rate of 12% per annum, payable in cash in arrears on a monthly basis, and outstanding amounts under the Tranche B DIP Facility bear an interest rate of 10% per annum, payable in-kind in arrears on a monthly basis. Upon an event of default under the DIP Credit Agreement, an additional 2% per annum is added to each respective interest rate, payable in cash in respect of the Tranche A DIP Facility and payable in-kind in respect of the Tranche B DIP Facility. The DIP Credit Agreement

also provided for the payment of (i) an up-front commitment fee, payable in cash on the DIP Closing Date, equal to 2% of the Tranche A DIP Facility to the Tranche A Lenders (the "**Cash Commitment Fee**") and (ii) commitment fees, payable in kind, equal to 2% of the Tranche A DIP Facility to the Tranche A Lenders and 4% of the Tranche B DIP Facility to the Tranche B Lenders. Commitment fees paid in-kind were added to the principal amounts outstanding under the Tranche A DIP Facility and the Tranche B DIP Facility and interest accrues thereon. The Company may voluntarily prepay the Tranche A DIP Facility with the net cash proceeds from certain asset sales. The DIP Credit Agreement does not contain any mandatory prepayments prior to the Termination Date (as defined below).

The DIP Facility terminates on the earliest to occur of (i) January 31, 2017, (ii) forty-five days after the Petition Date, if the Bankruptcy Court had not yet entered a final DIP Order, (iii) the effective date of the Plan, (iv) the date on which the DIP Facility loans are accelerated and the unfunded amounts of the DIP Facility are terminated in accordance with the DIP Credit Agreement, by operation of law or otherwise; and (v) the consummation of a sale of all or substantially all of the assets of the Company and its subsidiaries pursuant to Section 363 of the Bankruptcy Code (the earliest of the aforementioned events, the "**Termination Date**"). Upon the Termination Date, all outstanding amounts under the DIP Facility, plus any accrued and unpaid interest or additional fees, become immediately due and payable, except to the extent that the outstanding DIP Facility loans are converted into new debt or equity in the Reorganized Debtors upon the Effective Date.

The Original Foreign Loan Agreement was assigned by Catalyst to the DIP Lenders on February 10, 2016, and Stichting Grabrok became the successor to the Original Foreign Loan Agent (the "**New Agent**"). On March 4, 2016, the DIP Lenders, the New Agent, SFXE and the Original Foreign Loan Borrower (the "**Foreign Loan Parties**") entered into an amendment and restatement of the Original Foreign Loan (the "**First Foreign Loan Amendment**") which provided for (i) a $13.0 million increase in the commitment thereunder and (ii) the accession of various SFX entities as obligors. On May 6, 2016, the Foreign Loan Parties entered into a second amendment and restatement of the Original Foreign Loan (the "**Second Foreign Loan Amendment**"), which increased the commitment thereunder and outstanding amounts thereunder to $44.0 million. On June 3, 2016, the Foreign Loan Parties entered into a third amendment and restatement of the Original Foreign Loan (the "**Third Foreign Loan Amendment**"), which increased the commitment thereunder and outstanding amounts thereunder to $52,000,000. On July 15, 2016, the Foreign Loan Parties entered into a fourth amendment and restatement of the Original Foreign Loan, which increased the commitment thereunder and outstanding amounts thereunder to $56,600,000 (the "**Fourth Foreign Loan Amendment**"). On August 11, 2016, the Foreign Loan Parties entered into a fifth amendment and restatement of the Original Foreign Loan, which increased the commitment thereunder and outstanding amounts thereunder to $61,600,000 (the "Fifth Foreign Loan Amendment", and together with the Original Foreign Loan Agreement, First Foreign Loan Amendment, Second Foreign Loan Amendment, ~~and~~ Third Foreign Loan Amendment, and Fourth Foreign Loan Amendment, the "**Foreign Loan Facility**"). For the avoidance of doubt, pursuant to the Final DIP Order, these incremental draws constitute DIP Obligations.

On February 10, 2016, the Company made an initial $43.0 million draw from the DIP Facility, consisting of $30.0 million from the Tranche A Facility and $13.0 million of the Tranche B Facility. The Tranche A Facility funds were used to fully satisfy the First Lien Obligations to Catalyst, and the Tranche B Facility funds were used to pay the Cash Commitment Fee and operational costs.

On February 23, 2016, the Company made a $1.0 million draw from the Tranche B Facility in order to provide an intercompany loan to a non-Debtor foreign subsidiary. On March 4, 2016, May 6, 2016, June 3, 2016, and July 15, 2016, the Company made subsequent draws of $13.0 million, $11.0 million, $8.0 million, and $4.6 million, respectively, in Incremental Foreign Loans for operational and restructuring costs. An additional $2.0 million was drawn from the Tranche B DIP Facility on July 13, 2016 to provide an intercompany loan to certain non-Debtor subsidiaries in Brazil.

The Debtors have been and continue to be subject to certain covenants and restrictions under the DIP Credit Agreement, including, without limitation, restrictions on the incurrence of additional debt, liens, and making restricted payments; compliance with certain bankruptcy-related covenants; financial and operational reporting and approval requirements; disposition of assets; and achievement of certain milestones for progress in the Bankruptcy Court proceedings and in the restructuring transaction; in each case, as set forth in the DIP Credit Agreement and/or the order(s) of the Bankruptcy Court.

F. Non-Core Asset Sales

The Debtors initiated sales processes for three of their non-core assets, each as discussed in greater detail below. In connection with these sales, the Debtors formulated a key employee incentive program and a key employee retention program for executives and non-insider employees, respectively, of these non-core assets. On March 2, 2016, the Debtors Filed a motion to approve implementation of these plans. The U.S. Trustee Filed its objection on March 15, 2016 [Docket No. 218], to which the Debtors Filed a Reply on March 17, 2016 [Docket No. 235] and a Supplement on March 18, 2016 [Docket No. 258], the latter of which resolved the United States Trustee's remaining objections. On March 17, 2016, the Creditors' Committee Filed a statement that it did not object to this Motion, as the Debtors had resolved the Creditors' Committee's informal objections [Docket No. 240]. The Bankruptcy Court issued an order (the "**NCU KEIP/KERP Order**") approving implementation of these programs on March 23, 2016 [Docket No. 275].

1. *Beatport*

On February 29, 2016, the Debtors Filed a motion (the "**Beatport Bid Procedures Motion**") for entry of an order approving bid and notice procedures in connection with a sale (the "**Beatport Sale**") of all or substantially all of the assets of Debtor Beatport, LLC ("**Beatport**") [Docket No. 135]. On March 23, 2016, the Bankruptcy Court entered an order approving the bid and notice procedures set forth in the Beatport Bid Procedures Motion [Docket No. 276]. The Notice of Bid Procedures, Auction Date and Sale Hearing for the Beatport Sale was Filed on March 28, 2016 [Docket No. 307]. On April 14, 2016, the Debtors Filed a motion (the "**Beatport Sale Motion**") for entry of an order authorizing the Beatport Sale, approving the

final form of asset purchase agreement, and authorizing the assumption and assignment or rejection of certain executory contracts and unexpired leases [Docket No. 436].

In connection with the Beatport Sale, Moelis contacted a number of potentially interested parties, many of whom signed non-disclosure agreements in order to begin the diligence and bidding process. No acceptable offers were received. Subsequently, the Debtors decided that a realignment of the Beatport business would be in the best interests of the Debtors' estates. Such strategy consisted of (i) the suspension of Beatport's news, events and streaming services, as well as its mobile application, on May 10, 2016 and (ii) the appointment of Christopher T. Nicholls as Beatport's Chief Executive Officer. On July 12, the Debtors Filed a notice withdrawing the Beatport Sale Motion [Docket No. 816].

Going forward, Beatport will return to its traditional focus as an online music store selling high quality tracks, utilizing its reputation as (i) the most-recognized brand in EDM culture across all genres, regions and formats and (ii) the leading digital store for DJs specializing in EDM to return to profitability.

2. ***Fame House***

On February 29, 2016, the Debtors Filed a motion (the "**Fame House Bid Procedures Motion**") for entry of an order approving bid and notice procedures in connection with a sale (the "**Fame House Sale**") of all or substantially all of the assets of Debtor SFX Marketing LLC ("**Fame House**") [Docket No. 136]. On March 17, 2016, the Debtors Filed a motion (the "**Fame House Sale Motion**") for entry of an order authorizing the Fame House Sale, approving the final form of asset purchase agreement, and authorizing the assumption and assignment or rejection of certain executory contracts and unexpired leases [Docket No. 245]. On March 18, 2016, the Bankruptcy Court entered an order approving the bid and notice procedures set forth in the Fame House Bid Procedures Motion [Docket No. 250].

On March 10, 2016, the Debtors Filed a motion for entry of an order directing the U.S. Trustee to appoint a Consumer Privacy Ombudsman ("**CPO**") [Docket No. 206]. On March 21, 2016, the Bankruptcy Court entered an order directing the United States Trustee to appoint a CPO [Docket No. 266]; the CPO was appointed on March 22, 2016 [Docket No. 269]. The CPO filed its report, which supported the Debtors' procedures for protecting personally identifiable information as part of the Fame House Sale, on May 24, 2016 [Docket No. 645].

On March 29, 2016, TriNet Group Inc. and its subsidiaries ("**TriNet Group**") Filed an objection to and reservation of rights on the Fame House Sale Motion [Docket No. 309]. This objection subsequently became moot when UMG (defined below) rejected its contract as part of its bid.

In connection with the Fame House Sale, Moelis contacted a number of potentially interested parties, some of whom signed non-disclosure agreements in order to begin the diligence and bidding process. As there was only one Qualified Bidder (as defined in the Fame House Bid Procedures Motion), an auction was not held. The Debtors determined to negotiate a definitive final purchase agreement with the Qualified Bidder, UMG Commercial Services, Inc., ("**UMG**") which agreement was signed on May 23, 2016. The Bankruptcy Court

entered an Order approving the Fame House Sale on May 26, 2016 [Docket No. 666], and the transaction closed on May 31, 2016.

Pursuant to the NCU KEIP/KERP Order, the Debtors Filed a notice on June 15, 2016, which disclosed that no key employee incentive payments had been made in respect of the Fame House Sale [Docket No. 747].

3. *Flavorus*

On March 17, 2016, the Debtors Filed a motion (the "**Flavorus Bid Procedures Motion**") for entry of an order approving bid and notice procedures in connection with a sale (the "**Flavorus Sale**") of all or substantially all of the assets of Debtor Flavorus Inc. ("**Flavorus**") [Docket No. 244]. On April 5, 2016, the Bankruptcy Court entered an order approving the bid and notice procedures set forth in the Flavorus Bid Procedures Motion [Docket No. 352].

On May 5, 2016, the Debtors Filed a motion (the "**Flavorus Sale Motion**") for entry of an order authorizing the Flavorus Sale, approving the final form of asset purchase agreement, and authorizing the assumption and assignment or rejection of certain executory contracts and unexpired leases [Docket No. 556]. On May 19, 2016, TriNet Group Filed an objection to and reservation of rights on the Flavorus Sale Motion [Docket No. 614], which subsequently became moot when Vivendi (defined below) rejected its contract as part of its bid.

In connection with the Flavorus Sale, Moelis contacted a number of potentially interested parties, some of whom signed non-disclosure agreements in order to begin the diligence and bidding process. The bid deadline occurred on May 19, 2016, at which time the Debtors determined that there were two Qualified Bids (as defined in the Flavorus Bid Procedures Motion). The auction, originally scheduled to be held on May 23, 2016, was postponed and held on June 2-3, 2016. The Debtors negotiated a final purchase agreement with the successful bidder, Vivendi Ticketing U.S. LLC ("**Vivendi**"), and the Bankruptcy Court entered an Order approving the Flavorus Sale on June 8, 2016 [Docket No. 718]. The transaction closed on June 24, 2016.

Pursuant to the NCU KEIP/KERP Order, the Debtors Filed a notice on July 25, 2016, disclosing the KEIP hurdle sale prices in respect of the Flavorus Sale [Docket No. 845].

G. Guevoura Fund, Ltd. Adversary Proceeding

On September 11, 2015, Guevoura Fund Limited ("**Guevoura**") brought an action (the "**Civil Case**") against SFXE and certain of its directors (collectively, the "**Defendants**") in the United States District Court for the Southern District of New York. On December 23, 2015, Guevoura filed a consolidated amended class action complaint, alleging violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and Section 20(a) of the Exchange Act. The Civil Case was filed as a class action on behalf of all investors who purchased or otherwise acquired the common stock of SFXE between February 25, 2015 and November 17, 2015.

The complaint alleged that the Defendants made false and misleading statements concerning Sillerman's First Merger Offer and Second Merger Offer (in February and October

2015, respectively) merger proposals and the merger agreement that had been signed in connection with the February proposal (described in more detail in Section IV.D.I. above). In particular, the complaint alleged that Sillerman never intended to complete either of the transactions and knew he could not obtain financing, yet made the proposal to artificially inflate SFXE's stock price in order to renegotiate SFXE's debt covenants, refinance its debt and/or raise capital, and keep it as an attractive acquisition candidate for a third-party purchaser at a time when SFXE's financial condition was declining.

On January 22, 2016, the Defendants filed separate motions to dismiss the complaint in the Civil Case. On February 24, 2016, the Debtors Filed a complaint for declaratory and injunctive relief in the Bankruptcy Court, seeking to extend the automatic stay provisions of the Bankruptcy Code to Sillerman and the other individual Defendants [Adv. Proc. No. 16-50078, Docket Nos. 1, 3]. On April 4, 2016, Guevoura Filed an objection to the Debtors' motion [Docket No. 14], to which the Debtors Filed a reply on April 14, 2016 [Docket No. 17]. On April 18, 2016, the Bankruptcy Court entered an Order to adjourn the hearing to consider this motion until the motions to dismiss the complaint in the Civil Case are granted or denied, in whole or in part [Docket No. 18]. As of the date hereof, this motion remains pending.

H. Claims Process

1. *Schedules of Assets and Liabilities and Statements of Financial Affairs*

The Debtors Filed their Schedules of Assets and Liabilities on April 13, 2016 and their Statements of Financial Affairs on April 14, 2016 [Docket Nos. 382 – 425, 438 – 481] (collectively, the "**Schedules and Statements**"). Among other things, the Schedules and Statements set forth the Claims of known Creditors against the Debtors as of the Petition Date, based upon the Debtors' books and records.

2. *Bar Date*

On April 5, 2016, the Bankruptcy Court entered an order (the "**Bar Date Order**"), in accordance with Bankruptcy Rule 3003(c), fixing May 17, 2016 (the "**General Bar Date**") as the last day for filing Proofs of Claim in these Chapter 11 Cases for all Claims against the Debtors, excluding those of governmental units, as defined in section 101(27) of the Bankruptcy Code. For Holders of Claims against the Debtors which arise from the rejection by the Debtors of an executory contract or unexpired lease, proofs of claim must be Filed on or before the later of (i) the General Bar Date; (ii) thirty (30) days after service of an order by the Bankruptcy Court authorizing such rejection; or (iii) such other date, if any, as the Court may fix in the order authorizing such rejection. On May 5, 2016, the Bankruptcy Court entered an order (the "**Supplemental Bar Date Order**") amending and supplementing the Bar Date Order to clarify that any direct or indirect non-Debtor subsidiary of a Debtor with a Claim against a Debtor would not be required to file a Proof of Claim on or before the General Bar Date [Docket No. 555].

The Bar Date Order also fixed August 1, 2016, at 5:00 p.m. (Prevailing Eastern Time) as the last day for filing Proofs of Claim in these Chapter 11 Cases for all governmental units, as defined in section 101(27) of the Bankruptcy Code (the "**Governmental Unit Bar Date**"). Certain parties, as more particularly set forth in the Bar Date Order and the

Supplemental Bar Date Order, have been exempted from filing their Proofs of Claim on or before the applicable Bar Dates.

3. *Causes of Action; Avoidance and Other Claims*

The Debtors intend to retain all Causes of Action relating to their estates. In connection therewith, the Debtors and their advisors investigated possible Causes of Action the Debtors may assert against third parties, including claims against insiders, breaches of fiduciary duty by former directors and officers of the Debtors, and Avoidance Actions, such as fraudulent transfer claims under federal and state law.

Possible Causes of Action against Sillerman and/or other former directors and officers of the Debtors include (i) potential fiduciary duty claims for (x) breaches of SIC's commitment to purchase Series A Preferred Stock, (y) the two failed Merger Offers and (z) other general breaches of fiduciary duty relating to insider transactions and funding issues, and (ii) Avoidance Actions for (a) amounts reimbursed to Sillerman and (b) warrants issued to Sillerman. Other possible Avoidance Actions include those for licensing fees, employee compensation, a cash collateral release, certain settlement payments, and the termination fee that the Company paid in connection with the termination of the Merger Agreement.

The Reorganized Debtors shall have sole and exclusive authority to determine whether to pursue any causes of action, as more particularly set forth in Section 5.09 of the Plan.

I. Other Matters Addressed During the Chapter 11 Cases

In addition to the first day relief sought in the Chapter 11 Cases, the Debtors have sought authority with respect to matters designed to assist in the administration of the Chapter 11 Cases, maximize the value of the Debtors' Estates, and provide the foundation for the Debtors' emergence from Chapter 11. Set forth below is a brief summary of certain of the principal motions the Debtors have Filed during the pendency of the Chapter 11 Cases.

1. *Motion to Assume Moreno Settlement Agreement*

On February 11, 2016, the Debtors Filed the *Motion For an Order, Pursuant to Sections 105(a) and 365(a) of the Bankruptcy Code, Authorizing the Assumption of Settlement Agreement* [Docket No. 94] pursuant to which the Debtors sought to assume a prepetition settlement agreement and release in connection with a civil case filed by Paolo Moreno, Gabriel Moreno and Lawrence Vavra in the United States District Court for the Central District of California. The Creditors' Committee has submitted informal objections to the Debtors; as of the date hereof, the hearing to consider this motion remains adjourned.

2. *Motion to Assume Vos Employment Agreement, as Amended*

On March 2, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Authorizing the Debtors to Assume Employment Agreement, as Amended, Effective* Nunc Pro Tunc *to the Petition Date* [Docket No. 161], pursuant to which the Debtors sought to amend and assume the employment agreement of Mr. Veenerick Vos, an employee involved in the

Debtors' major sponsorship efforts. On March 18, 2016, the Bankruptcy Court entered an Order approving this Motion [Docket No. 251].

3. *Motions for Relief From or Modification of Automatic Stay*

On March 16, 2016, Jessica Janes Filed a motion requesting relief from the automatic stay to enable her to pursue a state court litigation claim, whereby she agreed to limit her recovery to available insurance proceeds under the applicable policy [Docket No. 316]. The Bankruptcy Court entered an Order approving this motion on April 18, 2016 [Docket No. 493].

On March 17, 2016, the Debtors Filed a motion for entry of an order modifying the automatic stay to allow for advancement/payment under D&O insurance policies [Docket No. 243], due to the pending civil cases against various directors and officers of the Debtors. The Bankruptcy Court entered an Order approving this motion on April 4, 2016 [Docket No. 337].

On April 25, 2016, Grace Walmsley Filed a motion requesting relief from the automatic stay to enable her to pursue a personal injury claim, whereby she agreed to limit her recovery to available insurance proceeds under the applicable policy [Docket No. 512]. The Bankruptcy Court entered an Order approving this motion on May 23, 2016 [Docket No. 627].

On May 20, 2016, Amnesia International, LLC Filed a motion requesting relief from the automatic stay to terminate a management agreement with Debtor SFX-Nightlife Operating, LLC [Docket No. 620]. As of the date hereof, the hearing to consider this motion remains pending.

On June 1, 2016, Angel Santiago Filed a motion requesting relief from the automatic stay to enable him to pursue a personal injury claim, whereby he agreed to limit his recovery to available insurance proceeds under the applicable policy [Docket No. 691]. The Bankruptcy Court entered an Order approving this motion on June 21, 2016 [Docket No. 784].

4. *Motion to Approve Artist Carve Out Agreement*

On March 17, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order (I) Approving Artist Carve Out Agreement with Agents, (II) Authorizing the Assumption of Certain Artist Agreements, and (III) Granting Related Relief* [Docket No. 241], pursuant to which the Debtors sought to approve the Artist Carve Out Agreements, which provided artists and agents assurance of compensation for postpetition performances and, in connection therewith, assuming artist agreements. On April 4, 2016, the Bankruptcy Court entered an Order approving the relief sought in this motion [Docket No. 339].

5. *Motion to Approve Implementation of Key Employee Programs*

On March 17, 2016, the Debtors Filed the *Motion of the Debtors for an Order Approving the Implementation of (I) Key Employee Incentive Plans and (II) a Key Employee Retention Plan* (the "**US KEIP/KERP Motion**") [Docket No. 246], pursuant to which the Debtors sought to implement two key employee incentive plans for certain executives, and a key employee retention plan for certain non-insider employees, both in connection with the Debtors' retained corporate and North America businesses. On April 14, 2016, the Debtors Filed a

supplement to the US KEIP/KERP Motion, which made certain disclosures informally requested by the U.S. Trustee and attached a revised list of program participants [Docket No. 431]. Concurrently therewith, the Debtors Filed a motion to seal portions of the supplement [Docket No. 433]. On April 18, 2016, the Bankruptcy Court entered an Order approving the relief sought in the US KEIP/KERP Motion and the motion to seal [Docket Nos. 490 and 491, respectively].

On July 14, 2016, the Debtors Filed the *Motion to Supplement Key Employee Retention Plan* (the "**Motion to Supplement**") [Docket No. 822], pursuant to which the Debtors identified certain additional employees with whom the Debtors sought to supplement their key employee retention plan approved in connection with the US KEIP/KERP Motion. The majority of the additional employees are employees of the Debtors' Beatport business that was initially held for sale, but is now anticipated to remain a part of the Debtors' ongoing business operations. ~~The Motion to Supplement is scheduled to be heard by~~**On August 4, 2016,** the Bankruptcy Court ~~on August 4, 2016.~~**entered an Order approving the relief sought in the Motion to Supplement [Docket No. 883].**

6. *Motion to Extend Time to Assume, Assume and Assign, or Reject Unexpired Nonresidential Real Property Leases*

On April 15, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Extending the Time Within Which the Debtors May Assume, Assume and Assign, or Reject Unexpired Nonresidential Real Property Leases* [Docket No. 486], pursuant to which the Debtors ~~seek~~**sought** to extend such time from May 31, 2016 to August 29, 2016. ~~The~~**On May 3, 2016, the** Bankruptcy Court entered an Order approving the ~~relief sought on May 3, 2016 [Docket No. 544].~~**extension [Docket No. 544]. On August 18, 2016, the Bankruptcy Court entered the *Bridge Order Extending the Deadline to Assume or Reject Unexpired Non-Residential Leases* [Docket No. 924], extending such deadline to September 16, 2016.**

7. *Motion to Approve MMG Settlement and Authorize Related Transactions*

On July 14, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order (A) Approving the Settlement, (B) Authorizing the Debtors to (i) Reject the Nightlife Contracts, (ii) Amend and Assume the Management Agreements, (iii) Enter into the New Grutman Employment Agreement and the Grutman Consulting Agreement and (iv) Grant Releases and (C) Granting Related Relief* (the "**MMG Approval Motion**") [Docket No. 826], pursuant to which the Debtors sought Bankruptcy Court approval of a settlement agreed upon by individual parties in connection with the Debtors' outstanding obligations with respect to **Debtor** SFX-Nightlife **Operating LLC**'s acquisition of the assets of Nightlife Holdings LLC as well as outstanding payment obligations owed to the Debtors by third parties on account of related agreements. Additionally, the Debtors sought authorization to reject certain of the related agreements and to enter into new agreements in connection with the proposed settlement. ~~A hearing to consider~~**On August 3, 2016, the Bankruptcy Court entered an Order approving the relief sought in** the MMG Approval Motion ~~is scheduled for August 4, 2016.~~**[Docket No. 877].**

J. Matters Related to the Debtors' Foreign Subsidiaries

In addition to the relief sought in the Chapter 11 Cases as addressed above, the Debtors have also sought authority with respect to issues relating to their foreign subsidiaries. Set forth below is a brief summary of such matters.

1. *Motion to Approve Paylogic Settlement Agreement*

On March 2, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Approving the Paylogic Settlement Agreement* (the "**Paylogic Motion**") [Docket No. 170], pursuant to which the Debtors sought to approve a settlement agreement brought by individual parties in connection with the Debtors' obligation to acquire the remaining 25% of equity interests of Paylogic Holding B.V. Concurrently therewith, the Debtors Filed a motion to seal portions of the Paylogic Motion [Docket No. 172]. The Creditors' Committee did not object, formally or informally, to either motion. On March 18, 2016, the Bankruptcy Court entered Orders approving both motions [Docket Nos. 252 and 253]. The settlement agreement became effective on March 18, 2016.

