

Confidential, Subject to a Claim of Privilege
U.S. Corporation Income Tax Return

2004

Form 1120

For calendar year 2004 or tax year beginning ending

See separate instructions.

Department of the Treasury Internal Revenue Service

A Check #:	Use	Name	B Employer identification number
1 Consolidated return (attach Form 951)	<input checked="" type="checkbox"/> RS	FELD ENTERTAINMENT, INC. & SUBSIDIARIES	
2 Personal holding co. (attach Sch. PH)	<input type="checkbox"/>	Number, street, and room or suite no. If a P.O. box, see page 9 of instructions.	C Date incorporated
3 Personal service corp. (see instructions)	<input type="checkbox"/>	8607 WESTWOOD CENTER DRIVE	03/11/1982
4 Schedule M-1 required (attach Sch. M-1)	<input checked="" type="checkbox"/>	City or town, state, and ZIP code	D Total assets (see page 8 of instructions)
		VIENNA, VA 22182	\$ 96,485,074

E Check #:	(1) Initial return	(2)	(3) Final return	(4) Name change	Address change
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(1)	(2)	(3)	(4)	Address change	e Bal	Tot	
1 Gross receipts or sales		393,794,778.					1	393,794,778.
2 Cost of goods sold (Schedule A, line B)							2	198,557,141.
3 Gross profit. Subtract line 2 from line 1c							3	195,237,637.
4 Dividends (Schedule C, line 18)							4	
5 Interest							5	106,379.
6 Gross rents							6	318,743.
7 Gross royalties							7	7,242,729.
8 Capital gain net income (attach Schedule D (Form 1120))							8	
9 Net gain or (loss) from Form 4797, Part II, (line 17 (attach Form 4797))							9	-299,475.
10 Other income (see page 11 of instructions - attach schedule)							10	855,282.
11 Total income. Add lines 3 through 10							11	203,461,295.

L204452/L220181
Plaintiff's Exhibit
1416

12 Compensation of officer (Schedule E, line 4)							12	4,092,535.
13 Salaries and wages (employment credits)							13	62,369,215.
14 Repairs and maintenance							14	1,260,953.
15 Bad debts							15	2,123,536.
16 Rents							16	5,841,656.
17 Taxes and licenses							17	6,575,879.
18 Interest							18	970,545.
19 Charitable contributions (see page 14 of instructions for 10% limitation)							19	222,658.
20 Depreciation (attach Form 4562)							20	14,161,843.
21 Less depreciation claimed on Schedule A and elsewhere on return							21a	
22 Depletion							22	14,161,843.
23 Advertising							23	
24 Pension, profit-sharing, etc., plans							24	
25 Employee benefit programs							25	5,717,701.
26 Other deductions (attach schedule)							26	85,649,018.
27 Total deductions. Add lines 12 through 26							27	188,985,539.
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11							28	14,475,756.
29 Less: a Net operating loss deduction (see page 16 of instructions)							29a	
b Special deductions (Schedule C, line 20)							29b	
30 Taxable income. Subtract line 29c from line 28 (see instructions) If Schedule C, line 12, was completed							30	14,475,756.
31 Total tax (Schedule J, line 11)							31	3,887,571.

32 Payments a 2003 overpayment credited to 2004	32a	1,709,410.						
b 2004 estimated tax payments	32b	6,540,000.						
c Less 2004 refund applied for on Form 4466	32c							
d Tax deposited with Form 7004	32d							
e Credit for tax paid on undistributed capital gains (attach Form 2439)	32e							
f Credit for Federal tax on fuels (attach Form 4138). See instructions	32f							
g Estimated tax penalty (see page 17 of instructions). Check if Form 2220 is attached	32g	6,718.					32h	8,256,128.
33 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed							33	
34 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid							34	4,368,557.
35 Enter amount of line 35 you want credited to 2003 estimated tax		4,368,557.					35	Refunded

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: *[Signature]* Date: **9/9/05** Title: **ASST. TREASURER**

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Preparer's signature: *[Signature]* Date: **9-8-05** Check if self-employed Preparer's SSN or PTIN: **380-56-9048**

Firm's name (or yours if self-employed), address, and ZIP code: **ERNST + YOUNG, LLP**
8484 Westpark Dr.
McLean, VA 22102

EIN: **34-6565596** Phone no: **703-747-1000**

CORP 3026

Plaintiffs' Exhibit A

Form 1120 (2004)

Schedule A Cost of Goods Sold (see page 17 of instructions)

1	Inventory at beginning of year	1	9,829,649.
2	Purchases	2	24,964,019.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	176,516,627.
6	Total. Add lines 1 through 5	6	211,310,295.
7	Inventory at end of year	7	12,753,154.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	198,557,141.

