



# Department of Justice

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## **JUSTICE DEPARTMENT REQUIRES TICKETMASTER ENTERTAINMENT INC. TO MAKE SIGNIFICANT CHANGES TO ITS MERGER WITH LIVE NATION INC.**

### ***Software Licensing Agreement, Divestiture and Anti-Retaliation Provisions Will Preserve Competition in Ticketing in the United States***

WASHINGTON – The Department of Justice announced today that it will require Ticketmaster Entertainment Inc. to license its ticketing software, divest ticketing assets and subject itself to anti-retaliation provisions in order to proceed with its proposed merger with Live Nation Inc. The department said that the proposed settlement will protect competition for primary ticketing, which will in turn maintain incentives for innovation and discounting. The department said that the merger, as originally proposed, would have substantially lessened competition for primary ticketing in the United States, resulting in higher prices and less innovation for consumers.

The Department of Justice's Antitrust Division, along with 17 state attorneys general, filed a civil antitrust lawsuit today in the U.S. District Court in Washington, D.C., to block the proposed transaction. At the same time, the department and the states' Attorneys General filed a proposed settlement that, if approved by the court, would resolve the competitive concerns in the lawsuit. The state attorneys general offices are: Arizona; Arkansas; California; Florida; Illinois; Iowa; Louisiana; Massachusetts; Nebraska; Nevada; Ohio; Oregon; Pennsylvania; Rhode Island; Tennessee; Texas; and Wisconsin.

The Department of Justice cooperated closely with the Canadian Competition Bureau throughout the course of its investigation, and the two agencies worked together to obtain the same remedy that preserves competition in both the United States and Canada.

Under the proposed settlement, Ticketmaster must license ticket software and divest ticketing assets to two different companies—Anschutz Entertainment Group (AEG) and either Comcast-Spectacor or another buyer suitable to the department, respectively—allowing both companies to compete head-to-head with Ticketmaster. Ticketmaster will also subject itself to court-ordered restrictions on its behavior.

“The Department of Justice’s proposed remedy promotes robust competition for primary ticketing services and preserves incentives for competitors to innovate and discount, which will benefit consumers,” said Christine Varney, Assistant Attorney General in charge of the

Department of Justice's Antitrust Division. "The proposed settlement allows for strong competitors to Ticketmaster, allowing concert venues to have more and better choices for their ticketing needs, and provides for anti-retaliation provisions, which will keep the merged company in check."

As part of the proposed settlement, Ticketmaster must license a copy of its primary ticketing software to AEG, the nation's second-largest concert promoter and operator of some of the most important concert venues in the country. With a copy of the Ticketmaster software, AEG will be able to market a ticketing system that is an attractive choice to venues. AEG will have incentives similar to Live Nation to provide better services at lower prices. Within five years, AEG can purchase the Ticketmaster ticketing software, decide to create its own software, or partner with a ticketing company other than Ticketmaster. The department said that this remedy enhances short and long term competition in the primary ticketing market.

Ticketmaster must divest Paciolan Inc., a ticketing company that it currently owns, within 60 days to either Comcast-Spectacor, which has already signed a letter of intent to purchase the assets, or some other buyer suitable to the department. Comcast-Spectacor is a sports and entertainment company with management relationships with a number of concert venues and ticketing experience with its New Era Tickets company. Paciolan is used by hundreds of venues to sell tickets including major concert venues around the country. Venues that contract with Paciolan have greater flexibility to lower the ticket service fees that are charged to consumers who buy tickets. The department said that divesting Paciolan to Comcast-Spectacor, or another suitable buyer, in conjunction with the AEG license, will replace the competitive pressure on Ticketmaster lost as a result of the merger.

Under the settlement, the merged firm will be forbidden from retaliating against any venue owner that chooses to use another company's ticketing services or another company's promotional services, including restrictions on anticompetitive bundling. The merged firm must also allow any client that leaves and chooses to use another primary ticketing service to take a copy of the ticketing data related to that client's sales. The settlement also sets up firewalls that protect confidential and valuable competitor data by preventing the merged firm from using information gleaned from its ticketing business in its day-to-day operations of its promotions or artist management business. Additionally, the merged firm must provide notice of any other acquisitions of a ticketing company so that the department may investigate the competitive effect of such an acquisition.

Together, these remedies will preserve the competition that Ticketmaster faced from Live Nation, a new ticketing entrant, the department said. Prior to its proposed merger with Ticketmaster, Live Nation had established incentives to reduce service fees to sell more tickets. Today's settlement offers a new competitor comparable incentives to ensure ticket sales are maximized for the benefit of consumers, the department said.

Ticketmaster is a Delaware corporation headquartered in West Hollywood, Calif. Ticketmaster is the world's largest ticketing company. In 2008, Ticketmaster sold more than 141

million tickets valued at more than \$8.9 billion on behalf of more than 10,000 clients worldwide and earned approximately \$1.4 billion in gross revenues.

Live Nation is a Delaware corporation headquartered in Beverly Hills, Calif. It is the world's largest promoter of live concerts, with 2008 worldwide gross revenues of \$4 billion. Live Nation also owns or operates more than 75 concert venues of various sizes in the United States.

AEG, headquartered in Los Angeles, is one of the leading sports and entertainment presenters in the world. AEG, a wholly owned subsidiary of the Anschutz Company, owns or controls a collection of venues, such as the Staples Center (Los Angeles), Prudential Center (Newark, N.J.), Sprint Center (Kansas City, Mo.) and Citizen's Business Bank Arena (Ontario, Canada). The company's live entertainment division, AEG Live, is one of the world's leading concert promotion and touring companies with 15 regional offices that has recently promoted national tours on behalf of artists such as Prince, Usher, Kenny Chesney, Rod Stewart, Paul McCartney, Yanni, The Eagles, George Strait, Justin Timberlake, Christina Aguilera, Dixie Chicks, Hannah Montana and American Idol. AEG is also a 50 percent owner of Wright Entertainment Group, which manages major artists such as the Jonas Brothers, Justin Timberlake, Janet Jackson and 'N Sync.

Comcast-Spectacor, headquartered in Philadelphia, has more than \$1 billion in annual sales. It is a joint venture between a private investor and Comcast Corp., a leading provider of cable, Internet and phone services in the United States. Comcast-Spectacor owns a national ticketing services company, owns and operates major venues and sport franchises, manages approximately 90 public assembly facilities, and runs a major North American food and beverage concessions company.

As required by the Tunney Act, the proposed 10-year settlement, along with the department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to John R. Read, Chief, Litigation III Section, 450 Fifth Street, N.W., Suite 4000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed settlement upon finding that it is in the public interest.

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