2. *Motion to Approve Alda Settlement Agreement*

On May 5, 2016, the Debtors Filed the *Motion of the Debtors for Entry of an Order Approving the Alda Settlement Agreement* (the "**Alda Motion**") [Docket No. 562], pursuant to which the Debtors sought to approve a settlement agreement brought by several individual and entity parties in connection with the Debtors' obligation to make certain deferred payments in connection with the purchase of equity interests in Alda Holding B.V. Concurrently therewith, the Debtors Filed a motion to seal portions of the Alda Motion (the "**Alda Sealing Motion**") [Docket No. 563]. The U.S. Trustee Filed an objection to the Alda Sealing Motion on May 19, 2016 [Docket No. 619]. The Debtors subsequently Filed a notice to withdraw the Alda Sealing Motion [Docket No. 637] and Filed the Alda Motion in its unredacted form [Docket No. 638] on May 24, 2016. On May 26, 2016, the Bankruptcy Court entered an Order approving the Alda Motion [Docket No. 667]. The settlement agreement became effective on May 26, 2016.

3. *Potential Future Non-Debtor Transactions*

Certain parties have held preliminary discussions with select non-Debtor operators regarding a potential sale to such operators of a non-controlling interest in certain of non-Debtor affiliates and related assets. It is not anticipated that any such transaction would be consummated prior to the Effective Date and, in any event, would need to comply with all relevant organizational documents and legal requirements then in effect.

VI. DETAILED SUMMARY OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF SFX ENTERTAINMENT, INC. *ET AL.* UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

A. Overall Structure of the Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of its

creditors and interest holders. Upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of a chapter 11 case.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor of, or equity security holder in, the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions, and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes for such debt the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

The terms of the Plan are based upon, among other things, the Debtors' assessment of its ability to achieve the goals of its business plan, to make the Distributions contemplated under the Plan, to pay its continuing obligations in the ordinary course of business and continue negotiations with the DIP Lenders. Under the Plan, Claims against and Interests in the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, the Reorganized Debtors will distribute Cash, Interests and other property in respect of certain Classes of Claims and Interests as provided in the Plan. The Classes of Claims against and Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan, and the other property to be distributed under the Plan, are described below.

B. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides Claims against and Interests in the Debtors into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which, pursuant to section 1123(a)(1), do not need to be classified). The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications to the classifications under the Plan to permit Confirmation and to use the Plan

acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims ultimately Allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained in the Plan with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the Plan may be adversely (or favorably) affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Assets. The Debtors may seek Confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, if necessary. Specifically, section 1129(b) of the Bankruptcy Code permits Confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all Impaired classes of Claims and interests. See Section II above and Article III of the Plan. Although the Debtors believe that the Plan can be confirmed under section 1129(b) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

1. *Special Provisions Regarding Insured Claims*

Under the Plan, an Insured Claim is any Allowed Claim or portion of an Allowed Claim that is insured under the Debtors' insurance policies, but only to the extent of such coverage. Distributions under the Plan to each Holder of an Allowed Insured Claim shall be in accordance with the treatment provided under the Plan for General Unsecured Claims; provided, however, that the maximum amount of any Distribution under the Plan on account of an Allowed Insured Claim shall be limited to an amount equal to the applicable self-insured retention under the relevant insurance policy; provided, further, however, that, to the extent a Holder has an Allowed Insured Claim, the amount of which exceeds the total coverage available from the relevant insurance policies of the Debtors, such Holder shall have an Allowed General Unsecured Claim in the amount by which such Allowed Insured Claim exceeds the coverage available from the Debtors' insurance policies. Nothing in this section shall constitute a waiver of any Causes of Action the Debtors may hold against any Person, including the Debtors' insurance carriers; and nothing in this section is intended to, shall, or shall be deemed to preclude any Holder of an Allowed Insured Claim from seeking and/or obtaining a Distribution or other recovery from any insurer of the Debtors in addition to (but not in duplication of) any Distribution such Holder may receive under the Plan; provided, however, that the Debtors do not waive, and expressly reserves their rights to assert that any insurance coverage is property of the Estate to which it is entitled.

The Plan does not expand the scope of, or alter in any other way, the rights and obligations of the Debtors' insurers under their policies, and the Debtors' insurers will retain any and all defenses to coverage that such insurers may have, including the right to contest and/or litigate with any party, including the Debtors, the existence, primacy and/or scope of available coverage under any alleged applicable policy. The Plan shall not operate as a waiver of any other Claims the Debtors' insurers have asserted or may assert in any Proof of Claim or the Debtors' rights and defenses to such Proofs of Claim.

2. *Reservation of Rights Regarding Claims and Interests*

Except as otherwise explicitly provided in the Plan, nothing herein or in the Plan shall affect the Debtors' or the Debtor representative's rights and defenses, both legal and equitable, with respect to any Claims or Interests, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

C. Means for Implementation of the Plan

1. *Source of Consideration for Plan Distributions*

Unless otherwise provided in the Plan, the Debtors and the Reorganized Debtors, as applicable, are authorized to execute and deliver any documents necessary or appropriate to obtain Cash for funding the Plan, enter into and use proceeds from the Reorganized SFXE Credit Facility, New Second Lien Facility, and/or any funds held by the Debtors on the Effective Date or available under the DIP Facility, (i) to make Distributions required by the Plan, (ii) to pay other expenses of the Chapter 11 Cases, to the extent so ordered by the Bankruptcy Court, and (iii) for general corporate purposes. Further, the Debtors and the Reorganized Debtors shall (with the consent of the Required DIP Lenders) be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan.

2. *Continued Corporate Existence*

Except as may be implemented pursuant to Section 5.07(~~g~~h) of the Plan, each of the Reorganized Debtors shall continue to exist after the Effective Date with all powers of a corporation or a limited liability company under the laws of the respective jurisdiction governing their formation or incorporation and pursuant to the New Governance Documents and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable federal or state law, except as such rights may be limited, modified and conditioned by the Plan, the Plan Supplement, and any other documents and instruments executed in connection therewith.

3. *General Corporate Matters*

The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors to take or cause to be taken all actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on, and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the partners, members, stockholders, directors or managers of the Debtors or the Reorganized Debtors. Such actions may include (1) the adoption and filing of the Restated Charter Documents and the other New Governance Documents, (2) the appointment of the New SFXE Board, (3) the adoption and implementation of the Management Incentive Plan, (4) the authorization, issuance and/or Distribution pursuant to the Plan of the Reorganized SFXE Credit Agreement, New Second Lien Credit Agreement, the New Series A Preferred Stock, the Reorganized SFXE Common Stock, **the CVRs or New Warrants (as applicable),** and the **Litigation** CVRs, (5) the execution, delivery and/or filing, as applicable, of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law, and (6) the execution, delivery and/or filing, as applicable, of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, security, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree. On the Effective Date, the appropriate officers, partners, members, directors and managers of the Debtors and the Reorganized Debtors are authorized and directed to execute and deliver the agreements, documents, and instruments contemplated by the Plan or the Plan Supplement, in the name and on behalf of the Debtors or the Reorganized Debtors.

4. *Post Effective Date Boards*

On the Effective Date, the operations of the Reorganized Debtors shall become the responsibility of their respective boards of directors or managers, subject to and in accordance with the New Governance Documents of each Reorganized Debtor, which shall provide that each Reorganized Debtor shall continue to operate under the laws of their respective jurisdictions of incorporation or formation.

The New SFXE Board shall be appointed by the Required Tranche B DIP Lenders.

Except (x) for the specified corporate actions to be identified in the documents included in the Plan Supplement, and which shall require approval of holders of the New Series A Preferred Stock holding at least 75% of the New Series A Preferred Stock, and (y) as otherwise required by non-waivable applicable law, after the Effective Date, the New SFXE Board shall make all decisions relating to the Reorganized Debtors.

As shall be set forth in the New Governance Documents, the New SFXE Board shall consist of a number of members and be appointed in a manner, subject to applicable law, to be agreed upon by the Required Tranche B DIP Lenders or otherwise provided in the New

Governance Documents. In accordance with section 1129(a)(5) of the Bankruptcy Code, at, or prior to, the Confirmation Hearing, the initial directors of the Reorganized Debtors, including the members of the New SFXE Board, shall be comprised of the individuals identified in a disclosure to be Filed as part of the Plan Supplement.

5. *Officers of the Reorganized Debtors*

The initial officers of the Reorganized Debtors shall be selected as set forth in the Plan Supplement. After the Effective Date, the Reorganized Debtors may remove or appoint officers in accordance with applicable non-bankruptcy law.

6. *Indemnification Obligations*

Upon the Effective Date, the Indemnification Obligations shall not be discharged or impaired by Confirmation, shall survive Confirmation and shall remain unaffected thereby after the Effective Date (regardless of whether a Proof of Claim is Filed); provided, however, that, notwithstanding the foregoing, (x) the right of an Indemnified Person to receive any indemnities, reimbursements, advancements, payments or other amounts arising out of, relating to or in connection with the Indemnification Obligations shall be limited to, and an Indemnified Person's sole and exclusive remedy to receive any of the foregoing shall be exclusively from, the director and officer insurance policies of the Debtors in effect on the Effective Date, and no Indemnified Person shall seek, or be entitled to receive, any of the foregoing from (directly or indirectly) the Reorganized Debtors and (y) the survival of the Indemnity Obligations shall not be deemed an assumption by the Debtors of any contract, agreement, resolution, instrument or document in which such Indemnity Obligations are contained, memorialized, agreed to, embodied or created (or any of the terms or provisions thereof) if such contract, agreement, resolution, instrument or document requires the Debtors or the Reorganized Debtors to make any payments or provide any arrangements (including any severance payments) to any such director, officer, employee or agent other than indemnification payments and reimbursement and advancement of expenses.

Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' assumption of each of the director and officer liability insurance policies.

Upon and after the Effective Date, the Debtors or the Reorganized Debtors, as the case may be, shall obtain and maintain reasonably sufficient tail coverage, as determined by the Debtors, under a director and officer liability insurance policy to cover Persons who are covered as of the Effective Date by the Debtors' officers' and directors' liability insurance policies with respect to actions and omissions occurring prior to the Effective Date.

7. *Restructuring Implementation Steps*

The transactions contemplated by the Plan will require the following:

(a) Execution and Delivery of the Reorganized SFXE Credit Agreement. On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate or limited liability

company (as applicable) proceedings or action, to enter into the Reorganized SFXE Credit Agreement. The Debtors or Reorganized Debtors, as applicable, are hereby authorized to enter into such agreements, collateral documents and other documents, and issue such instruments, including, without limitation, promissory notes, as may be necessary to effectuate their entry into the Reorganized SFXE Credit Agreement and to consummate the transactions contemplated thereby (including by granting security interests in and Liens on their respective assets and properties to secure the obligations under the Reorganized SFXE Credit Agreement and such other agreements, documents and instruments), in each case, in form and substance reasonably acceptable to the Debtors, or Reorganized Debtors, as applicable, and (I) if a Third Party First Lien Facility is obtained, the Required Tranche B DIP Lenders or (II) if a Third Party First Lien Facility is not obtained, the Tranche A DIP Lenders.

(b) Execution and Delivery of the New Second Lien Credit Agreement. On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate or limited liability company (as applicable) proceedings or action, to enter into the New Second Lien Credit Agreement. The Debtors or Reorganized Debtors, as applicable, are hereby authorized to enter into such agreements, collateral documents and other documents, and issue such instruments, including, without limitation, promissory notes, as may be necessary to effectuate their entry into the New Second Lien Credit Agreement and to consummate the transactions contemplated thereby (including by granting security interests in and Liens on their respective assets and properties to secure the obligations under the New Second Lien Credit Agreement and such other agreements, documents and instruments), in each case, in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and ~~the~~those Tranche B DIP Lenders that ~~elect to~~ participate as lenders under the New Second Lien Facility.

(c) Authorization and Issuance of the New Series A Preferred Stock. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to issue shares of New Series A Preferred Stock pursuant to the New Series A Preferred Stock Certificate to the Holders of Tranche B DIP Facility Claims and Class 3 Claims ~~(Foreign Debtors)~~. All documentation with respect to the New Series A Preferred Stock shall be in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(d) Authorization and Issuance of Reorganized SFXE Common Stock. On the Effective Date, Reorganized SFXE shall be authorized, without further act

or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to issue and deliver shares of Reorganized SFXE Common Stock pursuant to the Plan.

(e) Authorization of New Stockholders Agreement. On the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to enter into the New Stockholders Agreement containing the terms and conditions governing the rights of ~~Holders~~holders of New Series A Preferred Stock ~~and the~~, holders of Reorganized SFXE Common Stock and, to the extent issued, holders of the New Warrants. All documentation with respect to the New Stockholders Agreement shall be in form and substance reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(f) Authorization and Issuance of CVRs or New Warrants. On, or as soon as reasonably practicable after, the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to allocate non-transferable contingent value rights designated Class A CVRs (the "**Class A CVRs**") and non-transferable contingent value rights designated Class B CVRs (the "**Class B CVRs**") to Holders of Class ~~3 Claims (2019 Debtors), Class 4 Claims (2019 Debtors) and Class 5~~4 Claims (2019 Debtors) as required by the Plan.

The Class A CVRs and the Class B CVRs shall be allocated on the Effective Date without any payment or consideration from the holders thereof; provided, however, that any Class A CVR and/or Class B CVR that would have been allocated to a Holder of an Allowed Class 4 Claim (2019 Debtors), had such Holder not elected the Cash Payment Option or the Convenience Class Election, will not be allocated. Notwithstanding anything to the contrary set forth in the Plan, in the event that ~~any of the Class 3 Claims (2019 Debtors),~~Holders of Class 4 Claims (2019 Debtors) ~~or~~vote as a Class ~~5 Claims (2019 Debtors) votes~~ to reject the Plan, the Class ~~A CVR~~B CVRs that would have been allocated to the Holders of ~~such rejecting~~ Class 4 Claims (2019 Debtors) had such Class voted to accept the Plan~~,~~ will not be allocated.

(i) *Class A CVRs*

Upon the occurrence of a Liquidity Event, Holders to whom Class A CVRs were allocated shall receive a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Class A CVRs represent of the total Class A CVRs allocated) of the product of (x) ~~ten~~twelve-and-a-half percent (~~10~~12.5%) of the

fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering), and (y) a fraction, the numerator of which is the total number of Class A CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class A CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the ~~Notes~~ Cash ~~Pool~~ Payment~~, GUC Cash Pool Payment, and/or rejection of the Plan by an applicable~~ **Option or the Convenience** Class **Election**; provided, however, that the Class A CVRs shall be subject to dilution by the Class B CVRs.

(ii) *Class B CVRs*

Upon the occurrence of a Liquidity Event, Holders to whom Class B CVRs were allocated shall receive a Cash payment equal to their *pro rata* share (calculated based on the percentage that a Holder's Class B CVRs represent of the total Class B CVRs allocated) of **the product of (x)** ten percent (10%) of the amount by which the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering) exceeds the CVR Equity Value Threshold**, and (y) a fraction, the numerator of which is the total number of Class B CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Class B CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election**. The Class B CVRs shall dilute the Class A CVRs above the CVR Equity Value Threshold.

(iii) *Documentation of CVRs*

All documentation with respect to the CVRs shall be consistent with Section 5.07 of the Plan and otherwise in form and substance

reasonably acceptable to the Debtors or Reorganized Debtors, as applicable, and the Required Tranche B DIP Lenders.

(iv) *Agreements of CVR Holders*

Each Holder of an Allowed Class ~~3 Claim (2019 Debtors), Class 4 Claim (2019 Debtors) and/or Class 5~~ 4 Claim (2019 Debtors) that receives an allocation of CVRs, by receiving such allocation, shall automatically be deemed to consent and agree with the Reorganized Debtors and with each other holder of a CVR that (i) the Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of a CVR, the amount of the CVR held by such holder, and whether such CVR is a Class A CVR or a Class B CVR; (ii) the CVRs will not be represented by any certificate and may not be transferred or assigned; (iii) the CVRs do not bear any stated rate of interest; (iv) the CVRs shall not entitle the holder thereof to vote or receive dividends or to be deemed the holder of capital stock or any other securities of the Reorganized Debtors which may at any time be distributable thereunder for any purpose; and (v) the CVRs shall not confer upon the holder thereof (in its capacity as a holder of the CVRs) any of the rights of a stockholder of the Reorganized Debtors (including appraisal rights, any right to vote for the election of directors or upon any matter submitted to stockholders of the Reorganized Debtors at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise).

(v) *Contingent Nature of CVRs*

The CVRs represent the right to receive contingent distributions of value under the Plan. Distributions on account of CVRs will be made only to the extent required by the Plan and, if no such distributions are required to be made hereunder, the CVRs will terminate and cease to exist and holders thereof will receive no value on account of the CVRs.

(vi) *Termination of CVRs*

The CVRs shall terminate on the earlier to occur of (i) the fifth (5^{th}) anniversary of the Effective Date, and (ii) the consummation of a Liquidity Event, subject, in both cases, to the right of the holder of such CVRs to receive any Cash payment pursuant to the terms of the CVRs, if any, that may be owing in respect of a Liquidity Event that occurs concurrently with such termination.

(vii) ***New Warrants in lieu of CVRs***

If on the Effective Date, the Reorganized Debtors determine that the issuance of the New Warrants, in lieu of the allocation of the CVRs, or the issuance of Reorganized SFXE Common Stock upon exercise of any of the New Warrants will not subject the Reorganized Debtors to any reporting requirements under the Securities Exchange Act, the CVRs will not be allocated, and instead each Holder's right to receive Class A CVRs and/or Class B CVRs shall automatically convert into a right to receive Series A Warrants and/or Series B Warrants, respectively. The terms of the Series A Warrants and Series B Warrants will be as provided for in the Plan Supplement. The Reorganized Debtors (or the Disbursing Agent) shall maintain a register identifying each holder of a New Warrant, the amount of the New Warrant held by such holder, and whether such New Warrant is a Series A Warrant or a Series B Warrant. The Restated Charter Documents, the New Stockholders' Agreement and the warrant agreement that governs the New Warrants shall contain restrictions on the transfer of New Warrants and shares of Reorganized SFXE Common Stock that would prevent transfers of any New Warrant or share of Reorganized SFXE Common Stock if such transfer would, if consummated, result in Reorganized SFXE having, in the aggregate, 450 or more holders of record (as such concept is understood for purposes of Section 12(g) of the Securities Exchange Act) of New Warrants and shares of Reorganized SFXE Common Stock. Subject to the terms of the immediately preceding sentence and to other transfer restrictions that will be included in the Restated Charter Documents, the New Stockholders' Agreement and the warrant agreement that governs the New Warrants, the New Warrants shall be transferable after first providing the Reorganized SFXE notice at least five (5) Business Days prior to the proposed transfer.

(g) Authorization and Issuance of Litigation CVRs. On, or as soon as reasonably practicable after, the Effective Date, Reorganized SFXE shall be authorized, without further act or action under applicable law, regulation, order or rule, and without further corporate proceedings or action, to allocate non-transferable contingent value rights designated as Litigation CVRs (the "Litigation CVRs") to Holders of Allowed Class 4 Claims (2019 Debtors) as required by this Plan. The Litigation CVRs shall be allocated on the Effective Date without any payment or consideration from the holders thereof; provided, however, that any Litigation CVRs that would have been allocated to a Holder of an Allowed Class 4 Claim (2019 Debtors), had such Holder not elected the Cash Payment Option or the Convenience Class Election, will not be allocated.

The Litigation CVRs shall entitle the Holders thereof to receive their *pro rata* share (calculated based on the percentage that a Holder's Litigation CVRs represent of the total Litigation CVRs allocated) of the product of (x) fifty percent (50%) of the Litigation CVR Net Proceeds (if any) and (y) a fraction, the numerator of which is the total number of Litigation CVRs actually allocated to Holders pursuant to the Plan, and the denominator of which is the maximum total number of Litigation CVRs that would have been allocated pursuant to the Plan, prior to giving effect to any reduction on account of the Cash Payment Option or the Convenience Class Election. Any value on account of Litigation CVRs that were not allocated as a result of the Cash Payment Option or the Convenience Class Election shall remain with the Reorganized Debtors.

(i) ***Litigation Committee***

The Litigation Committee shall be responsible for (x) overseeing all matters related to the Litigation CVR Claims and making all determinations with respect thereto, including, without limitation, to retain counsel and other professionals and to investigate, analyze, compromise, adjust, arbitrate, mediate, sue on or defend, pursue, prosecute, abandon, dismiss, exercise rights, powers, and privileges with respect to, or otherwise deal with and settle the Litigation CVR Claims, and (y) evaluating all issues relating to the Litigation CVRs including, without limitation, making all determinations with respect thereto, in each of (x) and (y) above, in the exercise of their business judgment.

(ii) ***Documentation of Litigation CVRs***

All documentation with respect to the Litigation CVRs shall be consistent with Section 5.07 of the Plan and, prior to the Effective Date, be in form and substance reasonably acceptable to the Debtors and the Required Tranche B DIP Lenders. For the avoidance of doubt, the terms of the Litigation CVRs shall not be modified after the Effective Date without the consent of each affected holder thereof.

(iii) ***Agreement of Litigation CVR Holder***

Each Holder of an Allowed Class 4 Claim (2019 Debtors) that receives an allocation of a Litigation CVR, by receiving such allocation, shall automatically be deemed to consent and agree with the Reorganized Debtors and with each other Holder to whom Litigation CVRs was allocated, that (i) the Reorganized Debtors (or the Disbursing Agent) shall maintain a register

identifying each holder of the Litigation CVR and the amount of the Litigation CVR held by such holder; (ii) the Litigation CVR Claims vest in the Reorganized Debtors and that the Reorganized Debtors, through the Litigation Committee, shall have the sole right to enforce, prosecute, abandon, dismiss, compromise or settle such Litigation CVR Claims; (iii) the Litigation CVRs will not be represented by any certificate and may not be transferred or assigned; (iv) the Litigation CVR does not bear any stated rate of interest; (v) the Litigation CVR shall not entitle the holder thereof to vote or receive dividends or to be deemed the holder of capital stock or any other securities of the Reorganized Debtors which may at any time be distributable thereunder for any purpose; and (vi) the Litigation CVR shall not confer upon the holder thereof (in its capacity as a holder of the Litigation CVR) any of the rights of a stockholder of the Reorganized Debtors (including appraisal rights, any right to vote for the election of directors or upon any matter submitted to stockholders of the Reorganized Debtors at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise).

(iv) ***Contingent Nature of Litigation CVRs***

The Litigation CVRs represent the right to receive contingent distributions of value under the Plan. The potential Litigation CVR Net Proceeds are speculative and uncertain and no assurance can be given that any Litigation CVR Net Proceeds will be recovered from pursuing the Litigation CVR Claims. Distributions on account of Litigation CVRs will be made only to the extent required by the Plan and, if no such distributions are required to be made hereunder, the Litigation CVRs will terminate and cease to exist and holders thereof will receive no value on account of the Litigation CVRs.

(v) ***Termination of Litigation CVRs***

The Litigation CVRs shall terminate on the earlier to occur of (i) the fifth (5th) anniversary of the Effective Date, and (ii) the consummation of a Liquidity Event (such date referred to in clause (i) and (ii), the "Litigation CVR Termination Date"); provided, however, that if on the Litigation CVR Termination Date there is an action on account of a Litigation CVR Claim that is pending (the "Pending Litigation Claim"), the Litigation CVRs shall not terminate until such date as such Pending Litigation Claim is settled, resolved or adjudicated pursuant to a Final Order.

(h) ~~(g)~~ Restructuring Transactions. On and after Confirmation, the Reorganized Debtors may enter into such transactions, execute and deliver such agreements, instruments and other documents, and may take such actions as may be necessary or appropriate, in accordance with any applicable law and with the consent of the Required Tranche B DIP Lenders, to effect a company/corporate or operational restructuring of the Debtors' businesses, to otherwise simplify the overall company/corporate or operational structure of the Reorganized Debtors, to achieve company/corporate or operational efficiencies, or to otherwise improve financial results; provided that such transactions or actions are not otherwise inconsistent with the Plan or Distributions to be made under the Plan

8. *Exemption under Section 1145 of the Bankruptcy Code*

The offering, issuance and Distribution of any securities pursuant to the Plan and any and all settlement agreements incorporated therein are exempt from applicable federal and state securities laws (including blue sky laws), registration and other requirements, including but not limited to, the registration and prospectus delivery requirements of Section 5 of the Securities Act, pursuant to section 1145 of the Bankruptcy Code or, if section 1145 of the Bankruptcy Code is not available, pursuant to Section 4(a)(2) of the Securities Act or another available exemption from registration under the Securities Act, as applicable.

