Department of Justice

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REMARKS AS PREPARED FOR DELIVERY BY ASSISTANT ATTORNEY GENERAL CHRISTINE VARNEY AT TICKETMASTER/LIVE NATION PEN-AND-PAD BRIEFING

WASHINGTON, D.C.

The Department of Justice is requiring significant changes to the merger of Ticketmaster and Live Nation. Under the proposed settlement, Ticketmaster will license its ticketing software, divest substantial ticketing assets, and be subject to anticompetitive bundling, anti-retaliation, and data-firewall provisions for ten years. We are joined in this settlement by 17 States, and Canada has obtained a parallel agreement.

After a rigorous investigation, we concluded that the transaction, as originally proposed, was anticompetitive. We were prepared to litigate this case, and I told the parties that. The required divestitures and behavioral prohibitions alleviate our concerns. Specifically, if approved by the court, this settlement will preserve competition in primary ticketing and maintain incentives to innovate and discount, thereby benefitting consumers. This is the right result.

The relief here is both structural and behavioral. The settlement requires Ticketmaster to divest more ticketing than it will gain through its acquisition of Live Nation. Simultaneously, the licensing solves a second competitive issue by giving AEG, an integrated competitor, the ability and incentive to compete with the combination of Ticketmaster and Live Nation for concert promotion, venue management, and ticketing.

Under the settlement, Ticketmaster will be required to license its ticketing software to AEG, its single largest customer. AEG will now have the opportunity and incentive to compete in primary ticketing, both in its own venues and third-party venues. Under the settlement, AEG will transition from using Ticketmaster for its ticketing needs, which last year involved about ten million tickets, to its own ticketing platform. Thus, the proposed settlement opens the door for AEG to become a vertically integrated competitor with competitive incentives similar to those of the merged company.

In addition, Ticketmaster will divest Paciolan, an established ticketing business that sells tens of millions of tickets annually. Within sixty days, Ticketmaster will divest Paciolan to Comcast-Spectacor, which has already signed a letter of intent, or some other buyer suitable to the Department.

The settlement provides tough anti-retaliation provisions that will keep the merged company in check and put them under a court order for ten years. The anti-retaliation provisions have three requirements. First, the merged firm will be forbidden from retaliating against any venue owner that chooses to use another company's ticketing services; second, it may not engage in any anticompetitive ticket bundling with promotion and artist services; and third, the company is barred from using consumer ticketing information to gain an unfair competitive advantage in its promotion business, and going forward venues may take their ticketing data with them should they switch ticketing services. I can assure you we will be vigilant in our enforcement of these provisions, and our strict enforcement should give AEG, Comcast-Spectacor, and others in the industry the confidence they need to make business decisions that maximize competition on the merits without fear of retaliation.

The linked structural and behavioral remedies in this settlement preserve and protect competition, while allowing the parties to achieve any consumer benefits that are associated with the merger. I am happy to answer your questions about the enforcement action we have taken today.

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