

TESTIMONY OF ROBERT W. DOYLE, JR.

BEFORE THE U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE ON COURTS AND COMPETITION POLICY

COMPETITION IN THE TICKETING AND PROMOTION INDUSTRY

**THE POTENTIAL ANTICOMPETITIVE EFFECTS OF THE PROPOSED
COMBINATION OF TICKETMASTER ENTERTAINMENT INC. AND
LIVE NATION, INC.**

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I. Introduction

Mr. Chairman, Ranking Member Conyers, and other distinguished members of the Committee on the Judiciary, Subcommittee on Courts and Competition Policy, I want to thank you for giving me the opportunity today to speak about competitive concerns arising from increased concentration in the ticketing and promotion business and, specifically, on the competitive impact of the proposed merger of Ticketmaster and Live Nation.

My testimony is based on over 30 years of experience as an antitrust practitioner, the majority of which was spent as an antitrust enforcer at the Federal Trade Commission (“FTC”), and in several senior management positions, including Deputy Assistant Director for Litigation at the FTC’s Bureau of Competition. I currently practice before the FTC and the Department of Justice’s Antitrust Division, and frequently represent consumer groups, manufacturers and other service providers, raising concerns about mergers under investigation by the Antitrust Division or the FTC. I do not represent

anyone here today, appear at the invitation of the subcommittee only to give my personal views of the proposed merger.

My message today is a simple one: based on public facts available, the Ticketmaster/Live Nation proposed merger poses very serious competitive concerns, and likely harms competition in the ticketing for and promotion of concerts in the United States. Ticketmaster already holds a virtual monopoly position in the ticket distribution market and faced little to no significant competition until the entry of Live Nation in January of 2009, just over a month ago.

It was only four months ago when Live Nation and SMG, the global leader in venue management, announced a multi-year strategic alliance bringing 25 million tickets to Live Nation Ticketing.¹ Live Nation stated in its press release that it would be a ticketing alternative for third party venues and that Live Nation, in its first year, expected to handle more than 10 million tickets for Live Nation venues alone. The SMG deal was to ramp up Live Nation's ticketing business up to five million tickets annually by 2011 as SMG's current contracts with Ticketmaster expire. On the same day of the Live Nation/SMG announcement, Ticketmaster responded:

Every fan of live entertainment is well familiar with theatrics. The SMG/Live Nation 'news' release regarding ticketing is just that – theatrics. As often is the case, theatre can be entertaining, but it does not completely reflect reality.²

Ticketmaster went on to explain that the Live Nation/SMG announcement would not impact its business in the short term because SMG already signed exclusive agreements

¹ Live Nation Press Release, "Live Nation and SMG Announce Multi-Year Strategic Alliance Bringing 25 Million Tickets to Live Nation Ticketing," September 11, 2008. SMG provides management services to 216 public assembly facilities including 75 arenas, 9 stadiums, 66 convention centers, 52 performing arts centers and 14 other recreational facilities. Attached as Exhibit 1.

² Ticketmaster Press Release, "Ticketmaster's Response to Live Nation-SMG Announcement," September 11, 2008. Attached as Exhibit 2.

with Ticketmaster, tying up 70% of the tickets sold in SMG venues through December 31, 2010. Ticketmaster also stated that if SMG does not make decisions that reflect their best interests that SMG could lose venue management contracts and that Ticketmaster might decide to enter the venue management business as well. Knowing that it was in for a fight, Ticketmaster closed on its acquisition of a controlling equity interest in Front Line Management, the world's leading artist management company, on October 30, 2008.³

As reported by the Wall Street Journal this past weekend:

the two companies were squarely on a collision course, headed ...for a brutal war ... Live Nation stopped doing business with Ticketmaster and instead launched a rival ticket-selling service. That hit Ticketmaster on the bottom line: As recently as 2007, Live Nation generated 17% of Ticketmaster's overall revenue.⁴

Essentially, Ticketmaster and Live Nation decided to stop the fight before it even got started and join forces to eliminate competition and foreclose any potential threats. Not only does the merger directly eliminate horizontal competition, which may be enough for the antitrust authorities to eventually block the merger, the merger raises serious vertical concerns as well. By combining Ticketmaster's monopoly position in ticketing services with Live Nation, the largest concert promoter in the world, the merged firm will be able to foreclose competition in both markets, and raise barriers to entry, leading to less choice and higher prices to consumers.