9. *Revesting of Assets; Preservation of Causes of Action and Avoidance Actions; Release of Liens; Resulting Claim Treatment*

Except as otherwise provided herein, or in the Confirmation Order, and pursuant to section 1123(b)(3) and sections 1141(b) and (c) of the Bankruptcy Code, on the Effective Date, all of the property and assets of the Debtors and all Causes of Action (and rights with respect thereto) that the Debtors or the Estates may hold against any Person or Entity (other than those expressly released or subject to exculpation pursuant to Sections 11.02 and 11.05 of the Plan, respectively) shall automatically vest or revest in the Reorganized Debtors, free and clear of all Claims, Liens, Interests, charges or other encumbrances other than any Claims, Liens, Interests, charges or other encumbrances arising or created under the New First Lien Facility and the New Second Lien Facility. On and after the Effective Date, the Reorganized Debtors may operate the Debtors' businesses and conduct their affairs and use, acquire or dispose of property and assets and settle or compromise any Claims, Interests or Causes of Action (and rights with respect thereto) without the supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, subject to the terms of the Plan and the Plan Supplement, and all documents and exhibits thereto implementing the provisions of the Plan.

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, to the fullest extent possible under applicable law, on the Effective Date, the Reorganized Debtors shall retain and may enforce, and shall have the sole right to enforce, prosecute, abandon, dismiss, compromise or settle any claims, demands, rights,

and Causes of Action (and rights with respect thereto) that the Debtors may hold against any Entity, including, without limitation, all Avoidance Actions. Subject to Sections 11.02(b) and 11.05 of the Plan, the Reorganized Debtors or their successors may pursue such retained claims, demands, rights or Causes of Action (and rights with respect thereto), including, without limitation, Avoidance Actions, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor holding such Claims, demands, rights, Causes of Action (and rights with respect thereto).

10. ***Exemption from Certain Transfer Taxes***

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation all such instruments or other documents governing or evidencing such transfers without the payment of any such tax, recordation fee, or governmental assessment. Such exemption specifically applies, without limitation, to: (1) the creation of any mortgage, deed of trust, Lien or other security interest; (2) the making or assignment of any lease or sublease; (3) the issuance and/or Distribution pursuant to the Plan of the New Series A Preferred Stock, the Reorganized SFXE Common Stock, **the New Warrants, if applicable,** and any other securities of the Debtors or the Reorganized Debtors; (4) the ~~issuance of~~**allocation of CVRs and the Litigation** CVRs; and (5) the making or delivery of any deed, bill of sale, assignment and assumption agreement or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements, equity purchase agreements or asset purchase agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; (d) bills of sale; and (e) assignments executed in connection with any transaction occurring pursuant to the Plan.

11. ***Reorganized Debtors' Obligations under the Plan***

From and after the Effective Date, the Reorganized Debtors shall exercise their reasonable discretion and business judgment to perform their obligations under the Plan. The Plan will be administered and actions will be taken in the name of the Debtors and the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtors shall conduct, among other things, the following tasks:

(a) administer the Plan and take all steps and execute all instruments and documents necessary to effectuate the terms of the Plan;

(b) pursue (including, as it determines through the exercise of their business judgment, prosecuting, enforcing, objecting to, litigating, reconciling, settling, abandoning or resolving) all of the rights, Claims, Causes of Action **(including the Litigation CVR Claims)**, defenses, and counterclaims retained by the Debtors or the Reorganized Debtors;

(c) reconcile Claims and resolve Disputed Claims, and administer the Claims' allowance and disallowance processes as set forth in the Plan, including objecting to, prosecuting, litigating, reconciling, settling, and resolving Claims and Disputed Claims in accordance with the Plan;

(d) make decisions regarding the retention, engagement, payment, and replacement of professionals, employees, and consultants;

(e) administer the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan and (ii) Filing with the Bankruptcy Court on each three (3) month anniversary of the Effective Date reports regarding the Distributions made and to be made to the Holders of Allowed Claims as required by the U.S. Trustee;

(f) exercise such other powers as necessary or prudent to carry out the provisions of the Plan;

(g) file appropriate tax returns;

(h) file a motion requesting the Bankruptcy Court enter a final decree closing the Chapter 11 Cases; and

(i) take such other action as may be necessary or appropriate to effectuate the Plan.

12. ***Cancellation of Existing Notes, Securities and Agreements***

Except for purposes of evidencing a right to a Distribution under the Plan or otherwise as provided hereunder, on the Effective Date, the DIP Credit Documents and the Prepetition Second Priority Notes, and all agreements relating thereto, shall be deemed automatically cancelled, terminated and of no further force or effect, without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the parties, as applicable, thereunder shall be deemed discharged; provided, however, that the DIP Credit Documents and the Prepetition Second Priority Note Documents shall continue in effect solely for the limited purpose of (i) allowing the relevant Holders of the DIP Claims and the Prepetition Second Priority Notes to receive their Distributions under the Plan, (ii) allowing the DIP Agent and the Prepetition Second Priority Trustee, respectively, to make any Distributions on account of the DIP Claims and the Prepetition Second Priority Notes pursuant to the Plan, to perform such other necessary administrative or other functions with respect thereto and with respect to other obligations set forth under the Plan and the Confirmation Order, and for the DIP Agent and the Prepetition Second Priority Trustee to have the benefit of all the rights and protections and other provisions of the DIP Credit Documents and the Prepetition Second Priority Note Documents, and all other related agreements, respectively, including to seek compensation and reimbursement of reasonable fees and expenses after the Effective Date, and (iii) permitting the DIP Agent and the Prepetition Second Priority Trustee to maintain and assert their Charging Lien or right to indemnification, contribution or other Claim it may have against the DIP Lenders under the DIP Credit Documents and the Prepetition Second Priority Noteholders under the

Prepetition Second Priority Note Documents, respectively, subject to any and all defenses any party may have under the Plan or applicable law to any such asserted rights or Claims.

Except as provided for in Sections 3.02(h) of the Plan, on the Effective Date, (i) the existing Interests in the Debtors (other than Intercompany Interests), (ii) any promissory notes, share certificates, whether for preferred or common stock (including treasury stock), unit or limited liability company interest certificates, other instruments evidencing any Claims or Interests in the Debtors, other than a Claim that is being reinstated and rendered Unimpaired and other than Intercompany Interests, (iii) all options, warrants, calls, rights, puts, awards, commitments or any other agreements of any character to acquire Interests in the Debtors, and (iv) all registration rights, preemptive rights, rights of first refusal, rights of first offer, co-sale rights and other investor rights governing or relating to any Interests, in any such case, shall be deemed cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and without further corporate or limited liability company or similar authority (as applicable) proceedings or action, and the obligations of the Debtors under the notes, share certificates, unit or limited liability company interest certificates and other agreements and instruments governing such Claims and Interests in the Debtors shall be discharged subject to the provisions of the Plan. The Holders of or parties to such cancelled notes, shares, share certificates, unit or limited liability company interest certificates and other agreements and instruments shall have no rights arising from or relating to such notes, shares, share certificates, unit or limited liability company interest certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

13. ***Management Incentive Plan***

On the Effective Date or as soon as is reasonably practicable thereafter, the Reorganized Debtors shall adopt and approve the Management Incentive Plan in accordance with the New Governance Documents.

14. ***Transactions on Business Days***

If the date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

15. ***New Governance Documents***

On or immediately before the Effective Date, the Debtors or the Reorganized Debtors will file their respective New Governance Documents with the applicable Secretaries of State and/or other applicable authorities in their respective jurisdiction of formation or incorporation in accordance with the limited liability company and corporate laws of their respective jurisdictions of formation or incorporation.

After the Effective Date, each Reorganized Debtor may amend and restate its certificate of incorporation, certificate of formation and other constituent documents as permitted by the laws of its respective state, province, or country of formation and its respective certificate of incorporation, certificate of formation and other constituent documents.

16. ***Deemed Execution of the New Stockholders' Agreement***

On the Effective Date, without any further action by any party, each Holder of an Allowed Claim that receives New Series A Preferred Stock ~~and/or~~, the Reorganized SFXE Common Stock and/or, to the extent issued, the New Warrants, shall be deemed to have executed the New Stockholders' Agreement, and the New Stockholders' Agreement shall be deemed to be a valid, binding and enforceable obligation of such Holder (including any obligation set forth therein to waive or refrain from exercising any appraisal, dissenters' or similar rights) even if such Holder has not actually executed and delivered a counterpart thereof.

~~**17.** ***Allianz Turnover***~~

~~**On the Effective Date, Holders of Allowed Prepetition Second Priority Secured Claims that do not elect the Notes Cash Pool Payment shall turnover to Allianz on a *Pro Rata* basis, an amount of Class B CVRs that would entitle the holder thereof to receive, upon the occurrence of a Liquidity Event, one percent (1%) of the amount by which the fair market value of the total consideration actually received by the holders of Reorganized SFXE Common Stock in such Liquidity Event in respect of Reorganized SFXE Common Stock (or, in the case of a Liquidity Event that is a Qualified Public Offering, the public offering price per share of Reorganized SFXE Common Stock sold in the Qualified Public Offering multiplied by the number of shares of Reorganized SFXE Common Stock that are issued and outstanding immediately prior to such Qualified Public Offering) exceeds the CVR Equity Value Threshold (the "Allianz Turnover Amount").**~~

D. Treatment of Executory Contracts and Unexpired Leases

1. ***Assumption and Rejection of Executory Contracts and Unexpired Leases***

On the Effective Date, except as otherwise provided in Article VI of the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, each of the Debtors' Executory Contracts and Unexpired Leases not previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be deemed rejected as of the Effective Date, except for an Executory Contract or Unexpired Lease that: (i) is listed, either specifically or by category, on the schedule of assumed Executory Contracts and Unexpired Leases in the Plan Supplement which schedule shall be reasonably acceptable in all material respects to the Debtors and the Required DIP Lenders; (ii) was previously assumed or rejected by the Debtors pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date; (iii) previously expired or was terminated pursuant to its own terms; or (iv) is the subject of a motion to assume, assume and assign, or reject Filed by the Debtors on or before the Confirmation Date (in any such case, with the approval of the Required DIP Lenders).

Entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumptions or rejections of such Executory Contracts and Unexpired Leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order, and not assigned to a third party on or prior to the Effective Date, shall revest in and be

fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the counterparty thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default related rights with respect thereto.

Each party to an Executory Contract or Unexpired Lease that does not file and serve upon counsel to the Debtors and the Required DIP Lenders by the deadline set for objections to Confirmation an objection to the Debtors' assumption and/or assignment of such Executory Contract or Unexpired Lease, will be deemed to consent to the assumption and/or assignment of such Executory Contract or Unexpired Lease. Notwithstanding anything to the contrary in the Plan, the Debtors reserve the right to alter, amend, modify, or supplement the schedule of assumed Executory Contracts and Unexpired Leases in the Plan Supplement in their discretion and with the consent of the Required DIP Lenders, prior to the Effective Date on no less than three (3) days' notice to the counterparty thereto.

Notwithstanding anything to the contrary in the Plan, the Debtors and the Reorganized Debtors reserve the right to assert that any license, franchise and partially performed contract is a property right and not an Executory Contract.

2. ***Assignment of Executory Contracts and Unexpired Leases***

To the extent provided under the Bankruptcy Code or other applicable law, any Executory Contract or Unexpired Lease transferred and assigned pursuant to the Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such Executory Contract or Unexpired Lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions the assignment or transfer of any such Executory Contract or Unexpired Lease or that terminates or modifies such Executory Contract or Unexpired Lease or allows the counterparty to such Executory Contract or Unexpired Lease to terminate, modify, recapture, declare a default, accelerate or increase obligations, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such Executory Contract or Unexpired Lease or that terminates or modifies such Executory Contract or Unexpired Lease or allows the counterparty to such Executory Contract or Unexpired Lease to terminate, modify, recapture, declare a default, accelerate or increase obligations, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable provision and is void and of no force or effect.

3. ***Cure Rights for Executory Leases and Unexpired Leases Assumed under the Plan***

Any monetary amounts by which each Executory Contract and Unexpired Lease to be assumed or assumed and assigned pursuant to the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, solely by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or assumed and assigned, or (c) any other matter pertaining to assumption and/or assignment, Cure shall occur following the entry of a Final Order by the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided, however, that (i) pending entry of such Final Order the Reorganized Debtors or the applicable assignee shall have the benefits of, and the applicable counterparty shall continue to be subject to, such Executory Contract or Unexpired Lease and (ii) the Debtors or the Reorganized Debtors, as applicable, shall be authorized to reject any Executory Contract or Unexpired Lease to the extent that the Debtors or Reorganized Debtors, in the exercise of their sound business judgment and with the approval of the Required DIP Lenders, conclude that the amount of the Cure obligation as determined by such Final Order, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Debtors or Reorganized Debtors. Cure amounts for an assumed Executory Contract or Unexpired Lease are listed on a schedule of Cure amounts in the Plan Supplement. If no Cure amount for an assumed Executory Contract or Unexpired Lease is listed on such schedule, the Cure amount shall be deemed to be $0.

4. *Continuing Obligations Owed to Debtors*

Except as otherwise provided herein, any confidentiality agreement entered into between the Debtors and any other Person requiring the parties to maintain the confidentiality of each other's proprietary information shall be deemed to be, and shall be treated as though it is, an Executory Contract that is assumed and assigned to the Reorganized Debtors pursuant to section 365 of the Bankruptcy Code, except as otherwise provided in the Plan.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors or Reorganized Debtors under such Executory Contracts or Unexpired Leases. Notwithstanding any applicable non-bankruptcy law to the contrary, the Debtors and the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties, indemnifications or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors from counterparties to rejected Executory Contracts or Unexpired Leases.

Any indemnity agreement entered into between the Debtors and any other Person requiring that Person to provide insurance in favor of the Debtors, to warrant or guarantee such Person's goods or services, or to indemnify the Debtors for claims arising from such goods or services shall be deemed to be, and shall be treated as though it is, an Executory Contract that is assumed and assigned pursuant to section 365 of the Bankruptcy Code (but subject to Section 5.06 of the Plan); provided, however, that if any party thereto asserts any Cure, at the election of the Debtors (with the approval of the Required DIP Lenders), such agreement shall not be deemed assumed, and shall instead be rejected pursuant to section 365 of the Bankruptcy Code under the Plan.

Continuing obligations of third parties to the Debtors under insurance policies, contracts, or leases that have otherwise ceased to be executory or have otherwise expired on or prior to the Effective Date, including, without limitation, continuing obligations to pay Insured Claims, to defend against and process claims, to refund premiums or overpayments, to provide indemnification, contribution or reimbursement, to grant rights of first refusal, to maintain confidentiality, or to honor releases, shall continue and shall be binding on such third parties unless otherwise specifically terminated by the Debtors, under the Plan or otherwise by order of Bankruptcy Court.

All of the Debtors' insurance policies and any agreements, documents or instruments relating thereto shall be treated as Executory Contracts of the Debtors under the Plan and the Bankruptcy Code and shall be assumed by the Debtors pursuant to section 365 of the Bankruptcy Code, and shall continue in full force and effect thereafter in accordance with their respective terms. Any and all Claims (including payments for Cure) arising under or related to any insurance policies or related insurance agreements that are assumed by the Debtors prior to or as of the Effective Date (i) shall not be discharged, (ii) shall be Allowed Administrative Claims (subject to the terms of Section 3.01(a) of the Plan) and (iii) shall be paid in full in the ordinary course of business of the Reorganized Debtors as set forth in Section 3.01(a) of the Plan.

5. ***Limited Extension of Time to Assume or Reject***

In the event of a dispute as to whether a contract or lease between the Debtors and a Person that is not an Insider is executory or unexpired, the right of the Debtors or the Reorganized Debtors to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days, or as otherwise provided in section 365(d) of the Bankruptcy Code, after entry of a Final Order by the Bankruptcy Court determining that the contract or lease is executory or unexpired, provided such dispute is pending as of the Confirmation Date.

6. ***Claims Based on Rejection of Executory Contracts or Unexpired Leases; Rejection Damages Bar Date***

Unless otherwise provided by a Bankruptcy Court order, if the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Reorganized Debtors or any of their properties unless a Proof of Claim is Filed with the Notice and Claims Agent and served upon counsel to the Reorganized Debtors within thirty (30) days after the later of the date of (a) entry of the Confirmation Order and (b) entry of the order rejecting the applicable Executory Contract or Unexpired Lease. The foregoing applies only to Claims arising from the rejection of an Executory Contract or Unexpired Lease; any other Claims held by a party to a rejected contract or lease shall have been evidenced by a Proof of Claim Filed by the applicable Bar Date or shall be barred and unenforceable.

7. ***Postpetition Contracts and Leases***

The Debtors shall not be required to assume or reject any contract or lease entered into by the Debtors after the Petition Date. Any such contract or lease shall continue in effect in

accordance with its terms after the Effective Date as set forth in the Plan, unless the Reorganized Debtors have obtained a Final Order of the Bankruptcy Court approving termination of such contract or lease. Contracts or leases entered into after the Petition Date will be performed by the Reorganized Debtors in the ordinary course of their businesses.

Notwithstanding contrary herein, entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' assumption of each of the Paylogic Settlement Agreement and the Alda Settlement Agreement, and the terms of each of the Paylogic Settlement Agreement and the Alda Settlement Agreement shall become binding on the parties. Pursuant to the Paylogic Settlement Agreement and the Alda Settlement Agreement, the Paylogic Parties and the Alda Parties agreed to settle and compromise their respective Claims against SFXE Netherlands Holdings B.V., a Foreign Debtor; accordingly and notwithstanding anything contrary herein, the Claims held by the Paylogic Parties and Alda Parties shall receive such treatment as provided in the Paylogic Settlement Agreement and Alda Settlement Agreement, respectively.

8. ***Treatment of Claims Arising from Assumption or Rejection***

All Allowed Claims for Cure arising from the assumption of any Executory Contract or Unexpired Lease shall be treated as Administrative Claims pursuant to, but subject to the terms of, Section 3.01(a) of the Plan. All Allowed Claims arising from the rejection of an Executory Contract or Unexpired Lease shall be treated, to the extent applicable, as General Unsecured Claims, unless otherwise ordered by Final Order of the Bankruptcy Court. All other Allowed Claims relating to an Executory Contract or Unexpired Lease shall have such status as they may be entitled to under the Bankruptcy Code as determined by Final Order of the Bankruptcy Court.

9. ***Employee and Benefits Programs***

All employment and severance policies, and all compensation and benefit plans, policies and programs of the Debtors applicable to their respective employees, retirees and directors, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, and life, accidental death and dismemberment insurance plans shall be treated as Executory Contracts under the Plan and **will be rejected on the Effective Date (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code)**, except and to the extent **such Executory Contract was** (i) previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date or (ii) otherwise specifically ~~**provided in the Plan, will be**~~ listed on the schedule of ~~**rejected**~~**assumed** Executory Contracts and Unexpired Leases in the Plan Supplement ~~**and will be rejected on the Effective Date (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code)**~~.

10. ***Reservation of Rights***

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is any objection Filed to the rejection of

an Executory Contract or Unexpired Lease, the Debtors (with the consent of the Required DIP Lenders) or the Reorganized Debtors, as applicable, shall have forty-five (45) days after entry of a Final Order resolving such objection to alter their treatment of such contract or lease to any such alteration.

E. Provisions Governing Distributions

1. *Distributions for Allowed Claims*

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all Distributions to Holders of Allowed Claims as of the Effective Date shall be made on or as soon as practicable after the Effective Date. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 7.03 of the Plan and on such day as selected by the Reorganized Debtors, in their sole discretion.

2. *Interest on Claims*

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Unless otherwise specifically provided for in the Plan or the Confirmation Order, interest shall not accrue or be paid upon any Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Claim becomes an Allowed Claim.

3. *Designation; Distributions by Disbursing Agent*

The Reorganized Debtors or any Disbursing Agent acting on their behalf shall make all Distributions required to be made under the Plan.

If a Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent shall receive, without further approval from the Bankruptcy Court, reasonable compensation for Distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from the Reorganized Debtors, including the reasonable fees, costs and expenses of counsel, which shall be paid by the Reorganized Debtors, provided, however, that the terms and conditions of the Disbursing Agent's engagement shall be in form and substance reasonably acceptable to the Debtors (and the Required DIP Lenders) or the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, in which case all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors unless otherwise agreed.

4. *Means of Cash Payment*

Cash payments under the Plan shall be in U.S. funds, and shall be made, at the option, and in the sole discretion, of the Reorganized Debtors, by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Reorganized Debtors; provided that payments to foreign Creditors may be made, at the option and in the Reorganized Debtors' sole discretion, in

such funds (and currency) and by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to the Plan in the form of checks issued by the Reorganized Debtors shall be null and void if not cashed within 120 days of the date of the issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtors by the Entity to whom such check was originally issued.

For purposes of effectuating Distributions under the Plan, any Claim denominated in foreign currency shall be converted to U.S. Dollars pursuant to the applicable published exchange rate in effect on the Petition Date or, if such Claim is to be paid in the ordinary course, then pursuant to the applicable published exchange rate in effect on the date of such payment.

5. ***Fractional Distributions***

No fractional shares of New Series A Preferred Stock or Reorganized SFXE Common Stock **or fractional shares of New Warrants** shall be distributed under the Plan. When any Distribution pursuant to the Plan would otherwise result in the issuance of a number of shares **(or warrants exercisable into shares)** that is not a whole number, the actual Distribution of shares **(or warrants exercisable into shares)** shall be rounded downward to the nearest whole number. The total number of authorized shares to be distributed pursuant to the Plan shall be adjusted as necessary to account for the foregoing rounding.

6. ***Delivery of Distributions***

Distributions to Holders of Allowed Claims shall be made by the applicable Disbursing Agent (a) at the addresses reflected in the Schedules, (b) at the addresses set forth on the Proofs of Claim Filed by such Holders, (c) at the addresses set forth in any written notices of address changes delivered to the Debtors, the Reorganized Debtors or the Disbursing Agent after the date of the Schedules if no Proof of Claim was Filed or after the date of any related Proof of Claim Filed, or (d) on any counsel that has appeared in the Chapter 11 Cases on such Holder's behalf; and (x) with respect to Holders of Allowed DIP Claims, to, or at the direction of, the DIP Agent, (y) with respect to Holders of Allowed Class 3 Claims (Foreign Debtors), to, or at the direction of, the Foreign Loan Agent and (z) with respect to Holders of Allowed ~~Class 3~~**Prepetition Second Priority Note** Claims~~ (2019 Debtors) and Class 4 Claims (2019 Debtors)~~, to, or at the direction of the Prepetition Second Priority Trustee. Except as otherwise reasonably requested by the Prepetition Second Priority Trustee, all Distributions to Holders of ~~Class 3 Claims (2019 Debtors) and Class 4 Claims (2019 Debtors)~~**Allowed Prepetition Second Priority Note Claims** shall be deemed completed when made to the Prepetition Second Priority Trustee, which shall be deemed to be the Holder of all ~~Class 3 Claims (2019 Debtors) and~~ Allowed ~~Class 4~~**Prepetition Second Priority Note** Claims~~ (2019 Debtors)~~ for purposes of Distributions to be made hereunder. The Prepetition Second Priority Trustee shall hold or direct such Distributions for the benefit of the Holders of all ~~Class 3 Claims (2019 Debtors) and~~ Allowed ~~Class 4~~**Prepetition Second Priority Note** Claims~~ (2019 Debtors)~~. As soon as practicable in accordance with the requirements set forth in Article VII of the Plan, the Prepetition Second Priority Trustee shall arrange to deliver such Distributions to or on behalf of such Holders of Allowed ~~Class 3 Claims (2019 Debtors) and Allowed Class 4 Claims (2019 Debtors)~~**Prepetition Second Priority Note Claims**. Upon delivery by the Reorganized Debtors

of the Distributions in conformity with Section 7.06 of the Plan, the Reorganized Debtors shall be released of all liability with respect to the delivery of such Distributions.

Unless otherwise agreed between the Reorganized Debtors and the Disbursing Agent, amounts in respect of undeliverable Distributions made by the Disbursing Agent shall be returned to the Reorganized Debtors on the first (1st) anniversary of the Effective Date. Any amount returned to the Reorganized Debtors prior to such anniversary shall be held in trust by the Reorganized Debtors until the earlier of (a) the first anniversary of the Effective Date and (b) such Distribution(s) are claimed, at which time the applicable amount(s) shall be returned to the Disbursing Agent for Distribution pursuant to the Plan. All claims for undeliverable Distributions must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed Distributions shall revert to the Reorganized Debtors free of any restrictions thereon and without any reallocation of the unclaimed Distribution, and the claims of any Holder or successor to such Holder with respect to such Distributions shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

7. ***Application of Distribution Record Date***

At the close of business on the Distribution Record Date, the claims registers for all Claims shall be closed, and there shall be no further changes in the record Holders of such Claims. Except as provided herein, the Reorganized Debtors, the Disbursing Agent and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders stated on the claims registers as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Plan to such Persons or the date of such Distributions.

