

State of California • Department of Justice
OFFICE OF THE ATTORNEY GENERAL
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Brown Joins U.S. DOJ and 16 States to Revise Ticketmaster/LiveNation Merger

Oakland -Attorney General Edmund G. Brown Jr. today joined sixteen state attorneys general and the United States Department of Justice in approving the Ticketmaster and LiveNation merger after requiring the two companies to agree to several changes that would create "a more competitive market" for concert tickets by allowing two new primary ticketing competitors.

In the settlement, concert-promoter AEG will be able to "self-ticket"and offer ticketing services at other venues, and Ticketmaster will divest its Paciolan ticketing system unit, a proprietary computer system used for ticketing events and contracts.

"Ticketmaster and LiveNation together dominate the market for concert tickets," Brown said. "Without serious competition, concert-goers will inevitably pay more for concert tickets. With this merger agreement, we're taking an important step to ensure a more competitive market for concert-ticket sales."

Ticketmaster Entertainment, based in West Hollywood, provides ticket sales, ticket resale services, and marketing and distribution services. It operates approximately 7,100 retail outlets and 17 worldwide call centers. In 2008, the company sold more than 141 million tickets valued at more than \$8.9 billion.

LiveNation, based in Beverly Hills, promotes, markets and sells live concerts. The company operates 140 venues in the United States. Starting in January 2009, LiveNation entered into the ticketing business, putting it in direct competition with Ticketmaster for the first time. After the launch of LiveNation's ticket system, Ticketmaster lost approximately 17% of its revenue.

In February 2009, Ticketmaster and LiveNation announced that the two companies would merge, creating a dominant force in ticketing and concert-promotion in the United States. The combined entity would control aspects of booking, promotion, "primary ticket sales" (tickets sold at their printed face value), "secondary ticket sales" (ticket sales that occur after the initial sale or "scalped tickets"), merchandising, direct marketing and other artist and venue relationships.

Due to the large number of California venues affected by the merger, Brown's office began an investigation into the impact of the merger on the concert-ticket market and found that LiveNation was the company best positioned to compete with Ticketmaster. The investigation found that the two companies together would hold a virtual monopoly position in the ticket distribution market, with little to no competition in primary ticketing for live music concerts.

The settlement seeks to allow for competition in the market by giving concert-promoter AEG the ability to ticket its own concert venues, as well as offer ticketing services at other venues. The agreement also spins off Paciolan, the ticketing unit controlled by Ticketmaster, into an independent ticketing company able to compete in the concert-ticket market.

Other states participating in the merger agreement include Arizona, Arkansas, Florida, Iowa, Illinois, Louisiana, Massachusetts, Nebraska, Nevada, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas and Wisconsin.

A Proposed Final Judgment and a list of California's largest concert venues affected by the agreement are attached.

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