³ Ticketmaster Press Release, "Ticketmaster Entertainment, Inc. Announces Completion of Transaction To Acquire Controlling Interest in Front Line Management," October 30, 2008. Attached as Exhibit 3.

⁴ Ethan Smith, "Can He Save Rock 'n' Roll? --- Irving Azoff Wants to Concentrate Power in the Music World Like Never Before; Bruce Springsteen Objects," Wall Street Journal, at A12, February 21, 2009. Attached as Exhibit 4.

Today's hearing and continued monitoring of this merger by this Committee are vital to assuring a competitive marketplace in the ticketing and promotion industries because this merger has the potential to:

- Eliminate competition in the primary ticket services market;
- Reduce competition in the secondary ticket services market;
- Reduce competition in the management of top tier artists; and
- Reduce competition in the concert promotion industry.

I begin by providing some background relating to the two parties, then provide the framework of the competitive analysis of the merger, and conclude that permitting the consummation of this merger will more than likely lead to higher prices to consumers and reduced consumer choices.

II. Background on the Merging Parties

Ticketmaster Entertainment consists of Ticketmaster and Front Line Management Group. Ticketmaster operates in 20 global markets, providing ticket sales, ticket resale services, marketing and distribution through www.ticketmaster.com, one of the largest e-commerce sites on the Internet; approximately 6,700 retail outlets; and 16 worldwide call centers. Ticketmaster serves more than 11,000 clients worldwide across multiple event categories, providing exclusive ticketing services for leading arenas, stadiums, professional sports franchises and leagues, college sports teams, performing arts venues, museums, and theaters. In 2007, the company processed more than 280 million tickets and sold more than 141 million tickets valued at over \$8.3 billion on behalf of its clients.

Ticketmaster Entertainment acquired a controlling interest in Front Line in October 2008. Founded by Irving Azoff and Howard Kaufman in 2004, Front Line is the world's leading artist management company, with nearly 200 clients and more than 80 executive managers. Front Line represents a wide range of major artists, including the

Eagles, Jimmy Buffett, Neil Diamond, Van Halen, Fleetwood Mac, Christina Aguilera, Stevie Nicks, Aerosmith, Steely Dan, Chicago, Journey, Miley Cyrus, and Guns N' Roses.

Live Nation is the world's largest live music company. Globally, it owns, operates, has booking rights for and/or has an equity interest in more than 155 venues, including *House of Blues* music venues and prestigious locations such as *The Fillmore* in San Francisco, Nikon at Jones Beach Theater in New York and London's Wembley Arena. In addition, Live Nation also produces, promotes or hosts theatrical, specialized motor sports and other live entertainment events. In 2007, it connected over 64 million fans, including over 45 million live music fans, with their favorite performers at approximately 28,000 events in 18 countries around the world. In addition, Live Nation has multiyear contracts with Madonna, Jay-Z, U2, Nickelback, and Shakira. Live Nation also rolled up dozens of regional promoters.

Ticketmaster began seeking its own new model for the music business with the acquisition of a controlling interest in Front Line in the fourth quarter of 2008. The pending deal with Live Nation appears to represent a further step in that quest to become vertically integrated, which could potentially harm all consumers.

III. Competition Analysis

I begin with a couple of important concepts to consider in analyzing the potential impact of the Ticketmaster/Live Nation merger.

First, merger analysis focuses on the unique economic conditions of each relevant antitrust market. In any antitrust investigation, it is tremendously important to understand how competition works in the industry under investigation. There are various levels of

competition between Ticketmaster and Live Nation as well as the vertical integration of two heavyweights that raise serious antitrust concerns in both the ticketing and promotion business. Combining firms that are dominant in ticketing and promotion offers the opportunity for several types of market manipulation. Because of these factors, the DOJ should be even more concerned about the potential exercise of market power, because even a modest degree of market power enables the combined entity to harm competition and the ultimate consumer.