8. ***Withholding, Payment and Reporting Requirements***

In connection with the Plan and all Distributions under the Plan, the Reorganized Debtors and the Disbursing Agent shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all Distributions under the Plan shall be subject to any such withholding, payment, and reporting requirements. The Reorganized Debtors and the Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements.

Notwithstanding any other provision of the Plan, and except as provided in the DIP Credit Agreement or the Prepetition Second Priority Indenture, (a) each Holder of an Allowed Claim that is to receive a Distribution of Cash pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental unit, including income, withholding, and other Tax obligations, on account of such Distribution, and including, in the cases of any Holder of a Disputed Claim that has become an Allowed Claim, any Tax obligation that would be imposed upon the Reorganized Debtors in connection with such Distribution, and (b) no Distribution of Cash shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the applicable Reorganized Debtor for the payment and satisfaction of such

withholding Tax obligations or such Tax obligation that would be imposed upon the Reorganized Debtors in connection with such Distribution. Any property to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable Distribution pursuant to Section 7.06 of the Plan.

9. *Setoffs*

The Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claim or any Allowed Claim, and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such Claim that the Debtors or the Reorganized Debtors may have against such Holder.

10. *Prepayment*

Except as otherwise provided in the Plan, any ancillary documents entered into in connection herewith, or the Confirmation Order, the Reorganized Debtors shall have the right to prepay, without penalty, all or any portion of an Allowed Claim entitled to payment in Cash at any time.

11. *No Distribution in Excess of Allowed Amounts*

Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim shall receive in respect of such Claim any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim (excluding payments on account of interest due and payable from and after the Petition Date pursuant to the Plan, if any).

12. *Allocation of Distributions*

All Distributions received under the Plan by Holders of Claims shall be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

13. *Minimum Distributions*

No Cash Distribution on account of the ~~Notes~~ Cash ~~Pool~~ Payment ~~or the GUC Cash Pool Payment~~Option of less than ~~one thousand~~fifty dollars ($~~1,000.00~~50.00) shall be made by the Disbursing Agent to the Holder of any Claim unless a request therefor is made in writing to the Disbursing Agent within 180 days of the Effective Date. Each Distribution of less than ~~one thousand~~fifty dollars ($~~1,000.00~~50.00) as to which no such request is made shall automatically revert without restriction to the Reorganized Debtors on the 181st day after the Effective Date.

F. Prosecution for Resolving Disputed, Contingent, and Unliquidated Claims and Distributions with Respect Thereto

1. *Prosecution of Objections to Claims*

a. Objections to Claims; Estimation Proceedings

Except as set forth in the Plan or any applicable Bankruptcy Court order, all objections to Claims must be Filed and served on the Holders of such Claims by the Claims Objection Bar Date, as the same may be extended by the Bankruptcy Court upon motion by the Debtors, the Reorganized Debtors or any other party-in-interest. If a timely objection has not been Filed to a Proof of Claim or the Schedules have not been amended with respect to a Claim that (i) was Scheduled by the Debtors but (ii) was not Scheduled as contingent, unliquidated, and/or disputed, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier. No payments or Distributions shall be made on account of a Claim until such Claim becomes an Allowed Claim. Notice of any motion for an order extending any Claims Objection Bar Date shall be required to be given only to those Persons or Entities that have requested notice in these Chapter 11 Cases or to such Persons as the Bankruptcy Court shall order.

The Debtors (prior to the Effective Date), with the consent of the Required DIP Lenders, or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether the Debtors, the Reorganized Debtors or any other Party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time, including during litigation concerning any objection to any Claim (and during the pendency of any appeal relating to any such objection). In the event the Bankruptcy Court so estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court, as applicable. If the estimated amount constitutes a maximum limitation on such Claim, the Reorganized Debtors may elect to pursue any supplemental proceedings to object to any ultimate payments and Distributions on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanisms.

The Reorganized Debtors will have no obligation to review and/or respond to any Claim that is not Filed by the applicable Bar Date and all such Claims shall be conclusively deemed to receive no Distribution under the Plan unless: (i) the filer has obtained an order from the Bankruptcy Court authorizing it to File such Claim; or (ii) the Reorganized Debtors has consented to the Filing of such Claim in writing.

b. Authority to Prosecute Objections

After the Effective Date, the Reorganized Debtors shall have the sole authority to File objections to Claims and to settle, compromise, withdraw, or litigate to judgment their objections to Claims, including, without limitation, Claims for reclamation under section 546(c)

of the Bankruptcy Code. The Reorganized Debtors may settle or compromise their objection to any Disputed Claim without approval of the Bankruptcy Court.

2. *Treatment of Disputed Claims*

a. No Distribution Pending Allowance

Notwithstanding any other provisions of the Plan, no payments or Distributions will be made on account of a Disputed Claim or, if less than the entire Claim is a Disputed Claim, the portion of a Claim that is Disputed, unless and until such Disputed Claim becomes an Allowed Claim.

b. Distributions on Accounts of Disputed Claims Once Allowed

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions, if any, shall be made by the Disbursing Agent on the applicable Distribution dates to the Holder of such Allowed Claim. Such Distributions shall be made pursuant to the provisions of the Plan governing the applicable Class. Such Distributions shall be based upon the Distributions that would have been made to the Holder of such Claim under the Plan if the Disputed Claim had been an Allowed Claim on the Effective Date in the amount ultimately Allowed.

c. Offer of Judgment

The Reorganized Debtors are authorized to serve upon a Holder of a Disputed Claim an offer to allow judgment to be taken on account of such Disputed Claim, and, pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the Holder of a Disputed Claim must pay the costs incurred by the Reorganized Debtors after the making of such offer, the Reorganized Debtors are entitled to set off such amounts against the amount of any distribution to be paid to such Holder without any further notice to or action, order, or approval of the Bankruptcy Court.

G. Confirmation and/or Consummation

Described below are certain important considerations under the Bankruptcy Code and the Plan relating to Confirmation and/or the occurrence of the Effective Date.

1. *Requirements for Confirmation of the Plan Under the Bankruptcy Code*

Section 1129 of the Bankruptcy Code imposes certain requirements that must be satisfied in order for the Plan can be confirmed. Specifically, before the Plan can be confirmed, the Bankruptcy Court must determine at the Confirmation Hearing that the following requirements for Confirmation have been satisfied:

(a) The Plan complies with the applicable provisions of the Bankruptcy Code.

(b) The Debtors have complied with the applicable provisions of the Bankruptcy Code.

(c) The Plan has been proposed in good faith and not by any means forbidden by law.

(d) Any payment made or promised by the Debtors or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before Confirmation is reasonable, or if such payment is to be fixed after Confirmation, such payment is subject to the approval of the Bankruptcy Court as reasonable.

(e) The Debtors have disclosed or will disclose in the Plan Supplement (a) the identity and affiliations of (i) any individual proposed to serve, after Confirmation, as a manager, officer, or voting trustee of the Reorganized Debtors, (ii) any affiliate of the Debtors participating in a joint plan with the Debtors, or (iii) any successor to the Debtors under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Claim and Interest Holders and with public policy), and (b) the identity of any Insider that will be employed or retained by the Debtors and the nature of any compensation for such Insider.

(f) With respect to each Class of Claims or Interests in the Debtor, each Impaired Claim and Impaired Interest Holder either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such Holder, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code.

(g) The Plan provides that Administrative Claims and Priority Claims other than Priority Tax Claims will be paid in full on the Effective Date, except to the extent that the Holder of any such Claim has agreed to another less favorable treatment.

(h) If a Class of Claims is Impaired under the Plan, at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by Insiders holding Claims in such Class.

(i) Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

(j) The Plan provides for the continuation after the Effective Date of all retiree benefits, if any, at the level established pursuant to sections 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to

Confirmation, for the duration of the period the Debtors has obligated themselves to provide such benefits.

The Debtors believe that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of chapter 11, and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith and not by means forbidden by law.

2. *Conditions Precedent to Confirmation and the Effective Date under the Plan*

a. Conditions Precedent to Confirmation

The following conditions precedent to the occurrence of the Confirmation must be satisfied unless any such condition shall have been waived by the Debtors, with the consent of the Required DIP Lenders:

(i) the Confirmation Order shall have been entered by the Bankruptcy Court;

(ii) the Bankruptcy Court shall have found that adequate information and sufficient notice of the Disclosure Statement, the Plan and the Confirmation Hearing, along with all deadlines for voting on or objecting to the Plan have been given to all relevant parties in accordance with the solicitation procedures governing such service and in substantial compliance with Bankruptcy Rules 2002(b), 3017, 9019 and 3020(b); and

(iii) the Plan and the Plan Supplement, including any exhibits, schedules, amendments, modifications or supplements thereto shall be reasonably acceptable to the Debtors and the Required DIP Lenders, or such other party as specified in the Plan.

b. Conditions Precedent to the Effective Date

The following conditions precedent to the occurrence of the Effective Date must be satisfied or, if permissible under federal, state or local law, waived by the Debtors (with the consent of the Required DIP Lenders) on or prior to the Effective Date in accordance with Section 9.04 of the Plan:

(i) the Confirmation Order shall have become a Final Order;

(ii) after the Confirmation Date but prior to the Effective Date, the Debtors shall not have made any amendment, modification, supplement or other change to the Plan, the Plan Supplement or any Plan Supplement, including any exhibits, schedules, amendments, modifications or supplements thereto, without the consent of the Required DIP Lenders;

(iii) the Cash on hand and the proceeds of any debt issued, or to be issued, on the consummation of the transaction contemplated hereby shall be sufficient to fund the transactions and the Distributions under the Plan;

(iv) the New SFXE Board shall have been selected and shall have agreed to serve;

(v) all conditions precedent to the authorization and/or issuance of the Reorganized SFXE Credit Agreement, the New Second Lien Credit Agreement, the New Series A Preferred Stock, the Reorganized SFXE Common Stock, **the CVRs (or New Warrants, as applicable),** and the **Litigation** CVRs**,** other than those related to the occurrence of the Effective Date, shall have been satisfied;

(vi) with respect to all actions, documents, certificates, and agreements necessary to implement the Plan (a) all conditions precedent to such documents and agreements shall have been satisfied or waived by the Debtors (with the consent of the Required DIP Lenders, or such other party as specified in the Plan) pursuant to the terms of such documents or agreements, (b) such documents, certificates and agreements shall have been tendered for delivery, (c) to the extent required, such documents, certificates and agreements shall have been filed with and approved by any applicable governmental unit in accordance with applicable laws, and (d) such actions, documents, certificates and agreements shall have been effected or executed;

(vii) all other documents and agreements necessary to implement the Plan on the Effective Date that are required to be in form and substance reasonably acceptable to the Debtors and/or the Required DIP Lenders shall have been executed and delivered and all other actions required to be taken in connection with the Effective Date shall have occurred; and

(viii) all Restructuring Support Advisors have been fully paid under the DIP Order, including the adequate protection obligations on account of the ad hoc group of Prepetition Second Lien Noteholders pursuant to paragraph 11(c) of the DIP Order and the fees, costs, ~~disbursement~~**disbursements** and expenses of the DIP Lenders pursuant to paragraph 26 of the DIP Order, or pursuant to section 1129(a)(4) of the Bankruptcy Code.

c. Notice of Occurrence of the Effective Date

The Debtors or the Reorganized Debtors shall File a notice of the occurrence of the Effective Date within five (5) Business Days after the Effective Date. Failure to File such notice shall not prevent the effectiveness of the Plan, the Plan Supplement or any related documents.

d. Waiver of Conditions

To the extent permissible under federal, state or local law, each of the conditions set forth in Section 9.02 of the Plan may be waived in whole or in part by the Debtors or the Reorganized Debtors (in each case, with the consent of the Required DIP Lenders) without any notice to other parties-in-interest or the Bankruptcy Court and without a hearing.

e. Consequences of Non-Occurrence of Effective Date

If the Confirmation Order is vacated, (a) the Plan shall be null and void in all respects; (b) any settlement of Claims or Interests in the Debtors provided for hereby shall be null and void without further order of the Bankruptcy Court; and (c) to the extent permitted under the Bankruptcy Code, the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

H. Retention of Jurisdiction

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law (provided, however, that notwithstanding the foregoing, with respect to all civil proceedings arising in or related to the Chapter 11 Cases and the Plan, the Bankruptcy Court shall have original but not exclusive jurisdiction, in accordance with section 1334(b) of title 28 of the United States Code), over the matters set forth in Section 10.01 of the Plan.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, the provisions of Article X of the Plan shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

I. Effect of Confirmation

1. *Dissolution of Creditors' Committee*

Except to the extent provided herein, upon the Effective Date, the current and former members of the Creditors' Committee and any other creditor, equity or other committee appointed pursuant to section 1102 of the Bankruptcy Code in the Chapter 11 Cases, and their respective officers, employees, counsel, advisors and agents, shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Cases; provided, however, that following the Effective Date, the Creditors' Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (1) Claims and/or applications for compensation by Professionals and requests for allowance of Administrative Claims for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code; (2) any appeals to which the Creditors' Committee is a party; and (3) any adversary proceedings or contested matters as of the Effective

Date to which the Creditors' Committee is a party. Following the completion of the Creditors' Committee's remaining duties set forth above, the Creditors' Committee shall be dissolved, and the retention or employment of the Creditors' Committee's respective attorneys, financial advisors and any other agent shall terminate.

J. Releases and Related Matters

1. *Released Parties*

The term "**Released Parties**" means the following: (i) each Debtor ~~and its Affiliates~~, and each Reorganized Debtor ~~and its Affiliates~~; (ii) the DIP Agent; (iii) the DIP Lenders; (iv) the Foreign Loan Agent; (v) each Foreign Loan Lender; (vi) the Prepetition Second Priority Trustee; (vii) the holders of the Prepetition Second Priority Notes; (viii) the Notice and Claims Agent; (ix) the members of the Special Committee acting in any capacity, including in their capacity as directors of any of the SFX Entities; and (x) with respect to each of the foregoing, all of their respective affiliates, related funds, partners, current and former directors, current and former members, current and former officers, current and former managers, agents, employees, representatives, advisors, counsel, **accountants,** financial advisors, successors and assigns of each of the foregoing, solely in their capacities as such; provided that the term Released Parties shall not include (A) any person who "opts out" of the Consensual Release and/or **is** otherwise ~~votes to~~**entitled to vote to accept or** reject the Plan, **but does not vote to accept the Plan,** (B) Sillerman acting in any capacity, (C) Tytel acting in any capacity, (D~~) Slater acting in any capacity, (E~~) any officers, directors, members, managers or employees of the ~~Debtors~~**SFX Entities** not serving or employed on the Confirmation Date**,** and (~~F~~**E**) any advisor, **accountant, agent, representative,** counsel**,** or financial advisor (solely in their capacity as such) of the SFX Entities not actively engaged by the SFX Entities on the Confirmation Date.

2. *Releases by Debtors*

As of the Effective Date, the Debtors, on behalf of themselves and their Estates, the Reorganized Debtors, and, with respect to each of the foregoing Entities, such Entity's predecessors, successors and assigns, Affiliates, Subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities, each solely in their capacity as such), and any Person or Entity seeking to exercise the rights of the Debtors' Estates, including, without limitation, any successor to the Debtors or any estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, shall be deemed to forever release, waive and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, losses, liability or Causes of Action, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or

collectively) or on behalf of the Holder of any Claim or Interest or other equity for any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date based on, arising under or in any way relating to, in whole or in part, among other things, the Debtors, their Affiliates and former Affiliates, the Debtors' certificate of incorporation, bylaws, and/or operating agreements, the Debtors' operations, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' restructuring, these Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any security, asset, right, or interest of the Debtors or the Reorganized Debtors, the formulation, negotiation, preparation, dissemination, implementation, administration, solicitation, confirmation or consummation of the Chapter 11 Cases, the Plan and related agreements, instruments and other documents (including the Plan Supplement), the Disclosure Statement, the Plan Process Documents, the New Governance Documents, the sale or issuance of the New Series A Preferred Stock, the Reorganized SFXE Common Stock, the New Warrants (if applicable) or any other debt or security to be offered, issued, or distributed in connection with the Plan, ~~issuance~~allocation and distribution on account of the CVRs or the Litigation CVRs in accordance with the Plan, or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, the negotiation, formulation or preparation of the Plan, the solicitation of votes with respect to the Plan, or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases or the restructuring of the Debtors or the Reorganized Debtors (collectively, the "Covered Actions"); provided, however, that the foregoing shall not operate to waive or release (i) any Causes of Action (and rights with respect thereto) arising from fraud, gross negligence, willful misconduct or criminal acts; (ii) any Causes of Action (and rights with respect thereto) against any Person or Entity that is not a Released Party; and/or (iii) the rights of the Debtors, the Reorganized Debtors or any Creditor holding an Allowed Claim, if applicable, to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to a Final Order.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the foregoing releases by the Debtors, which includes by reference each of the related provisions and definition contained herein, and further, shall constitute the Bankruptcy Court's finding that each of the foregoing releases by the Debtors is: (1) in exchange for good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by the foregoing releases by the Debtors; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors or the Reorganized Debtors asserting any Claim or Cause of Action released pursuant to the foregoing release by the Debtors.

3. *Releases by Holders of Claims and Interests*

As of the Effective Date, (i) each of the Released Parties, (ii) every Holder of a Claim against the Debtors, and (iii) every Holder of an Interest in the Debtors, and with respect to each of the foregoing Entities in clauses (i) through (iii), such Entity's

predecessors, successors and assigns, Affiliates, Subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities in clauses (i) through (iii), each solely in their capacity as such) (collectively, the "Releasing Parties") shall be deemed to forever release, waive, and discharge each of the (other) Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including Avoidance Actions), and liabilities whatsoever, for all Covered Actions (the "Consensual Release"); provided, however, that the Releasing Parties shall not include Holders of Claims or Interests that are deemed to reject the Plan or that are entitled to vote on the Plan but (x) do not return a Ballot by the Voting Deadline or (y) affirmatively opt-out of the Consensual Release by returning a properly completed Ballot by the Voting Deadline and indicating on the Ballot that the Person or Entity opts out of the Consensual Release; provided, further, that the Consensual Release shall not release the Indemnification Obligations as limited by Section 5.06 of the Plan.

4. ***Discharge of Claims and Interests***

Except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release, effective as of the Effective Date, of all Claims, Interests and Causes of Action of any nature whatsoever, including any interest accrued on such Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties and, regardless of whether any property shall have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims and Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is Filed or deemed Filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been Disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan. The Plan shall bind all Holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan.

As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors or any of their assets or properties, any other or further Claims, Interests, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination, as of the Effective Date, of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such

discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

5. *Injunctions*

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, Interest, or other debt or liability that is discharged pursuant to Section 11.03 of the Plan, released pursuant to Section 11.02 of the Plan, or is subject to exculpation pursuant to Section 11.05 of the Plan are permanently enjoined from taking any of the following actions against the Released Parties or any of their respective assets or property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding of any kind; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Released Parties or their respective assets or property; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a right of setoff, recoupment or subrogation of any kind against any debt, liability, or obligation due to the Released Parties; or (v) commencing or continuing any action, in each such cases in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

Without limiting the effect of the foregoing provisions of Section 11.04 of the Plan upon any Person, by accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim or Interest receiving a Distribution pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in Section 11.04 of the Plan.

Nothing in Section 11.04 of the Plan shall impair (i) the rights of any Holder of a Disputed Claim to establish its Claim in response to an objection Filed by the Debtors or the Reorganized Debtors, (ii) the rights of any defendant in an Avoidance Action Filed by the Debtors to assert defenses in such action, or (iii) the rights of any party to an Executory Contract or Unexpired Lease that has been assumed by the Debtors pursuant to an order of the Bankruptcy Court or the provisions of the Plan to enforce such assumed Executory Contract or Unexpired Lease.

6. *Exculpation and Limitations of Liability*

The term "Exculpated Parties" means (i) each Debtor and its Affiliates, and each Reorganized Debtor and its Affiliates; (ii) the members of the Special Committee in any capacity, including in their capacity as directors of any of the SFX Entities; and with respect to each of the foregoing, each of their respective direct or indirect subsidiaries, officers and directors, managers, members, employees, agents, representatives, financial advisors, professionals, accountants, and attorneys actively engaged by the SFX Entities on the Confirmation Date pursuant to an agreement (solely in their capacity as such); provided that the term Exculpated Parties shall not include (A) any person who "opts out" of the Consensual Release and/or is otherwise entitled to vote to accept or reject the Plan, but does not vote to accept the Plan, (B) Sillerman acting in any capacity (and any affiliate of Sillerman other than the SFX Entities), (C) Tytel acting in any capacity, (D~~) Slater acting in any capacity, (E~~) any officers, directors, members, managers or employees of the

~~Debtors~~SFX Entities not serving or employed on the Confirmation Date, and (~~F~~E) any advisor, accountant, agent, representative, counsel, or financial advisor (solely in their capacity as such) of the SFX Entities not actively engaged by the SFX Entities on the Confirmation Date.

On the Effective Date, the Exculpated Parties shall neither have nor incur any liability to any Holder of a Claim or an Interest, the Debtors, the Reorganized Debtors, or any other party-in-interest, or any of their respective agents, employees, representatives, advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the prosecution of the Chapter 11 Cases, the formulation, negotiation, or implementation of the Disclosure Statement or the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, or the consummation of the Plan, except for acts or omissions that are the result of willful misconduct, gross negligence, fraud or criminal acts as determined by a Final Order; provided, however, that (i) the foregoing is not intended to limit or otherwise impact any defense of qualified immunity that may be available under applicable law; (ii) each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan; and (iii) the foregoing exculpation shall not be deemed to, release, affect, or limit any of the rights and obligations of the Exculpated Parties from, or exculpate the Exculpated Parties with respect to, any of the Exculpated Parties' obligations or covenants arising pursuant to the Plan or the Confirmation Order.

7. ***Preservation of Setoff and Recoupment Rights***

Notwithstanding any provision to the contrary in the Plan, the Confirmation Order, and any documents implementing the Plan, nothing shall bar any Creditor from asserting its setoff or recoupment rights to the extent permitted under section 553 or any other applicable provision of the Bankruptcy Code.

8. ***Votes Solicited in Good Faith***

The Debtors have, and upon confirmation of the Plan shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtors (and each of their respective Affiliates, agents, directors, officers, members, employees, advisors, and attorneys) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the securities offered and sold under the Plan and therefore have not, and on account of such offer and issuance will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer or issuance of the securities offered and distributed under the Plan.

K. Miscellaneous Provisions

1. *Fees and Expenses of the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee*

On the Effective Date, the Reorganized Debtors shall pay in Cash all fees for services rendered and expenses incurred by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee prior to or after the Petition Date. Following the Effective Date, the Reorganized Debtors shall pay all reasonable fees, costs and expenses incurred by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee in connection with the Distributions required pursuant to the Plan or in assisting in the implementation of the Plan, including, but not limited to, the reasonable fees costs and expenses incurred by the DIP Agent's, Foreign Loan Agent's, or the Prepetition Second Priority Trustee's professionals in carrying out their duties under the DIP Credit Documents, the Foreign Loan Agreement and the Prepetition Second Priority Indenture, respectively. The foregoing reasonable fees, costs and expenses shall be disbursed by the Reorganized Debtors in the ordinary course, upon presentation of reasonably detailed invoices in customary form by the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee without the need for approval by the Bankruptcy Court, or the filing of an Administrative Claim Request, but any disputes concerning such fees, costs and expenses shall be resolved by the Bankruptcy Court.

If the Reorganized Debtors dispute any portion of fees and expenses asserted by the DIP Agent, the Foreign Loan Agent, or the Prepetition Second Priority Trustee, the Reorganized Debtors shall pay the undisputed portion of such fees and expenses as set forth herein, and shall notify the party whose fees and/or expenses it disputes within ten (10) Business Days after the presentation of such invoices to the Reorganized Debtors. The party whose fees are in dispute may at any time submit such dispute for resolution to the Bankruptcy Court, provided that the Bankruptcy Court's review shall be limited to a determination under the reasonable standards in accordance with the DIP Credit Agreement, the Foreign Loan Agreement, and the Prepetition Second Priority Indenture. In addition, the DIP Agent, the Foreign Loan Agent, and the Prepetition Second Priority Trustee may assert their respective rights under the DIP Credit Agreement, the Foreign Loan Agreement, and Prepetition Second Priority Indenture to Liens upon or other priority in payment with respect to the Distributions to Holders of the DIP Claims, the Original Foreign Loan Claims, and Prepetition Second Priority Notes to pay the disputed portion of the DIP Agent's, Foreign Loan Agent's, and Prepetition Second Priority Trustee's fees and expenses. Nothing herein shall waive, discharge or negatively affect any lien or priority of payment for any fees, costs and expenses not paid by the Reorganized Debtors and otherwise claimed by the DIP Agent, the Foreign Loan Agent, and Prepetition Second Priority Trustee under the Plan (a "**Charging Lien**").