9 Check all methods used for valuing closing inventory:
 (i) Cost as described in Regulations section 1.471-3
 (ii) Lower of cost or market as described in Regulations section 1.471-4
 (iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amount) of closing inventory computed under LIFO % \$

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions (see page 18 of instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 248A)	42	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	48	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	100	
9	Total. Add lines 1 through 8. See page 19 of instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members and certain FSCs that are subject to the 100% deduction	85	
12	Dividends from controlled foreign corporations subject to the 85% deduction (attach Form 9835)		
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (section 78)		
16	10-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b		

Schedule E Compensation of Officers (see instructions for page 1, line 12, on page 13 of instructions)
 Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	(d) Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1 See Statement 33		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					4,092,535.
3 Compensation of officers claimed on Schedule A and elsewhere on return					4,092,535.
4 Subtract line 3 from line 2. Enter the result here and on page 4, line 12					

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FELD ENTERTAINMENT, INC. & SUBSIDIARIES

Schedule J

Tax Computation (See page 20 of instructions)

1 Check if the corporation is a member of a controlled group... 2 If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets... 3 Income tax... 4 Alternative minimum tax... 5 Add lines 3 and 4... 6a Foreign tax credit... 6b Possessions tax credit... 6c Check Nonconventional source fuel credit... 6d General business credit... 6e Credit for prior year minimum tax... 6f Qualified zone academy bond credit... 7 Total credits... 8 Subtract line 7 from line 5... 9 Personal holding company tax... 10 Other taxes... 11 Total tax...

Schedule K Other information (see page 23 of instructions)

1 Check accounting method: a Cash b Accrual c Other... 2 See page 25 of the instructions and enter the: a Business activity code no. 711100 b Business activity Entertainment c Product or service Live Entertainment... 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation?... 4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?... 5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock?... 6 During this tax year, did the corporation pay dividends... 7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation... 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount... 9 Enter the amount of tax-exempt interest received or accrued during the tax year... 10 Enter the number of shareholders at the end of the tax year... 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here... 12 Enter the available NOL carryover from prior tax years... 13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?...

CORP 302B

FELD ENTERTAINMENT, INC. & SUBSIDIARIES

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Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
	Assets				
1	Cash		27,784,985.	15,565,573.	18,024,513.
2a	Trade notes and accounts receivable	7,265,737.			
b	Less allowance for bad debts	(2,686,188.)	4,580,549.	(768,929.)	14,856,644.
3	Inventories		9,829,649.		12,753,154.
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				27,249,159.
6	Other current assets (attach schedule)		21,993,807.		431,328.
7	Loans to shareholders		5,440,396.		
8	Mortgage and real estate loans				1,664,086.
9	Other investments (attach schedule)		1,669,650.		
10a	Buildings and other depreciable assets	134,390,763.		138,843,381.	
b	Less accumulated depreciation	(100,529,401.)	33,861,362.	(103,235,677.)	35,607,704.
11a	Depletable assets				
b	Less accumulated depletion		4,620,470.		4,620,470.
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule)		1,464,625.		-23,781,984.
15	Total assets		111,245,493.		91,485,074.
	Liabilities and Shareholders' Equity				
16	Accounts payable		13,403,956.		14,758,594.
17	Mortgages, notes, bonds payable in less than 1 year		12,032,763.		2,478,398.
18	Other current liabilities (attach schedule)		38,606,989.		34,271,728.
19	Loans from shareholders				9,400,000.
20	Mortgages, notes, bonds payable in 1 year or more		17,689,955.		2,369,825.
21	Other liabilities (attach schedule)		3,739,061.		
22	Capital stock: a Preferred stock			1,884,630.	1,884,630.
b	Common stock	1,884,630.	1,884,630.		-208,052.
23	Additional paid-in capital		691,840.		
24	Retained earnings - Appropriated (attach schedule)				43,899,669.
25	Retained earnings - Unappropriated		40,566,017.		
26	Adjustments to shareholders' equity (attach schedule)				(17,369,718.)
27	Less cost of treasury stock		(17,369,718.)		
28	Total liabilities and shareholders' equity		111,245,493.		91,485,074.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 20 of instructions)

1	Net income (loss) per books	3,326,163.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	6,539,111.		Tax-exempt interest	\$
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):			See Statement 72	415,844.
5	Expenses recorded on books this year not deducted on this return (itemize):	8,148,546.	8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation		a	Depreciation	\$
b	Charitable contributions		b	Charitable contributions	\$
c	Travel and entertainment			See Statement 73	6,075,236.
6	Add lines 1 through 5	4,279,888.	9	Add lines 7 and 8	10,016,404.
		24,490,160.	10	Income (page 1, line 29) - Line 8 less line 9	14,475,756.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	40,566,017.	5	Distributions: a Cash	
2	Net income (loss) per books	3,326,163.	b	Stock	
3	Other increases (itemize):			Stat 75 c Property	-7,489.
			6	Other decreases (itemize):	
			7	Add lines 5 and 6	-7,489.
4	Add lines 1, 2, and 3	43,892,180.	8	Balance at end of year (line 4 less line 7)	43,899,669.

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