IV. Potential Relevant Markets in the Ticketing and Promotion Industry

There appears to be several relevant product markets that the DOJ will investigate with respect to the distribution of tickets for live events. The parties may argue that the relevant market is broader than the primary distribution of tickets, but the Antitrust Division should be skeptical of such arguments. It seems clear that the primary distribution of tickets is a relevant antitrust market because Ticketmaster consistently raised the prices of convenience fees for concerts at large venues as ticket prices have increased for the past twelve years. Thus, the relevant product market that may raise the most antitrust concern is the primary distribution of concert tickets for tier one or large venues. Concerns may also exist for the primary distribution of sports tickets for tier one or large venues and the primary distribution of tickets for live events at any size venue. Other concerns may exist for the secondary distribution of tickets for live events, the management of musicians/artists/talent, and the promotion of concerts.

1. Ticketing

At a high level, here is my understanding of the industry. The live event ticketing market consists primarily of sporting events and concerts. The overall market generated

roughly \$21 billion in gross ticket sales in 2007 (sporting events: \$14.3 billion and concerts: \$6.7 billion). In addition, roughly \$2.6 billion in event tickets are sold online on a secondary basis, making Ticketmaster's addressable market in the United States approximately \$24 billion. The Antitrust Division, however, will likely differentiate between primary ticket sales and secondary ticket sales and even further differentiate between concerts and sporting events.

Primary tickets are tickets sold by or on behalf of the event presenter.

Ticketmaster generally serves as the exclusive ticket sales agent because of its contractual relationships with venues. Tickets are offered simultaneously through a variety of distribution channels including: online, sales outlets, call centers, and box offices. This system is made possible through licensing of the Ticketmaster System and related equipment in client locations and throughout the Ticketmaster distribution channel. For each ticket sold outside of the box office, Ticketmaster charges the consumer a per ticket convenience charge, a per order processing fee, and optional premium delivery charges.

Ticketmaster and the venue share the revenue generated from the convenience charges. They negotiate on the percentage of the revenue sharing or negotiate some fixed fee arrangement. This revenue sharing means that a price increase to the venue would come in the form of Ticketmaster asking for a higher percentage of the revenue generated from convenience fees or a higher fixed fee.

In addition, Ticketmaster offers resale ticket services. It competes in this so-called secondary market through its acquisitions of TicketsNow and GetMeIn! in February 2008. This arm resulted in heated discussion regarding potential conflict of interest issues (Bruce Springsteen) because Ticketmaster is almost always the primary

seller and if it provides a certain percentage of tickets to its own reseller, it maintains the ability and incentive to resell higher priced tickets in the secondary market.

Ticketmaster, through TicketsNow, in effect, scalps its own tickets to the economic detriment of sports and concert consumers.

In summary, ticketing service companies provide the service of marketing the product (tickets) of arenas (stadiums, theaters, sports arenas), which put on sporting events, concerns, shows, and other events attended in person. The business of distributing tickets is complex as the size of audiences and the size of the arenas increased to accommodate them. The task of selling tickets to the public for large venues became complex from the days of straight forward box office sales at the arena to: the box office at the arena; remote box offices (retail outlets); sales by telephone by call centers; and, the internet. To sell tickets in each mode at the same time requires the use of multiple networked computers operating at each of the points of sale, which possess the software capability to determine what tickets are available to be sold at any time and to manage the inventory of tickets for each event. Some small regional ticketing companies provide these services for small venues and some arenas (large and small) run their own internal ticket operation distributing tickets themselves by licensing the necessary software. While a number of software vendors exist, Ticketmaster is strong in this business as well.

I do not believe that software licensing firms (including Ticketmaster's software business) and small regional ticket service providers should be included in the market because they have not been able to effectively compete with Ticketmaster over the years for the business of large venues. Thus, the relevant market could be: full service ticket

distribution services purchased by tier one or large venues.

The question will be what is a large venue? Is a large venue more than 5,000 seats, 10,000 seats, or 15,000 seats? From talking to some venue operators, the answer seems to be that a large venue has 15,000 seats or more, but this definition is something that the Antitrust Division needs to examine further. Large ticket distribution business like Ticketmaster, Live Nation, and Tickets.com do business by signing a long term exclusive contract with a venue (or arena). They provide the ticketing infrastructure, including the hardware and software. Contracts are usually exclusive - meaning that the venue may not sell tickets through any other ticketing service company. Contracts are usually long term (three to ten years). Venues frequently demand substantial sums in advance.