2. *FTI Fees and Expenses*

On the Effective Date, in full and complete settlement, release, and discharge of their Allowed Administrative Claims pursuant to sections 105, 363, 503(b) and 507(a)(2) of the Bankruptcy Code, the Debtors or the Reorganized Debtors shall promptly indefeasibly pay in full in Cash (pursuant to section 1129(a)(4) of the Bankruptcy Code or otherwise) all reasonable and documented fees, out-of-pocket costs, expenses, disbursements and charges incurred by FTI in

connection with the Chapter 11 Cases up to and including the Effective Date that have not previously been paid (which fees and expenses shall be treated as Administrative Claims under the Plan). All amounts distributed and paid to FTI shall not be subject to setoff, recoupment, reduction or allocation of any kind and shall not require the filing or approval of any additional retention applications or fee applications in the Chapter 11 Cases.

3. *Restructuring Support Advisors Fees and Expenses*

On the Effective Date, in full and complete settlement, release, and discharge of their Allowed Administrative Claims pursuant to section 503(b) and 507(a)(2) of the Bankruptcy Code, the Debtors or the Reorganized Debtors shall promptly indefeasibly pay in full in Cash (pursuant to section 1129(a)(4) of the Bankruptcy Code or otherwise) all reasonable and documented fees, out-of-pocket costs, expenses, disbursements and charges incurred by the Restructuring Support Advisors in connection with the Chapter 11 Cases up to and including the Effective Date that have not previously been paid (which fees and expenses shall be treated as Administrative Claims under the Plan). All amounts distributed and paid to the Restructuring Support Advisors shall not be subject to any setoff, defense, claim, counterclaim, diminution, recoupment, reduction or allocation of any kind and shall not require the filing or approval of any retention applications or fee applications in the Chapter 11 Cases.

4. *Payment of Statutory Fees*

All fees payable on or before the Effective Date pursuant to section 1930 of title 28 of the United States Code shall be paid by the Debtors on or before the Effective Date and all such fees payable after the Effective Date shall be paid by the applicable Reorganized Debtor. The obligation of each of the Reorganized Debtors to pay quarterly fees to the Office of the United States Trustee pursuant to section 1930 of title 28 of the United States Code shall continue until such time as the Chapter 11 Cases are closed.

5. *Modifications and Amendments*

The Debtors may, with the consent of the Required DIP Lenders, alter, amend, or modify the Plan or any exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date.

The Debtors shall provide parties-in-interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified, or clarified, if the proposed alteration, amendment, modification, or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, the Debtors or Reorganized Debtors, as applicable, may, under section 1127(b) of the Bankruptcy Code and with the consent of the Required DIP Lenders, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out

the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims or Interests in the Debtors under the Plan; provided, however, that, to the extent required, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or an order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

6. *Fiduciary Duties*

Nothing in the Plan shall require the Debtors, or any directors or officers of members of the Debtors (solely in such person's capacity as a director or officer or member of the Debtors) to take any action, or to refrain from taking any action, that the Special Committee determines, after consultation with counsel, to be inconsistent with, or a breach of, its fiduciary obligations or that would otherwise contravene applicable law.

7. *Continuing Exclusivity and Solicitation Period*

Subject to further order of the Bankruptcy Court, until the Effective Date, the Debtors shall, pursuant to section 1121 of the Bankruptcy Code, retain the exclusive right to amend the Plan and to solicit acceptances thereof, and any modifications or amendments thereto.

8. *Severability of Plan Provisions*

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court at the request of the Debtors shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, interpretation or severance, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, interpretation or severance. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

9. *Successors and Assigns and Binding Effect*

The rights, benefits, and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such Person or Entity, including, but not limited to, the Reorganized Debtors and all other parties-in-interest in the Chapter 11 Cases.

10. *Compromises and Settlements*

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, THE ALLOWANCE, CLASSIFICATION, AND TREATMENT OF ALL ALLOWED CLAIMS AND ALLOWED INTERESTS AND THEIR RESPECTIVE

DISTRIBUTIONS AND TREATMENTS HEREUNDER TAKE INTO ACCOUNT THE RELATIVE PRIORITY AND RIGHTS OF THE CLAIMS AND INTERESTS IN EACH CLASS IN CONNECTION WITH ANY CONTRACTUAL, LEGAL AND EQUITABLE SUBORDINATION RIGHTS RELATING THERETO. AS OF THE EFFECTIVE DATE, ANY AND ALL SUCH RIGHTS DESCRIBED IN THE PRECEDING SENTENCE ARE SETTLED, COMPROMISED AND RELEASED PURSUANT TO THE PLAN. THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING AND DETERMINATION THAT THE SETTLEMENTS REFLECTED IN THE PLAN, ARE (1) IN THE BEST INTERESTS OF THE DEBTORS AND THEIR ESTATES, (2) FAIR, EQUITABLE AND REASONABLE, (3) MADE IN GOOD FAITH, AND (4) APPROVED BY THE BANKRUPTCY COURT PURSUANT TO SECTIONS 363 AND 1123 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019. IN ADDITION, THE ALLOWANCE, CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS TAKES INTO ACCOUNT ANY CAUSES OF ACTION, CLAIMS, OR COUNTERCLAIMS, WHETHER UNDER THE BANKRUPTCY CODE OR OTHERWISE UNDER APPLICABLE LAW, THAT MAY EXIST BETWEEN THE DEBTORS AND THE RELEASING PARTIES; AND AS BETWEEN THE RELEASING PARTIES AND THE RELEASED PARTIES. AS OF THE EFFECTIVE DATE, ANY AND ALL SUCH CAUSES OF ACTION, CLAIMS AND COUNTERCLAIMS ARE SETTLED, COMPROMISED AND RELEASED PURSUANT TO THE PLAN AND THE CONFIRMATION ORDER.

11. *Term of Injunctions or Stays*

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

12. *Revocation, Withdrawal, or Non-Consummation*

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims against, or any Interests in, the Debtors, or any Avoidance Actions or other claims by or against the Debtors or any Person or Entity, (ii) prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person or Entity.

13. *Plan Supplement*

The Plan Supplement shall be Filed with the Bankruptcy Court **at least seven (7) days** prior to the ~~Confirmation Hearing~~**Voting Deadline** or by such later date as may be established by order of the Bankruptcy Court. Upon such Filing, all documents set forth in the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours, or by downloading such Plan Supplement from the Bankruptcy Court's website at http://www.deb.uscourts.gov (registration required) or the Voting Agent's website at www.kccllc.net/sfx.

VII. PROJECTIONS AND VALUATION

In conjunction with formulating the Plan, the Debtors have estimated the post-confirmation going-concern enterprise value of the Reorganized Debtors (the "**Reorganized Enterprise Value**"), which is set forth in detail in **Exhibit D** to this Disclosure Statement.

THE DEBTORS BELIEVE THAT THE VALUATION SET FORTH IN EXHIBIT D TO THIS DISCLOSURE STATEMENT ACCURATELY REFLECTS THE REORGANIZED ENTERPRISE VALUE. HOWEVER, THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS WHICH ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS AND MOELIS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE ESTIMATED VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. ADDITIONALLY, THE REORGANIZED ENTERPRISE VALUE ESTIMATED BY MOELIS DOES NOT NECESSARILY REFLECT, AND SHOULD NOT BE CONSTRUED AS REFLECTING, VALUES THAT WILL BE ATTAINED IN THE PUBLIC OR PRIVATE MARKETS. THE VALUE DESCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET TRADING VALUE. SUCH TRADING VALUE MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZED ENTERPRISE VALUE RANGES ASSOCIATED WITH THE DEBTORS' VALUATION ANALYSIS.

VIII. CERTAIN RISK FACTORS TO BE CONSIDERED

THE IMPLEMENTATION OF THE PLAN IS SUBJECT TO A NUMBER OF MATERIAL RISKS, INCLUDING, AMONG OTHERS, THOSE ENUMERATED BELOW. IN EVALUATING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTORS WHO ARE ENTITLED TO VOTE SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN), BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS ASSOCIATED WITH THE PLAN

AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

A. Certain Business Considerations

1. *Economic Slowdowns Could Adversely Affect the Debtors' Continuing Profitability*

The Debtors' business and financial results are influenced significantly by general economic conditions, in particular, those conditions affecting discretionary consumer spending and corporate spending. During past economic slowdowns and recessions, many consumers reduced their discretionary spending and advertisers reduced their advertising expenditures. An economic downturn can result in reduced ticket revenue, lower customer spending and more limited and less lucrative sponsorship opportunities.

For consumers, such factors as employment levels, fuel prices, interest and tax rates and inflation can significantly impact attendance and spending at the Debtors' and other EDM events, including the EDM events for which Paylogic and Clubtix, the Debtors' ticketing arms, provide ticketing services, and consumer willingness to purchase music from Beatport. For the Reorganized Debtors in particular, these risks may be exacerbated by the fact that their core customer demographic and the majority of attendees at their events and festivals are 18- to 34-years old, and this millennial generation is among the groups most negatively affected by economic downturns. Business conditions, in particular corporate marketing and promotional spending, can also significantly impact the Debtors' operating results. These factors affect the Debtors' revenue from sponsorship and advertising. Accordingly, if current economic conditions deteriorate, the Reorganized Debtors' growth and financial results will be adversely affected.

2. *The Debtors' Major Live Events Are Seasonal, Which Will Cause Fluctuations in Quarterly Revenue*

The Debtors' primary live operations are seasonal and results of operations vary from quarter to quarter, so their financial performance in certain quarters may not be indicative of, or comparable to, their financial performance in other quarters.

The Debtors' results of operations, and in particular, the revenue they generate from a given activity, vary substantially from quarter to quarter. They expect most of their largest festivals to occur outdoors, primarily in warmer months. For example, the Debtors' North American and European brands stage most of their festivals and events in late summer and early fall, while in the Southern Hemisphere most of their festivals take place in September, November and December. As such, the Debtors expect their revenues from these festivals to be higher during the third and fourth quarters, and lower in the first and second quarters. Furthermore, because they expect to conduct a limited number of large festivals and other events, small variations in this number from quarter to quarter can cause their revenue and net income to vary significantly for reasons that may be unrelated to the performance of their core business. Other portions of their business, such as their club management business, are generally not subject to seasonal fluctuation or experience much lower seasonal fluctuation. In the future, the Debtors expect these fluctuations to change and perhaps become less pronounced as they grow their

business, stage more festivals and events in the Southern Hemisphere and acquire additional businesses. The Debtors believe that their cash needs will vary significantly from quarter to quarter, depending on among other things, the timing of festivals and events, cancellations, ticket on-sales, capital expenditures, seasonal and other fluctuations in business activity, the timing of guaranteed payments or sponsorship and marketing partnership revenues and receipt of ticket sales and fees, financing activities, acquisitions and investments. Accordingly, their results for any particular quarter may vary for a number of reasons, including due to the reasons described herein.

3. *Cancellations or Postponements of Live Events Could Adversely Impact the Debtors' Continuing Profitability and Reputation*

The Debtors incur a significant amount of up-front costs when they plan and prepare for a festival or event. Accordingly, if a planned festival or event is canceled, the Debtors would lose a substantial amount of sunk costs, fail to generate the anticipated revenue and may be forced to issue refunds for tickets sold. If the Debtors are forced to postpone a planned festival or event, they would incur substantial additional costs in connection with their having to stage the event on a new date, may have reduced attendance and revenue and may have to refund money to ticketholders. In addition, any cancellation or postponement could harm both the Debtors' reputation and the reputation of the particular festival or event.

The Debtors could be compelled to cancel or postpone all or part of an event or festival for many reasons, including such things as low attendance, adverse weather conditions, technical problems, issues with permitting or government regulation, incidents, injuries or deaths at that event or festival, as well as extraordinary incidents, such as terrorist attacks, mass-casualty incidents and natural disasters or similar events. The Debtors often have cancellation insurance policies in place to cover a portion of their insured losses if they are compelled to cancel an event or festival, but the coverage may not be sufficient and may be subject to deductibles. The occurrence of an extraordinary condition at or near the site where a festival or event will be held may make it impossible or difficult to stage the event or make it difficult for attendees to travel to the site of a festival or event.

4. *The Reorganized Debtors Will Be Exposed to Changing Regulations*

The Debtors' businesses and operations are subject to numerous federal, state, and local laws, statutes, regulations, policies and procedures both internationally and domestically, which have historically been subject to constant change, and which could continue to be subject to such changes in the future. There can be no assurance that future regulatory changes will not have a material adverse effect on the Reorganized Debtors, or that regulators or third parties will not raise material issues with regard to the Reorganized Debtors' compliance or noncompliance with applicable regulations, any of which could have a material adverse effect upon the Reorganized Debtors. Enforcement and interpretation of these laws and regulations can be unpredictable, and are often subject to the informal views of government officials. Future regulatory, judicial, legislative, and governmental policy changes in the jurisdictions where the Debtors operate could have a materially adverse effect on the Reorganized Debtors. Any adverse developments implicating the foregoing could cause a material adverse effect on the Reorganized Debtors' businesses, financial condition, result of operations and prospects.

The Debtors have derived, and anticipate continuing to derive, a significant portion of their revenue and earnings from international operations as a result of their foreign acquisitions and the expansion of their domestic acquisitions into foreign territories. Operating in multiple foreign countries poses a substantial amount of risk. For example, the Debtors' business activities subject them to a number of laws and regulations, such as anti-corruption laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy and security requirements, environmental laws, labor laws and anti-competition regulations. As the Debtors look to expand into additional countries, the complexity inherent in complying with these laws and regulations increases, making compliance more difficult and costly and driving up the costs of doing business in foreign jurisdictions, including the incurrence of significant legal, accounting and other expenses. Any failure to comply with foreign laws and regulations could subject the Debtors to fines and penalties, make it more difficult or impossible for them to do business in that country and/or harm their reputation. In addition, the Debtors' acquisition strategy may require them to operate in countries with different business environments, labor conditions, tax obligations and/or other costs, and local customs, including some that conflict with each other or with which they are unfamiliar. This could make it more difficult to operate their business successfully in these countries.

Operating in multiple countries also subjects the Debtors to risk from currency fluctuations. Their primary exposure to movements in foreign currency exchange rates relates to non-U.S. dollar denominated sales and operating expenses. The weakening of foreign currencies relative to the U.S. dollar adversely affects the U.S. dollar value of their foreign currency-denominated sales and earnings. This could either reduce the U.S. dollar value of their prices or, if the Debtors raise prices in the local currency, it could reduce the overall demand for the Debtors' offerings, and either could adversely affect their revenue. Conversely, a rise in the price of local currencies relative to the U.S. dollar could adversely impact the Reorganized Debtors' profitability because it would increase their costs denominated in those currencies, thus adversely affecting gross margins.

Additionally, there continues to be significant uncertainty about the stability of global credit and financial markets in light of the continuing debt crisis in certain European countries. A default or a withdrawal from the Eurozone by any of the countries involved, or the uncertainty alone, could cause the value of the Euro to deteriorate. This, or a change to a local currency, would reduce the purchasing power of affected European customers. The Debtors are unable to predict the likelihood of any of these events, but if any occurs, their business, financial position and results of operations could be materially and adversely affected.

5. *Projected Financial Information*

The Projections annexed as **Exhibit B** to this Disclosure Statement are dependent upon the successful implementation of the business plan and the validity of the assumptions contained therein. These Projections prepared by the Debtors' management reflect numerous assumptions (many of which will be beyond the control of the Reorganized Debtors) including: (i) the Confirmation and consummation of the Plan in accordance with the terms of the Plan; (ii) the anticipated future performance of the Debtors' festivals and other events; (iii) industry performance, results of cost savings programs; (iv) technical process improvements; (v) certain assumptions with respect to competitors of the Debtors; (vi) general business and economic

conditions; and (vii) other matters. In addition, unanticipated events and circumstances that occur subsequent to the preparation of the Projections may affect the actual financial results of the Reorganized Debtors. Although the Debtors believe that the Projections are reasonably attainable, variations between the actual financial results and those projected may occur and may have a material effect on the Reorganized Debtors.

Finally, the Projections were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. Rather, the Projections were developed in connection with the planning, negotiation and development of the Plan. Neither the Debtors nor the Reorganized Debtors undertake any obligation to update or otherwise revise the Projections to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events. In management's view, however, the Projections were prepared on a reasonable basis and represent a reasonable view of the expected future financial performance of the Reorganized Debtors after the Effective Date. Nevertheless, the Projections should not be regarded as a representation, guaranty or other assurance by the Debtors, the Reorganized Debtors, or any other person, that the Projections will be achieved, and Holders are therefore cautioned not to place undue reliance on the projected financial information contained in this Disclosure Statement.

6. *Historical Financial Information May Not Be Comparable*

The financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

7. *Competition*

The businesses owned by the Debtors currently face competition in the market. If existing competitors expand their market share or enter into new markets, competition will intensify. Such increased competition may result in a loss of market share and could have a material adverse effect on the Reorganized Debtors' businesses, results of operations, and financial condition. In particular, the live music, media and ticket industries are highly competitive. Within the live music industry, the Debtors compete with other promoters and venue operators to attract customers and talent to events and festivals, as well as to obtain the support of sponsors and advertisers and other business partners. Their competitors include large promotion and entertainment companies, some with substantial scale, that have begun to focus on EDM, smaller promoters that focus on a single festival or event or a particular region or country, venue operators and other producers of live events. Some of the Debtors' competitors are much larger than and have greater resources and stronger relationships with artists, venues, sponsors and advertisers. Others have substantial experience in and strong relationships in the EDM community and are primarily focused on EDM. These competitors may engage in more extensive development efforts for large-scale events, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential advertisers and sponsors and other business partners.

The Debtors' ticketing business faces intense competition from other national, regional and local primary ticketing service providers to obtain new and retain existing clients on a continuous basis. They also face significant and increasing challenges from companies that sell self-ticketing systems and from clients who choose to self-ticket, through the integration of self-ticketing systems into their existing operations or the acquisition of primary ticket services providers or by increasing sales through venue box offices and season, subscription or group sales. Additionally, they face competition in the resale of tickets from online auction websites and resale marketplaces and from other ticket resellers with capabilities to distribute online. The emergence of new technology, particularly related to online ticketing, has intensified this competition. The high competition that the Debtors face in the ticketing industry could cause the volume of our ticketing services business to decline, which could adversely affect the Debtors' business and financial performance.

8. *Litigation*

The Reorganized Debtors may be subject to various Claims and legal actions arising in the ordinary course of their businesses, particularly arising out of the festivals and other events that they produce. Personal injuries, accidents, as well as other activities or conduct that occurs at these events may increase the Debtors' expenses, damage their brands, cause them to lose their business licenses or governmental approvals, result in the cancellation of part or all of an event, or result in adverse publicity. The Debtors are not able to predict the nature and extent of any such Claims or legal actions, and cannot guarantee that the ultimate resolution of such Claims or legal actions will not have a material adverse effect on the Reorganized Debtors.

B. Certain Bankruptcy Considerations

The Reorganized Debtors' future results are dependent upon the successful Confirmation and implementation of the Plan. Failure to obtain Confirmation in a timely manner could adversely affect the Debtors' operating results, as the Debtors' ability to obtain financing to fund their operations may be harmed by protracted bankruptcy proceedings.

1. *Non-Confirmation or Delay of Confirmation of the Plan*

The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion when deciding whether to confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan of reorganization and requires, among other things, that the confirmation of a plan of reorganization not be followed by a need for further financial reorganization and that the value of distributions to dissenting creditors and interest holders not be less than the value of distributions such creditors and interest holders would otherwise receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

Although the Debtors believe that the Plan will satisfy all of the requirements for Confirmation under section 1129 of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not be sufficiently material as to require the resolicitation of votes on the Plan.

In the event that any Class of Claims entitled to vote fails to accept the Plan in accordance with section 1126(c) and 1129(a)(8) of the Bankruptcy Code, the Debtors reserve the right (with the consent of the Required DIP Lenders) to: (a) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code; and/or (b) modify the Plan in accordance with Section 12.04 thereof. The Debtors believe that the Plan satisfies the requirements for non-consensual Confirmation set forth in section 1129(b) of the Bankruptcy Code because it does not "discriminate unfairly" and is "fair and equitable" with respect to the Classes that reject or are deemed to reject the Plan, however, there can be no assurance that the Bankruptcy Court will reach the same conclusion, or that any other party in interest in the Chapter 11 Cases will not challenge Confirmation on such grounds.

There can be no assurance that the Plan will be confirmed. If the Plan is not confirmed, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to chapter 7 liquidation cases or that any alternative plan of reorganization would be on terms as favorable to the Holders of Claims against and Interests in the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be substantially eroded to the detriment of all stakeholders.

Likewise, there can be no assurance with respect to timing of the Effective Date, or as to whether the Effective Date will, in fact, occur. The occurrence of the Effective Date is subject to certain conditions precedent as described in Section 9.02 of the Plan, and consummation of the Plan may not occur if any of these conditions are not met. In the event that the Effective Date does not occur, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to chapter 7 liquidation cases or that any alternative plan of reorganization would be on terms as favorable to the Holders of Claims against the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be eroded to the detriment of all stakeholders.

If the Confirmation Order is vacated (a) the Plan shall be null and void in all respects; (b) any settlement of Claims or Interests provided for in the Plan shall be null and void without further order of the Bankruptcy Court; and (c) the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

2. *Classification and Treatment of Claims and Equity Interests*

Section 1122 of the Bankruptcy Code requires that a plan of reorganization classify claims against, and interests in, a debtor. The Bankruptcy Code also provides that a plan of reorganization may place a claim or interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that all Claims against and Interests in the Debtors have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtors presently anticipate that they would seek (i) to modify the Plan to provide for any reclassification that may be required for Confirmation and (ii)

to use the acceptances received from any Creditor pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such Creditor ultimately is deemed to be a member. Any such reclassification of Creditors, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such Creditor was initially a member, or any other Class under the Plan, by changing the composition of such Class and, as a result, the votes required for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan after such reclassification. Except to the extent that a modification of classification in the Plan requires resolicitation, the Debtors will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan by any Holder of Claims pursuant to this solicitation will constitute a consent to the Plan's treatment of such Holder regardless of the Class as to which such Holder is ultimately deemed to be a member. The Debtors believe that under the Bankruptcy Rules they would be required to resolicit votes for or against the Plan only when a modification adversely affects the treatment of the Claim of any Creditor or Interest Holder.

The Bankruptcy Code also requires that a plan of reorganization provide the same treatment for each claim or interest of a particular class unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest. The Debtors believe that the Plan meets this requirement of equal treatment. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court may deny Confirmation of the Plan.

Issues or disputes relating to classification and/or treatment may delay Confirmation and consummation of the Plan, and may increase the risk that the Plan will not be confirmed or consummated.

3. *Claims Estimation*

The Debtors reserve the right to object to the amount or classification of any Claim or Interest except any such Claim or Interest that is deemed Allowed under the Plan or except as otherwise provided in the Plan. There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed amount of Claims will likely differ in some respect from the estimates set forth herein, or in any exhibit attached hereto, including the Plan. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, the actual Allowed amount of Claims may differ in some respect from the estimates set forth herein, or in any exhibit attached hereto, including the Plan.

C. Risks to Creditors Who Will Receive Securities and CVRs

The ultimate recoveries under the Plan to Holders that will receive securities, including those receiving CVRs, will depend on the realizable value of these securities. The securities to be issued pursuant to the Plan are subject to a number of material risks, including, but not limited to, those specified below. Prior to voting on the Plan, each Holder of a Claim in

Class 3, Class 4 (2019 Debtors), and Class 5 ~~**(2019 Debtors)**~~ should carefully consider the risk factors specified or referred to below, as well as all of the information contained in the Plan.

Currently, there is no existing market for the securities to be issued pursuant to the terms of the Plan and there can be no assurance that an active trading market will develop. Furthermore, the CVRs proposed to be issued under the Plan are non-transferable. There can also be no assurance as to the degree of price volatility in any such particular market or as to the prices at which such securities might be traded. Accordingly, no assurance can be given that a Holder of securities issued pursuant to the terms of the Plan will be able to sell such securities in the future or the price at which any such sale may occur. If such market were to exist, the liquidity of the market for such securities and the prices at which such securities will trade will depend upon many factors, including, but not limited to, the number of Holders, investor expectations for the Reorganized Debtors, and other factors beyond the Reorganized Debtors' control.

