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Massachusetts Attorney General Martha Coakley Reaches Settlement with Ticketmaster and Live Nation Over Alleged Anticompetitive Practices

Proposed Merger Would Reduce Competition in Ticketing Services

BOSTON - Today, Massachusetts Attorney General Martha Coakley, along with 16 other states and the U.S. Department of Justice (DOJ), reached a settlement with Ticketmaster and Live Nation that will restrict the merger of the two companies, allowing venues and consumers to benefit from increased competition in ticketing. Under the terms of the agreement, filed today in the United States District Court for the District of Columbia, Ticketmaster and Live Nation have agreed to make significant changes to their merger, including divesting assets and licensing software in order to make the ticketing market more competitive. The settlement is still subject to court approval.

“Our office became concerned that Live Nation and Ticketmaster would be the only option to get tickets to concerts when they announced their merger,” said Massachusetts Attorney General Martha Coakley. “We are pleased with today’s settlement, which should create a more competitive ticketing market. This increased competition should benefit both concert venues and the consumers who buy tickets to see events at those venues.”

Live Nation owns or operates venues in Massachusetts including the Comcast Center, Bank of America Pavilion and the Paradise Rock Club. Contracts between venues and primary ticketing companies are individually negotiated. In a typical contract, a venue agrees to use one primary ticketing company as its exclusive service provider for several years. In exchange, the primary ticketing company often agrees to pay to the venue a portion of the fees that the primary ticketing company charges to concertgoers who purchase tickets to events at the venue. The primary ticketing company also may agree to pay an up-front bonus or advance upon execution of the contract. Primary ticketing contracts typically prohibit venues from reselling the primary ticketing services they receive.

On February 10, 2009, Live Nation and Ticketmaster announced an all-stock merger transaction with an estimated value of \$2.5 billion. Shortly after learning of the planned merger, the DOJ and a number of the states became concerned about the merger’s effect on competition in the ticket sales market. The complaint, also filed today, alleges that the likely effect of the original merger transaction would have harmed consumers and venues by reducing competition substantially for primary ticketing services to major concert venues located in Massachusetts and in the United States.

The settlement requires Ticketmaster to license its ticketing platform to Anschutz Entertainment Group, Inc. (“AEG”). AEG is the second largest promoter in the United States (behind Live Nation), and the licensing agreement will enable AEG to become a new, independent, economically viable, and vertically integrated competitor in the market for primary ticketing services to major concert venues.

The settlement also requires Ticketmaster to divest its entire Paciolan business. Paciolan, is a venue-managed platform for selling tickets through the venue’s own website and other sales channels. This divestiture will establish another independent and economically viable competitor in the market for primary ticketing services to major concert venues. Ticketmaster currently licenses its Paciolan platform both directly to venues representing 3% of major U.S. concert venue capacity and to other primary ticketing companies that sublicense the Paciolan platform to venues representing an additional 4% of the relevant market.

Additionally, the settlement prohibits Live Nation and Ticketmaster from engaging in conduct that would impede effective competition. Specifically, the settlement forbids retaliation against venue owners who contract or consider contracting for primary ticketing services with the two companies’ competitors.

Ticketmaster is a Delaware corporation headquartered in West Hollywood, California. It is the largest provider of primary ticketing to major concert venues and others in the United States and the world. In 2008, Ticketmaster sold

more than 141 million tickets valued at over \$8.9 billion on behalf of more than 10,000 clients worldwide and earned approximately \$1.4 billion in gross revenues. Ticketmaster also owns a majority interest in Front Line Management Group, Inc., the largest artist management group in the country.

Live Nation is a Delaware corporation headquartered in Beverly Hills, California. It is the world's largest promoter of live concerts, with 2008 worldwide gross revenues of over \$4 billion. Live Nation's North American Music business principally involves the promotion of live music events at Live Nation owned and/or operated venues and in rented third-party venues primarily in the United States and Canada. Live Nation also owns or operates over seventy-five live entertainment venues of various sizes in the United States.

States joining Massachusetts and the DOJ in today's suit/settlement include: Arizona, Arkansas, California, Florida, Iowa, Illinois, Louisiana, Nebraska, Nevada, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas and Wisconsin.

This matter was handled by Assistant Attorneys General Matthew Lyons and William Matlack of Attorney General Coakley's Antitrust Division.

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