2. Talent Management and Promotion of Concerts

Both Ticketmaster and Live Nation compete in the management of tier one or top flight artists/musicians so that may be a relevant market that the Antitrust Division may investigate as well.

Concert promotion may be a relevant market where competition may be harmed. While there does not appear to be any horizontal overlap in concert promotion between Ticketmaster and Live Nation, Live Nation is the largest concert promoter in the United States. Generally, I believe the market works in the follow manner. Musical artists contract with booking agents to serve as the artists' authorized representatives concerning the booking of live concerts. Booking agents sell concerts to concert promoters. The concert promoter subsequently resells the concert to the public in the form of a concert ticket. The concert promoter is financially responsible for the concert. For example, the

concert promoter is responsible for advertising and marketing the concert. Also, the concert promoter is responsible for concert expenses such as transportation, hotel costs, sound and lighting equipment, security, ushers, ticket takers, and stage managers. The concert promoter is responsible for securing the venue for the concert. The promoter earns a profit if the revenue generated from ticket sales and other sources of income such as sponsorship deals, food and beverage sales, and merchandise sales exceeds its expenses.

V. What Are the Potential Anticompetitive Effects of the Merger?

1. Horizontal Concerns

When analyzing mergers, the first step is usually to identify where the two merging parties compete. If they both compete in the same business, the merger presents what is referred to as a horizontal antitrust concern. The antitrust agencies typically identify horizontal concerns and then examine the market structure to determine whether the transaction is anticompetitive. The analysis can be very complicated as it is fact specific. When the antitrust agencies identify a problem with a particular transaction because of a horizontal antitrust concern, the agencies normally require a structural remedy to resolve the concern. For example, the agencies may require the parties to divest one of the competing businesses to a viable firm so that competition is maintained.

The most obvious horizontal antitrust concern presented by the merger is the elimination of Live Nation as a competitor in the business of distributing tickets for large venues. According to Pollstar, Ticketmaster sells tickets for more than 80% of the major arenas and stadiums in the United States. Some industry participants estimate that Ticketmaster may distribute tickets for approximately 90% of all concerts performed at

large venues in the United States. The rest of the market share is controlled by Live Nation, Tickets.com, and others. Whether the market share is 80% or 90%, we are talking about a highly concentrated market. Some might say that given its recent entry that Live Nation's market share is small and Live Nation's technology is not up to par so really these two firms do not compete. This type of reasoning is flawed. First, Live Nation entered into a five year ticket distribution contract with Ticketmaster's largest client, SMG, only several months ago. This contract should be considered a major accomplishment by a new entrant and it suggests that Live Nation, given time, would have been a real alternative for third party vendors. Second, analysts predicted that Live Nation was going to process the ticketing of over 22 million tickets this year. Third, Live Nation owns venues, manages talent, and promotes more concerts than any other promoter in the world. If anyone could be a successful entrant to finally challenge the dominance of Ticketmaster, it would have been Live Nation. Tickets.com, owned by Major League Baseball, has been around a long time and, from what I have been able to gather, it appears that it is still not a significant competitor. Smaller competitors bid for contracts and, in addition to Tickets.com, a couple of other ticket service providers may have contracts with a handful of venues but, clearly, Ticketmaster maintained its monopoly position even prior to this acquisition. At first glance, this market structure suggests to me that significant competition did not exist prior to Live Nation's entry. ***If proven true after an investigation that Live Nation planned to expand in the business of providing full service ticket distribution services to large venues, the elimination of Live Nation, a new entrant, is sufficient reason for the government to block the transaction.***

Ticketmaster, through TicketsNow, competes in the secondary ticket distribution market and Live Nation reportedly planned to enter the market. While Ticketmaster is a relatively small player in this market compared to others such as StubHub, this merger provides Ticketmaster with the ability to capture a large portion of the secondary ticketing market. The merger of Ticketmaster and Live Nation provides it with so much leverage over artists, managers, promoters, and venues that it is not a far leap to think that somehow the combined firm will be able to increase its market share in the very profitable secondary ticket market. Again, the potential competition from Live Nation will be eliminated if the merger is consummated.