D. Certain Tax Considerations

There are a number of income tax considerations, risks, and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussions set forth in **Exhibit E** to this Disclosure Statement regarding certain U.S. federal income tax consequences of the transactions proposed by the Plan to the Debtors and the Reorganized Debtors and to certain Holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

IX. APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

The Debtors believe that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of such securities pursuant to the Plan and (b) subsequent transfers of such securities.

A. Offer and Sale of New Securities; Bankruptcy Code Exemption

Holders of Allowed Claims may receive securities pursuant to the Plan. Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if the following principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (3) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. In reliance upon this exemption, the Debtors believe that the exchange of the securities under the Plan will be exempt from registration under the Securities Act and state securities laws.

In addition, the Debtors will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Thus, under this exemption, such securities may be resold

without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(1) of the Securities Act, unless the Holder is an "underwriter" (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states. Recipients of securities issued under the Plan, however, are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state laws in any given instance and as to any applicable requirement or conditions to such availability.

B. Subsequent Transfers of New Securities

Section 1145(b) of the Bankruptcy Code defines the term "underwriter" for purposes of the Securities Act as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is with a view toward distributing any security received in exchange for such a claim or interest; (2) offers to sell securities offered or sold under a plan of reorganization for the holders of such securities; (3) offers to buy securities offered or sold under a plan of reorganization from the holders of such securities, if the offer to buy is: (a) with a view toward distribution of such securities and (b) under an agreement made in connection with such plan, with the consummation of such plan, or with the offer or sale of securities under such plan; or (4) is an "issuer" with respect to the securities, as the term "issuer" is defined in Section 2(a)(4) of the Securities Act.

The term "issuer" is defined in Section 2(a)(4) of the Securities Act; however, the reference contained in section 1145(b)(1)(D) of the Bankruptcy Code to Section 2(a)(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Mere ownership of securities of a reorganized debtor could result in a person being considered to be a "control person."

To the extent that persons deemed to be "underwriters" receive securities pursuant to the Plan, resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such persons would not be permitted to resell such securities unless such securities were registered under the Securities Act or other exemptions from such registration requirements were available. Entities deemed to be statutory underwriters for purposes of section 1145 of the Bankruptcy Code may, however, be able, at a future time and under certain conditions, to sell securities without registration pursuant to the resale provisions of Rule 144 under the Securities Act.

Pursuant to the Plan, certificates evidencing the securities will bear a legend substantially in the form below:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE, OR OTHERWISE TRANSFERRED UNLESS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS THE REORGANIZED DEBTORS RECEIVE AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO IT, THAT SUCH RESALE, OFFER FOR SALE OR TRANSFER IS EXEMPT FROM REGISTRATION.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the securities to be issued pursuant to the Plan, or an "affiliate" of the Reorganized Debtors, would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any such person would be such an "underwriter" or "affiliate." PERSONS WHO RECEIVE SECURITIES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER RULE 144 OF THE SECURITIES ACT AND THE CIRCUMSTANCES UNDER WHICH SHARES MAY BE SOLD IN RELIANCE UPON SUCH RULE.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DOES NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE SECURITIES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE DEBTORS ENCOURAGE EACH CREDITOR, INTEREST HOLDER AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE DEBTORS MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE SECURITIES.

X. TAX CONSEQUENCES OF THE PLAN

A detailed discussion of the potential federal income tax consequences of the Plan can be found in the *Analysis of Certain Federal Income Tax Consequences of the Plan* annexed hereto as **Exhibit E**.

XI. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the Plan

Section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan of reorganization is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors prepared the Projections that are annexed hereto as **Exhibit B**.

B. Acceptance of the Plan

A condition to Confirmation, the Bankruptcy Code requires that each Class of Claims or Interests that is Impaired, but still receives a Distribution under the Plan vote to accept the Plan, except under certain circumstances set forth in section 1129(b) of the Bankruptcy Code.

A class is impaired unless the plan of reorganization leaves unaltered the legal, equitable and contractual rights of the holder of such claim. Pursuant to sections 1126(c) and 1126(d) of the Bankruptcy Code, and except as otherwise provided for in section 1126(e) of the Bankruptcy Code: (i) an impaired class of claims has accepted the plan of reorganization if the holders of at least two-thirds (2/3) in dollar amount and more than half (1/2) in number of the voting allowed claims have voted to accept the plan of reorganization and (ii) an impaired class of interests has accepted the plan of reorganization if the holders of at least two-thirds (2/3) in amount of the allowed interests of such class have voted to accept the plan. Thus, Holders of Claims in Class 3, Class 4 (2019 Debtors), and Class 5~~ (2019 Debtors)~~ (which are Impaired, but receiving Distributions) will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number of the Claims actually voting in each Class cast their ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan.

Holders of Class 1 Claims, Class 2 Claims, Class ~~5~~4 Claims (Foreign Debtors), Class ~~5~~4 Claims (Non-Obligor Debtors), Class 6 Claims (Foreign Debtors), Class 6 Claims (Non-Obligor Debtors), Class 7 Claims, and Class 8 Interests are Unimpaired by the Plan, and such Holders are conclusively presumed to have accepted the Plan and will not be entitled to vote to accept or reject the Plan. Holders of Class 6 Claims (2019 Debtors) and Class 9 Interests are Impaired by the Plan and are not receiving a Distribution, therefore such Holders are conclusively presumed to have rejected the Plan and will not be entitled to vote to accept or reject the Plan.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

C. Best Interests Test

As noted above, even if a plan of reorganization is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that such plan of reorganization is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective

date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if a debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its chapter 11 case was converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced first, by the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. Liquidation Analysis

The Liquidation Analysis is set forth on **Exhibit C** hereto.

E. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuation

While it is impossible to determine with any specificity the value each Holder of an Impaired Claim will receive as a percentage of its Allowed Claim, the Debtors believe that the financial disclosures and Projections and the Valuation contained in this Disclosure Statement imply a greater or equal recovery to Holders of Claims in Impaired Classes than the recovery available in a chapter 7 liquidation. The Debtors believe that a forced liquidation of the Debtors would materially impair the value available to Creditors to an amount materially less the amounts

due to them. Accordingly, the Debtors believe that the Plan satisfies the "best interests" test of section 1129 of the Bankruptcy Code.

F. Confirmation Without Acceptance of All Impaired Classes: The "Cramdown" Alternative

In the event that the Holders of Class 3 Claims, Class 4 Claims (2019 Debtors), or Class 5 Claims ~~(2019 Debtors)~~ do not vote to accept the Plan, and with respect to Class 6 Claims (2019 Debtors) and Class 9 Interests, which are deemed to reject the Plan, the Debtors may seek Confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code provides that a plan of reorganization may be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan of reorganization, at the request of the debtors if the plan of reorganization "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank. The Debtors believe that the Plan does not discriminate unfairly with respect to the Class ~~3,~~**3 Claims,** Class 4 **Claims** (2019 Debtors) or Class 5 Claims ~~(2019 Debtors)~~.

A plan of reorganization is fair and equitable as to a class of unsecured claims that rejects such a plan if the plan of reorganization provides: (i) for each holder of a claim that is a member of the rejecting class to receive or retain, on account of that claim, property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim or (ii) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain, on account of such junior claim or interest, any property at all.

A plan of reorganization is fair and equitable as to a class of equity interests that rejects such a plan if the plan of reorganization provides: (i) that each holder of an interest that is a member of the rejecting class receive or retain, on account of that interest, property that has a value, as of the effective date of the plan, equal to the greatest of (a) the allowed amount of any fixed liquidation preference to which such holder is entitled, (b) any fixed redemption price to which such holder is entitled, or (c) the value of such interest; or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain, on account of such junior interest, any property at all.

The Debtors believe that they will (i) meet the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Claims in Class 3, Class 4 (2019 Debtors) and Class 5 ~~(2019 Debtors)~~ (if any of those Classes do not vote to accept the Plan), and (ii) meet the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Class 6 Claims (2019 Debtors) and Class 9 Interests, and that the Plan satisfies the foregoing requirements for nonconsensual Confirmation with respect to Class 6 Claims (2019 Debtors), and Class 9 Interests.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords Holders of Claims in Class 3, Class 4 (2019 Debtors) and Class 5 ~~(2019 Debtors)~~ the potential for the greatest realization on the Assets and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances are not received or the Plan is not confirmed and consummated, certain restructuring alternatives may exist including, but not limited to, (a) formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization

If the requisite acceptances to confirm the Plan are not received from the Holders entitled to vote to accept or reject the Plan, or if the Plan is not confirmed by the Bankruptcy Court, the Debtors could formulate and propose a different plan of reorganization. Such alternative plan might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of the Assets.

The Debtors believe that the Plan enables Creditors to realize the greatest possible value under the circumstances and has the greatest likelihoods of consummation.

B. Liquidation under Chapter 7 or Chapter 11

If no plan of reorganization, including the Plan, is confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors.

The Debtors believe that, in a liquidation under chapter 7, additional administrative expenses involved with the appointment of a trustee or trustees and attorneys, accountants, and other professionals to assist such trustees would cause a substantial diminution in the value of the Estates. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of Unexpired Leases and other Executory Contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Assets.

The Debtors could also be liquidated pursuant to a chapter 11 plan of reorganization. In a liquidation under chapter 11, the Assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, thus resulting in a potentially greater recovery for Holders of Claims against or Interests in the Debtors. Conversely, to the extent the Debtors' businesses incur operating losses, the Debtors' efforts to liquidate the Assets over a longer period of time could result in a lower net distribution to Creditors than they would receive through chapter 7 liquidation. Nevertheless, because there

would be no need to appoint a chapter 7 trustee and to hire new professionals, a chapter 11 liquidation might be less costly than a chapter 7 liquidation and thus, provide larger net distributions to Holders of Claims against the Debtors than in chapter 7 liquidation. Any recovery in a chapter 11 liquidation, while potentially greater than in a chapter 7 liquidation, would also be highly uncertain.

Although preferable to a chapter 7 liquidation, the Debtors believe that any alternative liquidation under chapter 11 of the Bankruptcy Code is a much less attractive alternative for Holders of Claims against or Interests in the Debtors than the Plan because of, among other things, the greater return anticipated by the Plan.

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RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that Confirmation and consummation of the Plan are preferable to all other alternative restructuring options. Consequently, the Debtors urge all Holders of Claims in Class 3, Class 4 (2019 Debtors) and Class 5 ~~(2019 Debtors)~~ to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED by the Voting Agent on or before 5:00 p.m. (prevailing Eastern Time) on the Voting Deadline.

/s/Dennis A. Meloro
Dennis A. Meloro (DE Bar No. 4435)
GREENBERG TRAURIG, LLP
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
melorod@gtlaw.com

Nancy A. Mitchell
Maria J. DiConza
Nathan A. Haynes
Matthew L. Hinker
GREENBERG TRAURIG, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
mitchelln@gtlaw.com
diconzam@gtlaw.com
haynesn@gtlaw.com
hinkerm@gtlaw.com

Counsel for the Debtors and Debtors-in-Possession

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EXHIBIT B

Pro Forma Financial Projections Blackline

SFX Entertainment

Pro Forma Financial Projections

	Q4 2016	2017	2018	2019	2020	2021
P&L						
North America Live	$ 23,024	$ 118,100	$ 123,593	$ 131,522	$ 140,058	$ 149,247
Europe Live	21,010	126,578	133,302	140,593	148,531	157,208
Brazil Live	287	19,782	20,274	20,777	21,294	21,823
Platform	8,087	31,605	32,934	30,300	27,876	25,646
Corporate & Other	-	-	-	-	-	-
Total Revenue	**$ 52,408**	**$ 296,064**	**$ 310,102**	**$ 323,192**	**$ 337,758**	**$ 353,924**
North America Live	$ 18,677	$ 104,901	$ 101,420	$ 104,935	$ 110,336	$ 116,083
Europe Live	13,940	78,459	82,117	84,746	87,227	89,786
Brazil Live	17	21,762	18,637	18,644	18,900	19,157
Platform	5,610	24,892	21,922	22,845	20,714	18,778
Corporate & Other	-	-	-	-	-	-
Operating Expenses	**$ 38,244**	**$ 224,096**	**$ 231,171**	**$ 237,178**	**$ 243,804**	**$ 251,057**
Operating Income	**$ 14,164**	**$ 71,968**	**$ 78,932**	**$ 86,015**	**$ 93,954**	**$ 102,867**
EBITDA	**$ (3,779)**	**$ 7,725**	**$ 13,966**	**$ 19,750**	**$ 26,363**	**$ 33,925**

The Company developed a set of financial projections for the purposes set forth below. The Financial Projections reflect the Company's estimate for results of operations after confirmation of the Plan, based upon the Company's assumptions and judgments as to future market and business conditions and expected future operating performance, all of which are subject to change. Actual operating results and values may vary.

FINANCIAL PROJECTIONS

As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Company. In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the Company's management has, through the development of the Financial Projections, analyzed its ability to meet its obligations under the Plan and to maintain sufficient liquidity and capital resources to conduct its business subsequent to its emergence from these Chapter 11 Cases. The Financial Projections were prepared to assist those holders of Allowed Claims entitled to vote on the Plan in determining whether to accept or reject the Plan.

The Company has recently experienced disruption in its business operations caused by its Chapter 11 proceeding and uncertainty of its financial restructuring process. There is no assurance that it will be able to avert further loss or reduction in business from its users, sponsors and festival attendees without confirmation of the Plan.

Furthermore, the festival and event promotion industry has historically been and continues to be subject to volatility due to unpredictable weather, evolving sponsors and festival attendee demands and increasing talent cost, all of which could cause actual results to differ from projections.

For the purpose of demonstrating Plan feasibility, the Company prepared the Financial Projections. The Financial Projections present, to the best of the Company's knowledge, the results of operations from 2016 through 2021 and reflect the Company's assumptions and judgments as of the time prepared.

THE FINANCIAL PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARDS COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE COMPANY'S INDEPENDENT ACCOUNTANT HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO. THE COMPANY DOES NOT INTEND TO, AND DISCLAIMS ANY OBLIGATION TO (A) FURNISH UPDATED PROJECTIONS TO HOLDERS OF CLAIMS OR EQUITY INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO HOLDERS OF REORGANIZED COMPANY COMMON STOCK OR ANY OTHER PARTY AFTER THE EFFECTIVE DATE, (B) INCLUDE SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SEC, OR (C) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE COMPANY'S MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. THE COMPANY CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR TO THE COMPANY'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE.

FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER.

Scope of Financial Projections

The Financial Projections are based on the assumption that the Effective Date will occur on or about October 28, 2016. If the Effective Date is significantly delayed, additional expenses, including professional fees, may be incurred and operating results may be negatively impacted. It is also assumed that the reorganized Company will conduct operations substantially similar to its current business.

The Financial Projections do not fully reflect the application of fresh start accounting. Any formal fresh start reporting adjustments that may be required in accordance with Statement of Position 90-7 Financial Reporting by Entities in Reorganization under the Bankruptcy Code, including any allocation of the Company's reorganization value to the Company's assets in accordance with the procedures specified in Accounting Standards Codification 805, will be made after the Company emerges from bankruptcy. The Financial Projections include projected profit and loss of the reorganized Company.

The Financial Projections are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to: the ability of the reorganized Company to operate its business consistent with its projections generally, including the ability to maintain or increase revenue and cash flow to satisfy its liquidity needs, service its indebtedness and finance the ongoing obligations of its business, and to manage its future operating expenses and make necessary capital expenditures; the ability of the reorganized Company to comply with the covenants and conditions under its credit facilities; the loss or reduction in business from the reorganized Company's significant sponsors and festival attendees or the failure of its significant sponsors and vendors to perform their obligations; the loss or material downtime of major suppliers; material declines in demand for festival and event promotion; increases in production and payroll expenses; the reorganized Company's ability to attract and maintain key executives, managers and employees; changes in general domestic and international political conditions; and adverse changes in foreign currency exchange rates affecting the reorganized Company's expenses.

Overview of the Company

SFXE is a leading producer of live events and digital entertainment content focused exclusively on electronic music culture and world-class festivals. SFXE commenced material operations in 2012 with the intent of acquiring and operating companies within the EDM industry, specifically those engaged in the promotion and production of live music events, festivals and digital offerings attractive to EDM fans in the United States and abroad. Over the next three years, SFXE acquired a number of leading EDM brands, such as TomorrowWorld, Beatport, Mysteryland, Sensation and Electric Zoo, and expanded its operations worldwide. Today, the Company is actively engaged in the production and promotion of EDM festivals and events both domestically and abroad, with operations in multiple countries. In addition, the Company manages large, event-driven nightclubs that serve as venues for performances by key EDM talent.

KEY ASSUMPTIONS TO FINANCIAL PROJECTIONS

Methodology

The Company's current business plan incorporates assumptions related to certain economic and business conditions for the projected period 2016-2021. These assumptions are based upon historic seasonality and industry experience.

The financial statements included herein reflect the projected core operating performance of the reorganized Company's live event and platform businesses. The Financial Projections were developed on a bottom-up basis through 2018 and at the business unit level through 2021. The Financial Projections incorporate multiple sources of information including general business and market conditions as well as industry and competitive trends.

Revenue

Revenues in the Financial Projections for the Company's live event business units were developed on an event-by-event basis through 2018. Assumptions for attendance growth for each event were determined and revenues directly related to attendance levels were forecasted with assumptions per attendee; these assumptions include ticket price and net food and beverage, merchandise and other festival attendee spend amounts. Additionally, sponsorship sales amounts were determined on an event-by-event basis through 2018 based on attendance levels and market expectations.

An analysis of the Company's platform businesses' users and spending patterns supplied appropriate growth assumptions for revenue projection through 2018.

The Financial Projections were developed at the business unit level through 2021. The growth rate in total revenue from 2017 to 2018 was applied to the forecast for 2019-2021.

Operating Expenses

Operating expenses for the Company's live event businesses include the cost of talent, venue rent, marketing, production, security and other miscellaneous expenses. These expenses in the Financial Projections were developed on an event-by-event basis through 2018 and are based on historical spend and management's view of the planned event growth. Insurance for the live event businesses was forecasted in aggregate and was assumed based on expected market conditions.

Payments to artists' labels and performing rights organizations represent the largest portion of the Company's platform businesses' operating expenses, which are forecasted as a percentage of revenue through 2018.

The Financial Projections were developed at the business unit level through 2021. Operating expenses for each of the live event and platform business units were forecasted as a percentage of their respective revenues, with a 1.0% increase in gross margin each year from 2019-2021.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses ("SG&A") for the Company includes payroll, rent and office expenses, legal and other professional fees, auditing, and other corporate expenses. The Financial Projections for SG&A are estimated based on historical spend and management's view of improved lean operations and assumed inflation of 3.0% per year through 2018 and 2.0% per year from 2019-2021.

Capital Expenditures

The Company's capital expenditures in the Financial Projections consist of maintenance spend to upgrade the physical assets of the business during the forecast period. Other than assumptions related to specific expenditures for events, the capital expenditures forecast assumes 3.0% growth per year through 2021.

Currency / Foreign Exchange

The Company's core operating performance in the Financial Projections is presented in US Dollars. Results from international operations were converted to US Dollars at a constant rate throughout the forecast period.

Taxes

The impact of income tax on the Company's core operating performance was not considered in preparation of the Financial Projections.

Other

The Company's core operating performance in the Financial Projections excludes Rock in Rio on the basis that it is not expected to contribute cash flow.

EXHIBIT D

Projections and Valuation Blackline

DRAFT

EXHIBIT D

VALUATION

THE VALUATION INFORMATION CONTAINED HEREIN IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY ASSETS OF THE DEBTORS OR ANY SECURITIES OR CVRS TO BE ISSUED PURSUANT TO THE PLAN OR THE PRICES AT WHICH THEY MAY TRADE IN THE FUTURE. THIS VALUATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE.

Reorganized Debtors Valuation Analysis

At the Debtors' request, Moelis & Company LLC ("Moelis") performed a valuation analysis of the Reorganized Debtors. Based upon and subject to the review and analysis described herein, and subject to the assumptions, limitations and qualifications described herein, Moelis' view, as of July 22, 2016, was that the estimated going concern enterprise value of the Reorganized Debtors, as of October 28, 2016 (the "Assumed Effective Date"), would be in a range between $115 million and $160 million. Moelis' views are necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Moelis as of the date of its analysis (July 22, 2016). It should be understood that, although subsequent developments may affect Moelis' views, Moelis does not have any obligation to update, revise, or reaffirm its estimate.

Moelis' analysis is based, at the Debtors' direction, on a number of assumptions, including, among other assumptions, that: (i) the Debtors will be reorganized in accordance with the Plan which will be effective on the Assumed Effective Date; (ii) the Reorganized Debtors will achieve the results in the amounts and timing set forth in the Debtors' management's Projections (as defined in this Disclosure Statement and attached as Exhibit C to this Disclosure Statement) for the period from September 30, 2016 through December 31, 2021 (the "Projection Period") provided to Moelis by the Debtors; (iii) the Reorganized Debtors' capitalization and available cash will be as set forth in the Plan and this Disclosure Statement (in particular, the pro forma indebtedness of the Reorganized Debtors as of the Assumed Effective Date will be approximately $~~51~~56 million); and (iv) the Reorganized Debtors will be able to access the required financings prior to the Effective Date, obtain the New Second Lien Facility (as defined

in the Plan) and obtain all future financings, on the terms and at the times, necessary to achieve the results in the amounts and timing set forth in the Projections. Moelis makes no representation as to the achievability or reasonableness of the Projections or the foregoing assumptions. In addition, Moelis assumed that there will be no material change in economic, monetary, market, and other conditions as in effect on, and the information made available to Moelis as of the Assumed Effective Date.

Moelis assumed, at the Debtors' direction, that the Projections prepared by the Debtors' management were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Debtors' management as to the future financial and operating performance of the Reorganized Debtors. The future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors, and consequently are inherently difficult to project. The Reorganized Debtors' actual future results may differ materially (positively or negatively) from the Projections and as a result, the actual enterprise value of the Reorganized Debtors may be materially higher or lower than the estimated range herein. Among other things, failure to consummate the Plan in a timely manner may have a materially negative impact on the enterprise value of the Reorganized Debtors.

The estimated enterprise value in this section represents a hypothetical enterprise value of the Reorganized Debtors as the continuing operators of the businesses and assets of the Debtors, after giving effect to the Plan, based on consideration of certain valuation methodologies as described below. The estimated enterprise value in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors, its securities or its assets, which may be materially higher or lower than the estimated enterprise value range herein. The actual value of an operating business such as the Reorganized Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business.

In conducting its analysis, Moelis, among other things: (i) reviewed certain publicly available business and financial information relating to the Reorganized Debtors that Moelis deemed relevant; (ii) reviewed certain internal information relating to the business, earnings, cash flow, capital expenditures, assets, liabilities and prospects of the Reorganized Debtors, including the Projections, furnished to Moelis by the Debtors; (iii) conducted discussions with members of senior management and representatives of the Debtors concerning the matters described in clauses (i) and (ii) of this paragraph, as well as their views concerning the Debtors' business and prospects before giving effect to the Plan, and the Reorganized Debtors' business prospects after giving effect to the Plan; (iv) reviewed publicly available financial and stock market data for

certain other companies in lines of business that Moelis deemed relevant; (v) reviewed publicly available financial data of certain transactions that Moelis deemed relevant; (vi) reviewed a draft of the Plan; dated July 8th, 2016; and (vii) conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate. In connection with its review, Moelis did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Moelis and, with the consent of the Debtors, relied on such information being complete and accurate in all material respects. In addition, at the direction of the Debtors, Moelis did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent, derivative, off-balance-sheet, or otherwise) of the Reorganized Debtors, nor was Moelis furnished with any such evaluation or appraisal. Moelis also assumed, with the Debtors' consent, that the final form of the Plan does not differ in any respect material to its analysis from the draft that Moelis reviewed.

The estimated enterprise value in this section does not constitute a recommendation to any holder of a Claim or Interest as to how such holder should vote or otherwise act with respect to the Plan. Moelis has not been asked to and does not express any view as to what the trading value of the Reorganized Debtors' securities would be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated enterprise value set forth herein does not constitute an opinion as to fairness from a financial point of view to any holder of the consideration to be received by such holder under the Plan or of the terms and provisions of the Plan.