2. Vertical Concerns

When analyzing vertical issues in merger deals, the first concern is that vertical integration raises entry barriers and forecloses non-integrated firms from a market in which the merged firm would operate. The second is that the integration may raise competitors' costs in an anticompetitive manner or reduce the incentives of either the merged firm or its rivals to compete. The barrier-to-entry and foreclosure concerns are essentially two sides of the same coin. If the newly integrated firm forecloses unintegrated rivals from raw materials on the upstream side or a market on the downstream side, the rivals will have to integrate themselves or they will lose, and new entrants will have to enter at both market levels in order to succeed. Integration may reduce the incentives of the non-integrated firm to compete. If the non-integrated firm believes that it faces exclusion or discrimination from the integrated firm, it may choose to withdraw from the market or compete less aggressively. Competitors in the business of providing ticket services to venues will find themselves in this very situation as a

result of the Ticketmaster/Live Nation combination.

As in the case of horizontal mergers, the Antitrust Division is usually most comfortable with structural remedies because they provide the greatest assurance of an effective cure without a need for continuous monitoring. Another important consideration is that vertical mergers, in general, have a potential for producing significant efficiencies that might be forsaken if structural relief is required. Thus, if it appears that a vertical merger generates substantial merger-specific efficiencies, non-structural relief will be considered. There are, however, some important qualifications. First, is whether there is a form of non-structural relief that will effectively solve the problem? Second, can private parties effectively protect themselves through contractual provisions? Third, is there a form of non-structural relief that will not be too regulatory? The answer to these questions in this deal seem to be no.

Here, a combination of the two companies puts the combined Ticketmaster/Live Nation in all levels of the live concert business: the representation and management of artists; the promotion of concerts; the sale of tickets; the control and ownership of some venues; the ownership of artist merchandise and music apparel; and, the control of fan clubs. This vertical integration raises foreclosure issues that may suppress competition in at least three markets: in the primary distribution of ticketing services for large venues; the promotion of concert tours; and the management of artists.

Combining Ticketmaster's leading position in the full service ticket distribution business with Live Nation's leading position in the promotion of concerts may harm venue managers and venues. The combined entity will be able to leverage its ties to superstar talent in negotiations with venues relating to the ticket distribution business. It

will further be able to dictate financial terms to venues with the threat of steering major concerts to other venues. For example, the combined entity could say, if you want Madonna, Aerosmith, or Jay-Z, you must use our ticket distribution business. This would exclude other primary ticket distribution companies from effectively competing for venues. Even in situations where the venue may already provide itself with its own ticket distribution system, the combined firm would have the ability to demand that some of the ticket sales be controlled by Ticketmaster. For example, the combined firm could say to a venue that has its own ticket distribution system that Aerosmith will only come to your venue if Ticketmaster sells X% of the tickets. The venue will either have to take it or leave it even though it has its own ticket distribution system in place. This concern seems to be a real concern for venues. That being said, there are always exceptions for certain venues that may have some leverage because of unique circumstances related to the venue such as location.

If the merger is consummated, venues will have even less choices for full service ticket service providers than they do today. Competing primary and secondary ticket service providers will increasingly face difficulty building critical mass to effectively compete as they will be foreclosed from the market. As venues make the decision to enter into long term contracts with Ticketmaster because of the concern on losing out on the next big concert tour, ticket service companies will find it increasingly difficult to survive.

The vertical integration of the two firms could harm independent promoters of concerts. The combined entity will have access to competitively sensitive information which will certainly disadvantage competing concert promoters. The combined firm will

have access to competing promoters' ticket sales information, customer data bases, and the financial terms of their ticketing agreements. The combined firm will also be in a position to decrease the financial terms of competing concert promoters' ticketing agreements when they come up for renewal.

Competing managers of talent will increasingly have a difficult time competing with the vertically integrated firm because they will not be able to offer their clients similar services and revenue streams as the combined firm.

VI. Entry into Full Service Ticketing Distribution is Difficult

Some venue managers explained that it is relatively easy for them to enter the business of providing ticketing services for themselves; however, the venue operator/owner must have a sufficient amount of ticket volume for it to justify spending the money necessary to develop a system. So what initially sounds like it is easy is actually difficult because most single NBA venues, for example, do not generate enough ticket sales to warrant the expense of creating their own ticket distribution system. It is generally not worth it for an owner or manager of one large venue to go through with the expense of creating a ticket distribution system for a venue that does not generate a high enough volume of ticket sales to justify the cost. Some venues will explain that they have been able to set up their own systems. The venue operators that have been successful in setting up their own system did so by licensing software, hiring telephone operators, and opening a local box office because they own more than one venue that caters to more than one sports team. A venue operator that controls more than one venue and more than one team may have enough ticket sale volume to justify the cost of creating its own ticket distribution system. On the other hand, Tickets.com, a long time

competitor to Ticketmaster, has been around for years and has still not developed into a significant competitor. Moreover, switching costs are relatively high and many venue operators view switching as risky. Ticketmaster generally provides the technology at little to no cost to the client (in exchange for the right to sell a portion of tickets available and revenue sharing of the convenience fees), so the company has a sustainable competitive advantage from the scale of its technology installed base. Exclusive long term contracts with multiple large venues also act as a barrier to entry into the ticket business. The entry barriers are exacerbated by the business power of Ticketmaster's name and reputation, by the difficulty of establishing retail outlets before bidding, by the number of long term contracts with multiple venue producers and venue managers and the desirable retail establishments.

VII. Conclusion

Ticket prices and convenience fees continue to increase and they will continue to increase further if the merger is consummated. The merging parties argue that they will be able to drive down costs, which in turn will mean ticket prices may decrease. That would be a first if a merger that eliminates competition results in lower prices for the ultimate consumer. I have to say that I am skeptical that ticket prices and convenience fees will decline as a result of this merger. It is possible that the convenience fee could disappear but that does not mean that the consumer will be paying a lower price. First, the fact that a secondary market exists whereby consumers pay double or triple the face value of the ticket price suggests that the merging parties will be able to raise prices in the primary market, even if they do away with the convenience fees. Second, it seems clear to me that some of the concerns of venues, promoters, and managers are real.

Without the need to say anything, Ticketmaster/Live Nation know that this merger gives them leverage in negotiations with venues and anyone else involved in the concert business. Again, focusing on this weekend's Wall Street Journal article, which states:

Mr. Azoff isn't shy about using his gold-plated roster as leverage when negotiating with concert promoters. "It's done with a wink," he says. "There's never a conversation that says, 'If you don't extend this rent deal to Journey and the Eagles, I'm not going . . . to let Jimmy Buffett play your building.'⁵

Essentially, Mr. Azoff is saying that he knows he has market power and he knows how to use leverage in negotiations with venues and he does not even need to use words to accomplish his goals. The venues understand the drill. This merger gives Mr. Azoff much more leverage. He can exercise leverage with a wink.

My final thought on the merger is much like my first thought. Ticketmaster and Live Nation were set to battle each starting in the fourth quarter of 2008. They both made strategic plans to compete against each other. Live Nation could have entered the full service ticket distribution business to provide venues with a true alternative to Ticketmaster, provided venues with a higher percentage of the convenience fees, and ultimately lowered convenience fees to the consumer in an attempt to compete with Ticketmaster. Instead of following through with their plans to compete, earlier this month, they decided that they should merge and eliminate all competition. Obviously, I do not have all the facts but based on what we know so far, it is hard to imagine that this merger, which effectively kills competition is really procompetitive.

⁵ Exhibit 4.

EXHIBIT 1

LIVE NATION AND SMG ANNOUNCE MULTI-YEAR STRATEGIC ALLIANCE BRINGING 25 MILLION TICKETS TO LIVE NATION TICKETING

Deal enhances relationship between world's largest live entertainment company and world's leading venue operator

Los Angeles, Calif. September 11, 2008 Live Nation (NYSE: LYV) and SMG announced today that they have formed a strategic alliance that will help the two companies strengthen ticketing and entertainment content at SMG venues across North America.