Valuation Methodologies

In preparing its valuation, Moelis performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Moelis, which consisted of (a) a discounted cash flow analysis and (b) a selected publicly traded companies analysis. Moelis also evaluated certain precedent transactions. However, given the following factors, Moelis applied no weight to the selected precedent transactions in arriving at our concluded valuation range. First, the Reorganized Debtors' projected negative LTM Adjusted EBITDA as of the Assumed Effective Date. Second, there are a limited set of precedent transactions for which sufficient pre-transaction financial information on the target company and/or the terms of the transaction is available to develop a valuation benchmark. This summary does not purport to be a complete description of the analyses performed and factors considered by Moelis. The preparation of a valuation analysis is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description. As such, Moelis' valuation analysis must be considered as a whole. Reliance on only one of the

methodologies used, or portions of the analysis performed, could create a misleading or incomplete conclusion as to enterprise value.

A. Discounted Cash Flow Analysis. The discounted cash flow ("DCF") analysis is a forward-looking valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Moelis' DCF analysis used the Projections' estimated debt-free, after-tax free cash flows through December 31, 2021 as provided by the Reorganized Debtors. These cash flows were then discounted at a range of estimated weighted average costs of capital ("Discount Rate") for the Reorganized Debtors. The enterprise value was determined by calculating the present value of the Reorganized Debtors' unlevered after-tax free cash flows based on the Projections plus an estimate for the value of the Reorganized Debtors beyond the Projection Period known as the terminal value. In determining the estimated terminal value of the Reorganized Debtors, Moelis relied upon the perpetuity growth rate method which estimates a range of values that the Reorganized Debtors will be valued at the end of the Projection Period based on a constant growth profile of its unlevered free cash flow into perpetuity.

To determine the Discount Rate, Moelis used the estimated cost of equity and the estimated after-tax cost of debt for the Reorganized Debtors, assuming a targeted long-term debt-to-total capitalization ratio. Moelis calculated the cost of equity based on (i) the capital asset pricing model, which assumes that an asset's expected return is a function of the risk-free rate and the correlation of such asset to the return on the broader market and (ii) an adjustment related to the estimated equity market capitalization of the Reorganized Debtors, which reflects the historical equity returns of small, medium, and large equity market capitalization companies that are not accounted for by the capital asset pricing model. Moelis, in estimating the correlation of the Reorganized Debtors' equity to the broader market, used, as reference, the historical correlation of SFX Entertainment Inc.'s equity to the broader market from its initial public offering until February 23, 2015 and also reviewed the historical correlation of certain selected publicly traded live entertainment companies . The DCF analysis involves considerations and judgments concerning appropriate terminal values and discount rates.

B. Selected Publicly Traded Companies Analysis. The selected publicly traded companies analysis is based on the enterprise values of selected publicly traded live entertainment companies that have operating and financial characteristics comparable in certain respects to the Reorganized Debtors. Similar characteristics could include, among other things: comparable lines of business, revenue drivers, business risks, growth prospects and geographic presence. Under this methodology, certain financial multiples that measure financial performance and value are calculated for each selected company and then applied to the Reorganized Debtors'

financials to imply an enterprise value for the Reorganized Debtors. Moelis used, among other measures, enterprise value (defined as market value of equity plus book value of debt, book value of preferred stock and minority interests less cash, subject to adjustment where appropriate) for each selected company as a multiple of such company's publicly available forward consensus projected EBITDA for 2017.

Although the selected companies were used for comparison purposes, no selected company is either identical or directly comparable to the business of the Reorganized Debtors. Accordingly, Moelis' comparison of selected companies to the business of the Reorganized Debtors and analysis of the results of such comparisons was not purely mathematical but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and Reorganized Debtors. The selection of appropriate companies for analysis is a matter of judgment and subject to limitations due to sample size and the public availability of meaningful market-based information.

In estimating a valuation range for the Reorganized Debtors, Moelis relied more heavily on the DCF analysis than the selected publicly traded companies analysis because: (i) there is a limited set of comparable companies, none of which are identical or directly comparable to the business of the Reorganized Debtors (ii) the Debtors have no material real estate ownership, while many of the selected publicly traded companies own and/or operate various venues; (iii) the Debtors are more concentrated in live music events than many of the selected publicly traded companies; and (iv) on an enterprise value-basis, the Reorganized Debtors are substantially smaller than the selected publicly traded companies.

Valuation Considerations

As a result of the foregoing, the estimated enterprise value in this section is not necessarily indicative of actual value, which may be significantly higher or lower than the estimate herein. Accordingly, none of the Debtors, Moelis or any other person assumes responsibility for the accuracy of such estimated enterprise value. Depending on the actual financial results of the Debtors or changes in the financial markets, the enterprise value of the Reorganized Debtors as of the Assumed Effective Date may differ from the estimated enterprise value set forth herein. In addition, the market prices, to the extent there is a market, of the Reorganized Debtors' securities will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the investment decisions of prepetition creditors receiving such securities under the Plan (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), and other factors that generally influence the prices of securities.

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EXHIBIT E

Analysis of Certain Federal Income Tax Consequences of the Plan Blackline

~~I.~~

I. ANALYSIS OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain anticipated U.S. federal income tax consequences of the Plan to the Debtors and Holders of Claims and Interests **under the DIP and** in Classes 1, 2, 3, 4, 5, 6, 7, 8 and 9. This summary is provided for information purposes only and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect, that could adversely affect the U.S. federal income tax consequences described below.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to a particular Holder of a Claim or Interest in the Debtors in light of its particular facts and circumstances or to certain types of Holders of Claims subject to special treatment under the Tax Code (for example, non-U.S. taxpayers, financial institutions, broker- dealers, life insurance companies, tax-exempt organizations, real estate investment trusts, regulated investment companies, grantor trusts, persons holding a Claim as part of a "hedging," "integrated," or "constructive" sale or straddle transaction, persons holding Claims through a partnership or other pass through entity, persons that have a "functional currency" other than the U.S. dollar, and persons who acquired or expect to acquire either an equity interest or other security in a Debtor or a Claim in connection with the performance of services). In addition, this summary does not discuss any aspects of state, local, estate and gift or non-U.S. taxation.

For purposes of this summary, a "U.S. Holder" means a Holder of a Claim or Interest that, in any case, is, for U.S. federal income tax purposes: (i) an individual that is a citizen or resident of the U.S.; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or (b) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. A "Non-U.S. Holder" means a Holder of a Claim or Interest that is not a U.S. Holder and is, for U.S. federal income tax purposes, an individual, corporation (or other entity treated as a corporation for U.S. federal income tax purposes), estate or trust.

If an entity taxable as a partnership for U.S. federal income tax purposes holds a Claim, the U.S. federal income tax treatment of a partner (or other owner) of the entity generally will depend on the status of the partner (or other owner) and the activities of the entity. Such partner (or other owner) should consult its tax advisor as to the tax consequences of the Plan.

A substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final Distribution under the Plan. Events occurring after the date of this Disclosure Statement, such as additional tax legislation, court decisions, or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view with respect to one or more of the issues discussed below. No ruling will be sought from the IRS with respect to any of the tax aspects of the Plan, and no opinion of counsel has been or will be obtained by the Debtors with respect thereto.

Accordingly, the following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a Holder of a Claim or Interest in the Debtors. All Holders of Claims or Interests in the Debtors are urged to consult their own tax advisors for the federal, state, local and other tax consequences applicable to them under the Plan.

EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN OR THE PLAN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. U.S. Federal Income Tax Consequences to the Debtors

1. Taxation of the Reorganized Debtors **in General**

SFX Entertainment, Inc. is currently organized as a corporation ~~and~~, is taxed as a corporation for U.S. federal income tax purposes~~.~~ **, and is the parent of a consolidated group for U.S. federal income tax purposes that includes some of the Debtor entities that are United States entities.** The Reorganized SFX Entertainment, Inc. will be taxed as a corporation for U.S. **federal income tax purposes and is expected to remain the parent of a consolidated group for U.S.** federal income tax purposes.

In general, **if** as a result of implementing the Plan, the Debtors **satisfy any Claims with collateral securing such Claims or sell any collateral, the Debtors** will ~~likely~~ recognize gain or loss ~~(subject to certain limitations)~~ in an amount equal to the difference, if any, between the ~~sales price of~~**fair market value of the collateral transferred and** the Debtors' ~~sold assets and the~~ adjusted **tax** basis ~~of~~**in** such ~~assets~~**collateral**. In general, if any of the Debtors have net operating loss ("NOL") carryforwards, those carryforwards may be used to offset any taxable gains.

2. Net Operating Losses and other Losses; Section 382

The Debtors' balance sheet currently reflects ~~significant NOLs. However, because of the tax effect of cancellation of indebtedness ("COD") (see discussion below) and the limitations imposed by Section 382 of the Tax Code on the carryforward of NOLs after a statutorily defined change in control~~**NOLs, including NOL carryforwards. However, under Tax Code section 382, if a "loss corporation" (generally, a corporation with NOLs and/or built-in losses) undergoes an "ownership change," the amount of its pre-change losses (including NOLs and certain losses or deductions which are "built-in," i.e., economically accrued but unrecognized as of the date of the ownership change) that may be utilized to offset future taxable income generally are subject to an annual limitation. Similar rules apply to a corporation's capital loss carryforwards and tax credits.**

The Debtors' issuance of the New Series A Preferred Stock and the Reorganized SFXE Common Stock pursuant to the Plan is expected to result in an ownership change for purposes of Tax Code section 382. Accordingly, assuming that the Debtors emerge with any NOLs after offsetting gain from the disposition of collateral, if any (discussed above) or following attribute reduction (discussed below), the NOLs and other pre-change losses of the Debtor consolidated group may be subject to an annual limitation. This limitation applies in addition to, and not in lieu of, any other limitation that may already or in the future be in effect and the attribute reduction that may result from COD (discussed below). In the context of an ownership change pursuant to a bankruptcy or similar proceeding, the Tax Code provides certain exceptions that may eliminate, or mitigate the impact of, such limitation, but it is uncertain at this time whether any such exceptions will be available. As a result, there can be no assurance that the Debtors ~~shall~~**will** emerge from bankruptcy with a significant, if any, ~~NOL~~**usable NOL, and the Debtors' use of its other pre-change losses may be subject to significant limitation**.

3. Cancellation of Indebtedness Income

Under the Tax Code, a U.S. taxpayer generally must include in gross income the amount of any COD income realized during the taxable year. COD income generally equals the excess of the adjusted issue price of the indebtedness discharged over the sum of (i) the amount of cash ~~and~~**,** (ii) the fair market value of any property (including equity interests)**, and (iii) the issue price of any new indebtedness of the Debtors, in each case,** transferred **or issued** by ~~a debtor~~**the Debtors** in satisfaction of such discharged indebtedness. COD income also includes any interest that has been previously accrued and deducted but remains unpaid at the time the indebtedness is discharged. ~~Because the Plan provides that Holders of certain Claims will receive Class A CVRs and/or Class B CVRs, the amount of COD income of the Debtor will depend on the fair market value of the CVRs exchanged therefor. This value cannot be known with certainty until after the Effective Date.~~

A corporation will not, however, be required to include any amount of COD income in gross income if the corporation is a debtor under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to

that proceeding (the "Section 108(a) Bankruptcy Exception"). Instead under Tax Code Section 108(b), as a consequence of such exclusion, the debtor must reduce its tax attributes by the amount of COD income excluded from gross income. In general, tax attributes are reduced in the following order: (a) NOLs and NOL carryforwards, (b) general business and minimum tax credit carryforwards, (c) capital loss carryforwards, (d) basis of the debtor's assets, and (e) foreign tax credit carryforwards. A debtor's tax basis in its assets generally may not be reduced below the amount of liabilities remaining immediately after the discharge of indebtedness. NOLs for the taxable year of the discharge and NOL carryovers to such year generally are the first attributes subject to reduction. However, a debtor may elect under Tax Code section 108(b)(5) (the "Section 108(b)(5) Election") to reduce its basis in its depreciable property first. If a debtor makes a Section 108(b)(5) Election, the limitation on reducing the debtor's basis in its assets below the amount of its remaining liabilities does not apply.

COD income is determined on a company-by-company basis. If a debtor with excluded COD income is a member of a consolidated group (as is the case with certain of the United States entities in the debtor group), Treasury regulations address the application of the rules for the reduction of tax attributes (the "Consolidated Attribute Reduction Rules"). If the debtor is a member of a consolidated group and is required to reduce its basis in the stock of another group member, a "look-through rule" generally requires a corresponding reduction in the tax attributes of the lower-tier member. If the amount of a debtor's excluded COD income exceeds the amount of attribute reduction resulting from the application of the foregoing rules, certain other tax attributes of the consolidated group may also be subject to reduction. If the debtor is a member of a consolidated group, the debtor may treat stock in another group member as depreciable property for purposes of the Section 108(b)(5) Election, provided the lower-tier member consents to a corresponding reduction in its basis in its depreciable property. Finally, if the attribute reduction is less than the amount of COD income and a member of the consolidated group has an excess loss account (an "ELA") (i.e., negative basis in the stock of another member of the consolidated group), the consolidated group will recognize taxable income to the extent of the lesser of such ELA or the amount of the COD income that was not offset by tax attributes.

The Debtors expect to realize a significant amount of COD income as a result of the Plan. The amount of COD income will depend upon, among other things, the fair market value the property transferred in satisfaction of the debtors' indebtedness. As described below with respect to CVRs issued in connection with the Plan, the taxation and valuation of CVRs is subject to some uncertainty, and this uncertainty, in turn, may affect the determination of the Debtor's COD income. In any event, pursuant to the Section 108(a) Bankruptcy Exception, the debtors will not include this COD income in gross income. Instead, the debtor will be required to reduce their tax attributes in accordance with the Consolidated Attribute Reduction Rules after determining the taxable income (or loss) of the Debtors' consolidated group for the taxable year of discharge. Accordingly, the tax attributes (and, in particular, NOLs) are available to offset taxable income that accrues between the Effective Date and the end of the Debtors taxable year. Basis reduction applies to assets owned by a debtor at the beginning of the tax year following the discharge.

Under the Consolidated Attribute Reduction Rules, the Debtors' excluded COD income will be applied to reduce their NOLs and, if necessary, other tax attributes, including the Debtors' tax basis in their assets. The extent to which NOLs and other tax attributes remain following the application of the Consolidated Attribute Reduction Rules will depend upon a number of factors, including the amount of COD income that is actually incurred and whether the Debtors make the Section 108(b)(5) Election. The Debtors have not yet determined whether they will make a Section 108(b)(5) Election.

B. U.S. Federal Income Tax Consequences to U.S. Holders of Claims and Interests

1. In General

~~The~~ **Generally speaking, the** U.S. federal income tax consequences to U.S. Holders of Allowed Claims and Interests in the Debtors arising from the Distributions to be made in satisfaction of their Claims pursuant to the Plan may vary, depending upon, among other things: (a) the type of consideration received by the Holder of a Claim or Interest in the Debtors in exchange for such Claim or Interest; (b) the nature of such Claim or Interest; (c) whether the Holder has previously claimed a bad debt or worthless security deduction in respect of such Claim or Interest; (d) whether such Claim constitutes a security; (e) whether the Holder of such Claim or Interest in the Debtors is a citizen or resident of the United States for tax purposes, or otherwise subject to U.S. federal income tax on a net income basis; (f) whether the Holder of such Claim or Interests in the Debtors reports income on the accrual or cash basis; and (g) whether the Holder of such Claim or Interests in the Debtors receives Distributions under the Plan in more than one taxable year. For tax purposes, ~~the~~**if a Claim is reinstated yet subject to a** modification ~~of a Claim may represent an~~**, the reinstatement may be treated as a taxable** exchange of the Claim for a new Claim, even though no actual transfer takes place.

In addition, where gain or loss is recognized by a Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, whether the Claim or Interest constitutes a capital asset in the hands of the Holder and how long it has been held or is treated as having been held, whether the Claim was acquired at a market discount, and whether and to what extent the Holder previously claimed a bad debt deduction with respect to the underlying Claim or Interest. ~~A Holder who purchased its Claim from a prior Holder at a market discount may be subject to the market discount rules of the Tax Code, as described below.~~ **In general, for purposes of the discussion below, subject to other matters discussed herein such as the market discount rules, if the asset giving rise to a Holder's Claim, or a Holder's Interest, was held as a capital asset, gain or loss recognized by a Holder upon exchange of that Claim or Interest generally would be long-term capital gain or loss if the U.S. Holder held such asset or Interest for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations. If property is received by a Holder upon an exchange, a Holder's tax basis in the property received should equal the fair market value of such property. A U.S. Holder's holding period for the property received on the Effective Date would begin on the day following the Effective Date.**

2. Satisfaction of Claims or Interests

In general, subject to the other discussions below, the satisfaction of Claims or Interests by the Debtors is expected to result in the following U.S. federal income tax consequences for U.S. Holders.

a. DIP Claims:

Under the Plan, Holders of Tranche A DIP Claims will receive either: (A) payment in full, in cash, from the proceeds of the Third Party First Lien Facility, or (B) (x) payment in full, in cash, of such Holder's pro rata share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of all accrued and unpaid cash interest due on the Tranche A Loans as of the Effective Date, and (y) such Holder's pro rata share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of the New First Lien Facility after conversion of the Tranche A DIP Facility Claims (less the total amount of accrued and unpaid cash interest paid in cash on the Effective Date to all Holders of Allowed Tranche A DIP Facility Claims) into the New First Lien Facility. In general, a Tranche A DIP Lender who receives only cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Lender's adjusted tax basis in its Tranche A Facility Claim surrendered. A Tranche A DIP Lender who receives cash and a share of the New First Lien Facility should recognize taxable gain or loss equal to the difference between (a) amount of cash received and the issue price of its share of the New First Lien Facility (other than amounts attributable to interest, discussed below) and (b) such Lender's adjusted tax basis in its Tranche A DIP Facility Claim surrendered. While not free from doubt, the Debtors intend to take the position that any amounts attributable to the paid-in-kind commitment fees on the Tranche A DIP Facility with respect to the DIP Facility created "original issue discount" ("OID") for the DIP Facility, and amounts received on account of OID that has accrued but not been taken into account yet as interest income will be taxed accordingly as interest income.

Under the Plan, Holders of a Tranche B DIP Facility Claim (other than an Incremental Tranche B DIP Loan Claim), together with the Holders of Allowed Original Foreign Loan Claims, will receive, in full and complete settlement, release, and discharge of such Tranche B DIP Facility Claim, such Holder's pro rata share (calculated based on the percentage such Holder's Allowed Tranche B DIP Facility Claim (exclusive of any Incremental Tranche B DIP Loan Claim) represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of: (A) 100% of the New Series A Preferred Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any. A U.S. Holder of Tranche B DIP Facility Claim should recognize taxable gain or loss equal to the difference between (a) the fair market value of the New Series A

Preferred Stock and Common Stock received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Tranche B Facility Claim surrendered. While not free from doubt, the Debtors intend to take the position that any amounts attributable to the paid-in-kind commitment fee and paid-in-kind interest on the Tranche B DIP Facility will be recognized as OID and taxed accordingly, unless such amounts were previously included in the gross income.

Under the Plan, each Holder of an Incremental Tranche B DIP Loan Claim, if any, shall receive, in full and complete settlement, release, and discharge or such Claim, a loan under the New Second Lien Facility equal to the Allowed Incremental Tranche B DIP Loan Claim after conversion of the Incremental Tranche B DIP Loan Claims into the New Second Lien Facility. A Holder of Incremental Tranche B DIP Loan Claim should not recognize gain or loss if the face value of the new loan under the New Second Lien Facility is equal to such Holder's adjusted tax basis in its Incremental Tranche B Facility Claim and the interest rate if at least equal to the applicable federal rate. However, gain or loss may be recognized if the new loan under the New Second Lien Facility constitutes a significant modification of Incremental Tranche B DIP Loan Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code.

b. Class 1 Claims

Under the Plan, Holders of Class 1 Claims will receive payment of the Allowed Class 1 Claim in full. A U.S. Holder of a Class 1 Claim should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its holdings of the Class 1 Claim surrendered.

c. Class 2 Claims

Under the Plan, Holders Class 2 Claims will receive, as applicable: (i) payment in full in cash, including the payment of interest allowable under section 506(b) of the Bankruptcy Code, if any; (ii) with the consent of the Required DIP Lenders, reinstatement pursuant to section 1124 of the Bankruptcy Code; (iii) with the consent of the Required DIP Lenders, the collateral securing any such Allowed Other Secured Claim; or (iv) with the consent of the Required DIP Lenders, such other consideration so as to render such Allowed Other Secured Claim Unimpaired. In general, a U.S. Holder of a Class 2 Claim who receives cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Lender's adjusted tax basis in its Class 2 Claim surrendered. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant modification" of Class 2 Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. A U.S. Holder who receives collateral or other property of the Debtors should recognize taxable gain or loss equal to the difference between (a) the fair market value of the collateral or other property received (other than amounts attributable to

interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 2 Claim surrendered.

d. Class 3 Claims

Under the Plan, Holders of Class 3 Claims will receive such Holder's *pro rata* share (calculated based on the percentage such Holder's Allowed Original Foreign Loan Claim represents of the total of Allowed Tranche B DIP Facility Claims (exclusive of the Incremental Tranche B DIP Loan Claims) and Allowed Original Foreign Loan Claims) of (A) 100% of the New Series A Preferred Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity and by any common stock that may be issued upon exercise of the New Warrants, if any. A U.S. Holder of Class 3 Claims receiving such consideration should recognize taxable gain or loss equal to (a) the fair market value of the New Series A Preferred Stock and Common Stock received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Tranche B Facility Claim and Allowed Original Foreign Loan Claim surrendered.

e. Class 4 Claims (2019 Debtors)

Under the Plan, Class 4 Claims (2019 Debtors) will receive:

To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to accept the Plan: at the Holder's election, either (A) such Holder's Pro Rata share of (i) Class A CVRs (or Series A Warrants, as applicable), and (ii) Class B CVRs (or Series B Warrants, as applicable) or (B) such Holder's Pro Rata share of the Notes Cash Pool Payment; or

To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to reject the Plan: at the Holder's election, either (A) such Holder's Pro Rata share of (i) Class A CVRs (or Series A Warrants, as applicable) and (ii) Litigation CVRs, or (B) such Holder's Pro Rata share of the Cash Pool Payment Amount.

Under the Plan, Holders of Class 4 Claims (Foreign Debtors) will receive (i) payment in full cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 4 Claim (Foreign Debtors) Unimpaired.

Under the Plan, Holders of Class 4 Claims (Non-Obligor Debtors) will receive (i) payment in full cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 4 Claim (Non-Obligor Debtors) Unimpaired.

With respect to U.S. Holders of Class 4 Claims that receive of a share of the Notes Cash Pool Payment, such Holders should recognize taxable gain or loss equal to the

difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

With respect to U.S. Holders of Class 4 Claims that receive CVRs, as described further below under "Taxation of CVRs," the tax consequences of the receipt of CVRs, and any payments thereon, are uncertain. Assuming, as discussed below, that a value to the CVRs can be ascertained, the Debtors intend to take the position that a Holder of Class 4 Claims that receives CVRs will recognize taxable gain or loss equal to the difference between (a) the fair market value of the CVRs received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

With respect to U.S. Holders of Class 4 Claims that receive Series A Warrants or Series B Warrants, as applicable, such Holders should recognize taxable gain or loss equal to the difference between (a) the fair market value of the Series A or Series B Warrants received and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

In general, a U.S. Holder of a Class 4 Claims (Foreign Debtors) and Class 4 Claims (Non-Obligor Debtors) who receives cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, described below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such collateral securing such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. A U.S. Holder of a Class 4 Claim (Foreign Debtors) or a Class 4 Claim (Non-Obligor Debtors) who receives property of the Debtors should recognize taxable gain or loss equal to the difference between (a) the fair market value of the property received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 4 Claim surrendered.

f. Class 5 Claims

Under the Plan, except to the extent that a Holder of an Allowed Class 5 Claim agrees to a less favorable treatment, each Holder of an Allowed Class 5 Claim shall receive, on the Effective Date or as soon as reasonably practicable thereafter, in full satisfaction, settlement, discharge and release or, and in exchange for, such Claim, a one-time full payment in Cash equal to such Holder's *Pro Rata* share of the Convenience Class Cash Pool.

With respect to Holders of Class 5 Claims that receive Cash equal to such Holder's Pro Rata share of the Convenience Class Cash Pool, such Holders should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 5 Claim surrendered.

g. Class 6 Claims

Under the Plan, Holders of Class 6 Claims (2019 Debtors) shall not be entitled to receive or retain any Distributions or other property on account of such Claims under the Plan. In general, such a Holder should recognize a taxable loss equal to its adjusted tax basis in such Claims.