The alliance allows Live Nation to enter into an exclusive agreement to sell tickets at North American facilities controlled by the world's leading venue management company, SMG. The first tickets will transition to Live Nation Ticketing in late 2009 and are expected to ramp up to an estimated 5 million tickets annually by 2011 as SMG's current ticketing contracts expire. The total tickets included in the deal amount to approximately 25 million over the term of the deal.

In January 2009, Live Nation Ticketing will launch as a full service, in-house ticketing company to manage Live Nation's ticketing gateway, LiveNation.com, and as a ticketing alternative for third-party venues. The new ticketing platform will allow Live Nation to control customer data, create enhanced ticket-based concert products and capitalize on expanded distribution channels and sponsorship opportunities.

SMG's alliance with Live Nation Ticketing positions the company and its clients to enhance the quantity and quality of entertainment content at the venues it operates. The state-of-the-art ticketing system will also enable SMG clients to offer a host of additional opportunities to sponsors and guests.

In its very first year of operation, Live Nation Ticketing is expected to handle more than 10 million tickets for Live Nation venues alone. These numbers are expected to grow annually to approximately 13 million by 2010 as tickets from Live Nation's House of Blues venues become available to the company. The incremental tickets included in the SMG deal represent an estimated 25% annual increase in the 13 million tickets Live Nation Ticketing already expects to service from Live Nation venues across North America.

"This alliance increases our expected total ticket inventory by 25 percent over the next seven years, and that's before we even flip the switch on Live Nation Ticketing," said Nathan Hubbard, Chief Executive Officer of Live Nation Ticketing. "The fact that SMG, the world leader in venue management, has selected our new ticketing platform as its exclusive service provider validates that our unique content plus ticketing proposition delivers a double win via one single provider."

"We have enjoyed a great relationship with Live Nation over the years. This alliance is unique because it will enhance our ability to drive content to our venues while combining technology and distribution to help our clients maximize attendance and build their business," said Wes Westley, SMG's President. "We look forward to exploring other future opportunities to strengthen our partnership with Live Nation."

“This is the next step in our strategic plan to capitalize on our leadership in live music and complete our direct connection to the fan,” said Jason Garner, Live Nation’s Chief Executive Officer of North American Music. “We already enjoy a close relationship with SMG as the largest content supplier to the venues they manage. This partnership truly aligns our interests to feed our core businesses.”

ABOUT LIVE NATION:

Live Nation is the future of the music business. With the most live concerts, music venues and festivals in the world and the most comprehensive concert search engine on the web, Live Nation is revolutionizing the music industry: onstage and online. Headquartered in Los Angeles, California, Live Nation is listed on the New York Stock Exchange, trading under the symbol "LYV." Additional information about the company can be found at www.livenation.com under the “About Us” section.

ABOUT SMG:

In business since 1977, SMG provides management services to 216 public assembly facilities including 75 arenas, 9 stadiums, 66 convention centers, 52 performing arts centers and 14 other recreational facilities, making it the global leader in venue management. In 2007, SMG hosted over 10,000 events, attracting more than 50 million patrons. As the recognized global industry leader, SMG provides construction and design consulting, pre-opening services, venue management, sales, marketing, event booking and programming. SMG is owned by American Capital, LTD (NASDAQ: ACAS), a private equity fund with \$20 billion in capital resources under management.

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EXHIBIT 2

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Source: Ticketmaster

Ticketmaster's Response to Live Nation-SMG Announcement

Thursday September 11, 6:51 pm ET

WEST HOLLYWOOD, Calif., Sept. 11, 2008 (GLOBE NEWSWIRE) -- The following statement is Ticketmaster's (NasdaqGS:TKTM - [News](#)) official response to an announcement made today by Live Nation and SMG and can be attributed to Sean Moriarty, Ticketmaster CEO and president:

"Every fan of live entertainment is well familiar with theatrics. The SMG/LiveNation 'news' release regarding ticketing is just that - theatrics. As often is the case, theatre can be entertaining, but it does not completely reflect reality.