Under the Plan, Holders of Class 6 Claims (Foreign Debtors) and Class 6 Claims (Non-Obligor Debtors) shall each receive (i) payment in full in cash; (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code; or (iii) such other consideration so as to render such Allowed Class 6 Claim (Non-Obligor Debtors) Unimpaired. In general, a U.S. Holder of a Class 6 Claim (Foreign Debtors or Non-Obligor Debtors) who receives cash should recognize taxable gain or loss equal to the difference between (a) the amount of cash received (other than amounts attributable to interest, described below) and (b) such Lender's adjusted tax basis in its Class 6 Claim surrendered. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such collateral securing such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. A U.S. Holder of Class 6 Claim (Foreign Debtors or Non-Obligor Debtors) who receives property of the Debtors should recognize taxable gain or loss equal to the difference between (a) the fair market value of the property received (other than amounts attributable to interest, discussed below) and (b) such Holder's adjusted tax basis in its Class 6 Claim surrendered.

h. Class 7 Claims

Under the Plan, Holders of Intercompany Claims against the (i) 2019 Debtors, (ii) Foreign Debtors and (iii) Non-Obligor Debtors will be: (a) reinstated; (b) set off against other Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary in one or a series of transactions, or (c) released and discharged. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except if such Claim is modified (including, for example, a modification regarding the collateral securing such Claim, if any), and the modification constitutes a "significant modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. If a Class 7 claim is set off against other Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary, in general gain or loss may be recognized equal to the difference between (a) the fair market value of the Intercompany Claims and/or claims by any Debtor against any non-Debtor Subsidiary and (b) such Holder's adjusted tax basis in its Class 7 Claim set-off. If a Class 7 Claim is released and discharged, in general and subject to any applicable rules regarding consolidated groups and other rules, Holders should recognize a taxable loss equal to the amount of their adjusted tax basis in such Claim.

i. Class 8 Interests

Under the Plan, Class 8 Interests in the (i) Guarantor Debtors; (ii) Foreign Debtors; and (iii) Non-Obligor Debtors will be either reinstated or released and discharged. If the Interest is reinstated, the Holder of such Claim should not recognize gain or loss except if such Interest is modified and the modification constitutes a "significant modification" of the Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. If a Class 8 Interest is released and discharged, and if a Holder had any adjusted tax basis in such Interest, Holders should recognize a taxable loss equal to the amount of such adjusted tax basis.

j. Class 9 Interests

Class 9 Interests in SFXE will be completely extinguished. In general, a U.S. Holder of such Interests should recognize a taxable loss equal to its adjusted tax basis in such Interests.

3. Taxation of CVRs[1]

There is some uncertainty ~~as to how CVRs are valued. The receipt of the consideration, including CVRs,~~regarding the U.S. federal income tax consequences of the receipt of CVRs under the Plan and any future payments on account of holding the CVRs.

a. The Receipt of CVRs under the Plan

With respect to the receipt of CVRs under the Plan, such receipt could be treated as either a "closed transaction" or an "open transaction" for U.S. federal income tax purposes. Generally, if ~~an asset~~the CVR's value can be reasonably ascertained at the time of the exchange of a Claim for a CVR, ~~that value would apply to~~ the exchange ~~and it would be so taxed, creating gain or loss -- a "closed transaction."~~will be treated as a "closed transaction," and the recipient would recognize taxable gain or loss equal to the difference between (a) the value of the CVR received (other than amounts attributable to interest, discussed below) and (b) the Holder's adjusted tax basis in the Claim surrendered. If on the other hand, the value of the CVR cannot be reasonably ascertained, then the transaction is treated as an "open transaction," Holders will not be able to claim a taxable gain or loss on the Effective Date with respect to the Claim exchanged for CVRs, and the transaction will not be "closed" (resulting in the recognition of a taxable gain or loss) until the value of the CVRs are realized. It is the general position of the IRS that only in "rare and extraordinary cases" is the value of the property so uncertain that the open transaction treatment is available. However, there is no authority directly addressing whether contingent payment rights with characteristics similar to the rights under the CVRs should treated as an open transaction or a closed transaction, and such question is inherently factual in nature. As described further above, assuming a value can be ascertained for the CVRs upon consummation of the Plan,

[1] For purposes of this Analysis of Certain Federal Income Tax Consequences of the Plan, the term "CVR" shall include Class A CVRs, Class B CVRs, and Litigation CVRs.

the Debtors intend to take the position that the receipt of the CVRs results in a "closed transaction."

b. The Receipt of Payments on Account of Holding CVRs

~~***Treatment as Closed Transaction.***~~ There is no authority directly addressing the treatment of payments ~~**similar to those under the CVRs in**~~**received by a holder of CVRs when the original receipt of the CVRs was characterized as** a closed transaction. You should therefore consult your tax advisor as to the taxation of such payments. Under **the** characterization as a closed transaction, a payment with respect to a CVR would likely be treated as a non-taxable return of a U.S. Holder's adjusted tax basis in the CVR to the extent thereof. A payment in excess of such amount may be treated as (i) a payment with respect to a sale of a capital asset, (ii) income taxed at ordinary rates, or (iii) a dividend. Additionally, it is possible that, were a payment to be treated as being with respect to the sale of a capital asset, a portion of such payment would constitute imputed interest under Section 483 of the Tax Code.

~~***Treatment as Open Transaction.* If the transaction is treated~~ **Similarly, there is no authority directly addressing the treatment of payments received by a holder of CVRs where the original receipt of the CVRs was characterized** as an open transaction**. Under such characterization**, a payment in the future to a U.S. Holder of a CVR ~~**should**~~**could** be treated as a payment under a contract for the sale or exchange of the original Claim to which Section 483 of the Tax Code applies. Under Section 483 of the Tax Code, a portion of a payment made pursuant to a CVR more than one year after the date of the exchange of the Claim for the Plan consideration will be treated as interest, which will be ordinary income to the U.S. Holder of the CVR. The interest amount will equal the excess of the amount received over its present value as of the consummation of the exchange, calculated using the applicable federal rate as the discount rate and using such U.S. Holder's regular method of accounting (such amount being taken into account when paid, in the case of a cash method Holder, and, when fixed, in the case of an accrual method holder). The portion of the payment pursuant to the CVR **Holder** that is not treated as interest under Section 483 of the Tax Code should be treated as received in connection with the **original** exchange **pursuant to the Plan** and gain or loss may be recognized to the extent such payment exceeds the Holder's adjusted tax basis in the CVR.

Due to the legal and factual uncertainty regarding the valuation and tax treatment of the CVRs, you are urged to consult your tax advisors concerning the tax consequences to you resulting from the receipt of CVRs in the Plan.

4. ~~**1.**~~ Accrued but Unpaid Interest

~~**Notwithstanding the discussion under "Exchange" below, in**~~ **In** general, to the extent a Holder of a Claim or Interest receives ~~**property**~~**consideration** in satisfaction of interest accrued during the holding period of such instrument~~**, if any**~~, such amount will be taxable to the Holder as interest income (if not previously included in the Holder's gross income). Conversely, such a Holder **should** generally ~~**recognizes**~~**recognize** a deductible loss to the extent that any

accrued interest claimed or amortized OID was previously included in its gross income and is not paid in full.

The extent to which property received by a Holder of a Claim or Interest will be attributable to accrued but unpaid interest is unclear. Pursuant to the Plan, all Distributions in respect of any Allowed Claim will be allocated first to the principal amount of such Allowed Claim, and thereafter to accrued but unpaid interest, if any. Certain legislative history indicates that an allocation of consideration between principal and interest provided for in a chapter 11 plan is binding for U.S. federal income tax purposes. There is no assurance, however, that such allocation will be respected by the IRS for U.S. federal income tax purposes. If a distribution with respect to a Claim is allocated entirely to the principal amount of such Claim, a Holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the Holder's gross income.

Each Holder of an Allowed Claim is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of previously included unpaid interest and OID for tax purposes.

~~**2. *Exchange***~~

~~**DIP Claims:**~~

~~**Tranche A DIP Claims – $30,000,000 plus interests and costs. The Tranche A DIP Facility was for $30,000,000, plus a $600,000 commitment fee paid-in-kind, and the Holders of such Claim shall receive either: (A) payment in full, in cash, from the proceeds of the Third Party First Lien Facility, or (B) (x) payment in full, in cash, of such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of all accrued and unpaid cash interest due on the Tranche A Loans as of the Effective Date, and (y) such Holder's *pro rata* share (calculated based on the percentage that such Holder's Allowed Tranche A DIP Facility Claim represents of the total of Allowed Tranche A DIP Facility Claims) of the New First Lien Facility after conversion of the Tranche A DIP Facility Claims (less the total amount of accrued and unpaid cash interest paid in cash on the Effective Date to all Holders of Allowed Tranche A DIP Facility Claims) into the New First Lien Facility. The Tranche A DIP Lenders should suffer no gain or loss if cash is received on repayment of principal if they are original Holders. If a Tranche A DIP Lender bought the debt for less than face value then a gain will be measured by the amount received *less* the Holder's basis. The paid-in-kind commitment fee will be recognized as OID and taxed accordingly, unless it was previously included in the gross income.**~~

~~**Tranche B DIP Claims – $52.6 million plus interests and costs. In addition, they received a commitment fee of $2,304,000 paid-in-kind; $644,852 of interest paid-in-kind through but not including July 1, 2016 and $1,305,292 in interest paid-in-kind on the Increment Foreign Loans through but not including July 2, 2016. On the Effective Date, each Holder of a Tranche B DIP Facility Claim (together with the Holders of Allowed Original Foreign Loan Claims), shall receive, in full and complete settlement, release, and discharge of such Tranche B DIP Facility Claim, such Holder's *pro rata* share (calculated**~~

based on the percentage such Holder's Allowed Tranche B DIP Facility Claim represents of the total of Allowed Tranche B DIP Facility Claims and Allowed Original Foreign Loan Claims) of (A) 100% of the New Series A Preferred Stock, and (B) 100% of the Reorganized SFXE Common Stock, subject to dilution by the New Second Lien Facility Equity. Gain or loss will be measured by the Fair Market Value of the securities received, less the amounts extended under the Tranche B DIP Facility. If a Tranche B DIP Lender bought the debt for less than face value then a gain will be measured by the amount received *less* the Holder's basis. The paid-in-kind commitment fee and paid-in-kind interest will be recognized as OID and taxed accordingly, unless such amounts were previously included in the gross income.

Class 1 Claims shall receive 100% cash payment and should suffer no gain or loss. If the debt was acquired for less than face value then a gain will be measured by the amount received *less* the Holder's basis.

Class 2 Claims shall receive payment in full in cash and should suffer no gain or loss. If the debt was acquired for less than face value then a gain will be measured by the amount received *less* the Holder's basis.

Class 3 Claims (2019 Debtors) shall be allowed in the aggregate principal amount of $_____.

The Holders shall receive their *pro rata* share of 65% of the available Class A CVRs and 50% of the available Class B CVRs (subject to reduction by the Allianz Turnover Amount), if they as a Class to accept the Plan, or their *pro rata* share of 50% of the Class B CVRs (subject to reduction by the Allianz Turnover Amount) if they vote as a Class to reject the Plan. In either case, gain or loss will be measured by the differences between the amount of the claims and the Fair Market Value of the appropriate CVR.

Class 3 Claims (Foreign Debtors) shall be allowed $21,936,194.49, plus accrued but unpaid interest plus all expenses, but excluding any incremental borrowing under the Foreign Loan Agreement included in the Tranche B DIP Facility. Gain or loss will be measured by the difference between the amount of the Claim and the Cash received and their *pro rata* share and the Fair Market Value of the New Series A Preferred Stock and the Reorganized SFXE Common Stock. If the debt was acquired for less than face value then a gain will be measured by the amount received *less* the Holder's basis.

As discussed above, the CVRs may result in either a closed or an open transaction. If the transaction is deemed a closed transaction, any subsequent payment for the value of the CVR, subject to Section 483 of the Tax Code, may be claimed as a capital gain or loss measured against the Holder's basis. If held for more than a year, the gain or loss would be a long-term capital gain or loss. If the CVRs are treated as an open transaction, a portion of the payment made more than one year after the date of the Exchange may be treated as interest under Section 483, which will be ordinary income to the U.S. Holder of the CVR. The portion of the payment not treated as interest under

~~Section 483 will be recognized as a capital gain or loss measured against the Holder's basis. If held for more than a year, the gain or loss would be a long-term capital gain or loss.~~

~~Class 4 Claims (2019 Debtors) – Prepetition Second Priority Deficiency Claims against the 2019 Debtors, shall be allowed in the aggregate amount of $_____. To the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to accept the Plan: at the Holder's election, either (A) such Holder's *Pro Rata* share of (i) the Available Class A CVRs – Class 4, and (ii) the Available Class B CVRs – Class 4 or (B) such Holder's *Pro Rata* share of the Notes Cash Pool Payment; or to the extent the Holders of Allowed Class 4 Claims (2019 Debtors) vote as a Class to reject the Plan, at the Holder's election, either (x) such Holder's *Pro Rata* share of the Available Class B CVRs – Class 4 or (y) such Holder's *Pro Rata* share of the Notes Cash Pool Payment.~~

~~For either, gain or loss will be measured by the difference in the amount advanced less either the Fair Market Value of the CVRs or the cash received from the Notes Cash Pool Payment. (See discussion above for the treatment of CVRs.)~~

~~Class 5 Claims (2019 Debtors) – To the extent the Holders of Allowed Class 5 Claims (2019 Debtors) vote as a Class to accept the Plan: at the Holder's election, either (A) such Holder's *Pro Rata* share of (i) the Available Class A CVRs – Class 5, and (ii) the Available Class B CVRs – Class 5 or (B) such Holder's *Pro Rata* share of the GUC Cash Pool Payment; or to the extent the Holders of Allowed Class 5 Claims (2019 Debtors) vote as a Class to reject the Plan: at the Holder's election, either (x) such Holder's *Pro Rata* share of the Available Class B CVRs – Class 5 or (y) such Holder's *Pro Rata* share of the GUC Cash Pool Payment.~~

~~For either, gain or loss will be measured by the difference in the amount advanced less either the Fair Market Value of the CVRs or the cash received from the GUC Cash Pool Payment. (See discussion above for the treatment of CVRs.)~~

~~Class 5 Claims (Foreign Debtors) and Class 5 Claims (Non-Obligor Debtors) shall either receive payment in full in cash or other arrangements to make them whole. There should be no gain or loss. If the debt was acquired for less than face value then a gain will be measured by the amount received *less* the Holder's basis.~~

~~Class 6 Claims (2019 Debtors) shall not receive any Distributions and their Claims shall be extinguished. The Holders shall claim a loss equal to the amount of their Claims; provided that if the debt was acquired for less than face value then a loss will be measured by the amount received *less* the Holder's basis.~~

~~The Class 6 Claims (Foreign Debtors) and Class 6 Claims (Non-Obligor Debtors) shall each receive full payment in cash or other arrangements to make them whole. There should be no gain or loss. If the debt was acquired for less than face value then a gain will be measured by the amount received *less* the Holder's basis.~~

~~Class 7 Claims – Intercompany Claims against the (i) 2019 Debtors; (ii) Foreign Debtors and (iii) Non-Obligor Debtors will be either reinstated or released and discharged. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except to the extent that collateral securing such Claim is changed, and the change in collateral constitutes a "significant modification" of Class 7 Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. If the note is not publicly traded and the restated note does not change the principal of the note and the new interest rate is at least equal to the applicable federal rate, there should be no gain or loss to the Holder of the Claim. If Claim is released and discharged, Holders will have a capital loss equal to the amount of their basis in such interest.~~

~~Class 8 Interests in the (i) Guarantor Debtors; (ii) Foreign Debtors; and (iii) Non-Obligor Debtors will be either reinstated or released and discharged. If the Claim is reinstated, the Holder of such Claim should not recognize gain or loss except to the extent that collateral securing such Claim is changed, and the change in collateral constitutes a "significant modification" of Class 8 Claim within the meaning of the Treasury Regulations promulgated under Section 1001 of the Tax Code. If the note is not publicly traded and the restated note does not change the principal of the note and the new interest rate is at least equal to the applicable federal rate, there should be no gain or loss to the Holder of the Claim. If Claim is released and discharged, Holders will have a capital loss equal to the amount of their basis in such Interest.~~

~~Class 9 Interests in SFXE will be completely extinguished. Holders will have a capital loss equal to the amount of their basis in the SFXE stock.~~

~~Sale or Liquidation Proceeds of SFXE stock: the proceeds received will be a capital event and will generate either a capital gain or capital loss or measured by the amount received less the basis of the exchange security. The disposition of Class A CVR and Class B CVR will be taxed as discussed above.~~

5. ~~3.~~ Market Discount

Holders of Claims who receive consideration in exchange for their ~~claims~~**Claims** may be affected by the "market discount" provisions of sections 1276 through 1278 of the Tax Code. Under these provisions, some or all of the gain realized by a Holder may be treated as ordinary income (instead of capital gain)~~,~~ to the extent of the amount of accrued "market discount" on such Allowed Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price as defined in section 1278 of the Tax Code, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt

obligation is not a "market discount bond" if the excess is less than a statutory de minimis amount (equal to 0.25% of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining until maturity at the time of the acquisition).

Any gain recognized by a Holder on the taxable disposition of Allowed Claims (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Allowed Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued).

6. Ownership and Disposition of New Series A Preferred Stock and the Reorganized SFXE Common Stock

Cash distributions made by Reorganized SFXE in respect of New Series A Preferred Stock or Reorganized SFXE Common Stock will constitute a taxable dividend when such distribution is actually or constructively received, to the extent such distribution is paid out of the current or accumulated earnings and profits of Reorganized SFXE (as determined under U.S. federal income tax principles). To the extent the amount of any distribution received by a U.S. Holder in respect of New Series A Preferred Stock or Reorganized SFXE Common Stock exceeds the current or accumulated earnings and profits of Reorganized SFXE, the distribution (1) will be treated as a non-taxable return of the U.S. Holder's adjusted tax basis in its New Series A Preferred Stock or Reorganized SFXE Common Stock, as the case may be, and (2) thereafter will be treated as capital gain.

Sales or other taxable dispositions by U.S. Holders of New Series A Preferred Stock or Reorganized SFXE Common Stock generally will give rise to gain or loss equal to the difference between the amount realized on the disposition and the U.S. Holder's tax basis in such New Series A Preferred Stock or Reorganized SFXE Common Stock. In general, gain or loss recognized on the sale or exchange of New Series A Preferred Stock or Reorganized SFXE Common Stock will be capital gain or loss and, if the U.S. Holder's holding period for such New Series A Preferred Stock or Reorganized SFXE Common Stock exceeds one year, will be long-term capital gain or loss. For a U.S. Holder that acquires New Series A Preferred Stock or Reorganized SFXE Common Stock on account of the consummation of the Plan, such Holder's holding period will begin the day after the Effective Date. Certain U.S. Holders, including individuals, are eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains realized. The deduction of capital losses against ordinary income is subject to limitations under the Tax Code.

C. ~~4. *Tax Considerations for*~~U.S. Federal Income Tax Consequences to Non-U.S. Holders **of Claims and Interests**

Non-U.S. Holders should consult with their own tax advisors to determine the effect of U.S. federal, state, and local tax laws, as well as any other applicable non-U.S. tax laws and/or treaties, with regard to their participation in the transactions contemplated by the

Plan and their ownership of Claims or Interests. **The following discussion does not apply to Class 7 or Class 8 Claims.**

1. ~~(a)~~ Gain Recognition **upon Consummation of the Plan**

~~Any~~ **Subject to the assumptions and intentions of the Debtors described above under "U.S. Federal Income Tax Consequences to U.S. Holders of Claims and Interests," particularly under "Taxation of CVRs," any** gain realized by a Non-U.S. Holder on the exchange of its Claim or Interest generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the U.S. for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the U.S. (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange.

If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such Non-U.S. Holder is a corporation, it may be subject to a branch profits tax ("BPT") equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. However, a BPT may not apply if the Non-U.S. Holder qualifies for the "exit exemption" (i.e., after the Exchange, the Holder has no other U.S. business assets and neither the Holder nor a related party reinvests the proceeds in the U.S. for a period of three years following the Exchange).

2. ~~(b)~~ **Payments Attributable to** Interest

Payments to a Non-U.S. Holder that are attributable to interest (including OID), or to accrued but untaxed interest, generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person. Interest income will also include any gain from the sale, redemption, retirement or other taxable disposition of the Claim that is treated as interest income. Interest income, however, may be subject to U.S. income or withholding tax if:

i. ~~I.~~ the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of classes of Reorganized SFXE's stock entitled to vote;

ii. ~~II.~~ the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Reorganized SFXE (each within the meaning of the Tax Code);

iii. ~~III.~~ the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A); or

iv. ~~IV.~~ such interest is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the U.S. (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a BPT with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest (including OID) or accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to such interest or accrued but untaxed interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

3. The Receipt of Payments on Account of Holding CVRs

As described above under "U.S. Federal Income Tax Consequences to U.S. Holders of Claims and Interests – Taxation of CVRs," the tax consequences of receiving payments on account of holding CVRs is uncertain. Non-U.S. Holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of receiving such payments.

4. ~~*(c) U.S. Federal Income Tax Consequences to Non-U.S. Holders*~~ Owning and Disposing of Reorganized SFXE Common Stock and New Series A Preferred Stock

a. ~~(i)~~ Dividends on Reorganized SFXE Common Stock and New Series A Preferred Stock

Any distributions made with respect to Reorganized SFXE Common Stock and New Series A Preferred Stock will constitute dividends for U.S. federal income tax purposes to the extent of Reorganized SFXE's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Except as described below, dividends paid with respect to Reorganized SFXE Common Stock and New Series A Preferred Stock held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments.

Dividends paid with respect to Reorganized SFXE Common Stock and New Series A Preferred Stock held by a Non-U.S. Holder that are effectively connected with a Non- U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a BPT with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

b. ~~(ii)~~ Sale, Redemption, or Repurchase of Reorganized SFXE Common Stock, New Series A Preferred Stock or CVRs

Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of Reorganized SFXE Common Stock, New Series A Preferred Stock, or CVRs, unless:

i. ~~I.~~ such Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the U.S.;

ii. ~~H.~~ such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.); or

iii. ~~III.~~ Reorganized SFXE is or has been during a specified testing period a U.S. real property holding corporation ("USRPHC"), whose real estate assets exceed 50% of the sum of its (A) U.S. real property interest, (B) interest in real property located outside the U.S. and (C) other assets other than (A) and (B) that are used or held for use in its trade or business.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of Reorganized SFXE Common Stock and New Series A Preferred. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a BPT with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty). However, a BPT may not apply if the Non-U.S. Holder qualifies for the "exit exemption" (i.e., after the Exchange, the Holder has no other U.S. business assets and neither the Holder nor a related party reinvests the proceeds in the U.S. for a period of three years following the Exchange). Reorganized SFXE does not believe that it is a USRPHC.

5. ~~(d)~~ FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income (including dividends, if any, on Reorganized SFXE Common Stock and New Series A Preferred and interest on the Claim), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include Reorganized SFXE Common Stock and New Series A Preferred and the Claim).

FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax. FATCA withholding rules apply to U.S.-source payments on obligations issued after July 1, 2014, and to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S.-source interest or dividends that occurs after December 31, 2018. Although administrative guidance and Treasury regulations have been issued, the exact scope of these rules remains unclear and potentially subject to material changes. A Non-U.S. Holder can avoid FATCA withholding if it adheres to certain procedures and requirements imposed by the Code and applicable IRS rules and certifies such compliance to payers of pass-through payments. These rules vary dramatically depending upon whether the non-U.S. person is characterized as an FFI or a non-financial foreign entity. In addition, certain non-U.S. persons are "deemed compliant" with FATCA if they meet certain criteria and certify certain facts to the IRS. Each Non-U.S. Holder should consult its own tax

advisor regarding the possible impact of these rules on such Non-U.S. Holder's ownership of Reorganized SFXE Common Stock and New Series A Preferred.

FATCA obligations may vary depending on whether the non-U.S. person subject to FATCA regulations is a resident of a country with which the U.S. has signed a bilateral Intergovernmental Agreement ("IGA"). IGAs are signed to facilitate implementation of FATCA and enhance broader international tax transparency. Under IGAs, respective countries implement FATCA regulations into their local law, and would require residents of such country to first determine if they are Financial Institutions ("FIs"), and the extent to which they need to perform FATCA obligations. General FATCA regulations would apply to residents of countries that have not entered into an IGA with the U.S.

D. ~~**C.**~~ Information Reporting and Backup Withholding

Certain payments, including certain payments of Claims pursuant to the Plan, payments of interest, and the proceeds from the sale or other taxable disposition of the Claims and Interests may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding unless the taxpayer: (i) comes within certain exempt categories (which generally include corporations) or (ii) provides a correct taxpayer identification number and otherwise complies with applicable backup withholding provisions. In addition, Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS on a timely basis. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

E. ~~**D.**~~ Importance of Obtaining Your Own Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ASSOCIATED WITH THE PLAN ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

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