So for the record, here is reality:

1. The announcement will have no short term impact on our business. Why? Because last week SMG signed an extension to our global master agreements with them through the end of 2010, and ratified multi-year contract extensions to half of the buildings they manage and we ticket today. In other words, less than 250 thousand tickets (of the 141 million we sold in 2007) are at possible risk with SMG in 2009; and SMG has exclusive contractual obligations to Ticketmaster through December 31, 2010 covering approximately 70 percent of the tickets we sell in SMG venues today.
2. We expect that the announcement will have little medium term impact, and we will do our best to ensure it has minimal long term impact as well. Why? Because SMG does not own the venues they manage. SMG has a responsibility to make recommendations in accordance with the best interests of the municipalities that they represent. They mostly choose partners based on either a formal "request for proposal" process or otherwise in a competitive bidding process. Regardless of this announcement, we will continue to bid and expect to win on the merits.
3. Similar to our need to constantly prove our value and re-sign expiring venue contracts in a competitive marketplace, SMG must compete for venue management contracts against AEG, Global Spectrum, VenueWorks and others. If SMG makes decisions which no longer reflect the best interests of their clients, the results will be obvious - and causes us to consider whether we should enter the venue management business as well."

About Ticketmaster

As the world's leading live entertainment ticketing and marketing company, Ticketmaster connects the world to live entertainment. Ticketmaster operates in 20 global markets, providing ticket sales, ticket resale services, marketing and distribution through <http://www.ticketmaster.com>, one of the largest e-commerce sites on the Internet; approximately 6,700 retail outlets; and 21 worldwide call centers. Established in 1976, Ticketmaster serves more than 10,000 clients worldwide across multiple event categories, providing exclusive ticketing services for leading arenas, stadiums, professional sports franchises and leagues, college sports teams, performing arts venues, museums, and theaters. In 2007, the company sold more than 141 million tickets valued at over \$8.3 billion on behalf

of its clients. Ticketmaster is headquartered in West Hollywood, California (NasdaqGS:TKTM - [News](#)).

Safe Harbor Statement

This news release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to Ticketmaster anticipated financial performance, business prospects, new developments and similar matters, and/or statements that use words such as "anticipates," "estimates," "expects," "intends," "plans," "believes" and similar expressions. These forward-looking statements are based on management's current expectations and assumptions, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: Ticketmaster's ability to operate effectively as a public company following its spin-off from IAC; changes in economic conditions generally or in the live entertainment industry; the ability of Ticketmaster to retain existing and obtain new clients; Ticketmaster's ability to maintain Ticketmaster's brand recognition and attract and retain customers in a cost-effective manner; integration of historical and future acquisitions; the ability of Ticketmaster to expand successfully in international markets; changing customer requirements and industry standards; and regulatory changes. Certain of these and other risks and uncertainties are discussed in Ticketmaster filings with the Securities and Exchange Commission, including in its Post-Effective Amendment No. 1 to Form S-1 filed with the Securities and Exchange Commission on August 20, 2008. Other unknown or unpredictable factors also could have a material adverse effect on Ticketmaster's business, financial condition and results of operations. In light of these risks and uncertainties, these forward-looking statements may not occur. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of Ticketmaster management as of the date of this news release. Ticketmaster does not undertake to update these forward-looking statements.

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EXHIBIT 3

TICKETMASTER ENTERTAINMENT, INC. ANNOUNCES COMPLETION OF TRANSACTION TO ACQUIRE CONTROLLING INTEREST IN FRONT LINE MANAGEMENT

WEST HOLLYWOOD, CALIF. -- October 30, 2008 – Ticketmaster Entertainment, Inc. (NASDAQ:TKTM), a leading diversified live entertainment ticketing and marketing company, today announced the completion of the previously announced transaction to acquire a controlling equity interest in Front Line Management Group, Inc., for \$123 million in cash. In connection with the transaction, the company changed its name from Ticketmaster to Ticketmaster Entertainment, Inc. Ticketmaster Entertainment consists of both Ticketmaster, the world's leading live entertainment ticketing and marketing company, and Front Line, the world's leading artist management company, and is uniquely positioned to transform the music and live entertainment industries by strengthening the artist-to-fan experience. Irving Azoff, founder and chief executive officer of Front Line, has assumed the post of chief executive officer of Ticketmaster Entertainment. Additionally, Ticketmaster Entertainment appointees include: Sean Moriarty, president of Ticketmaster Entertainment, Inc. and chief executive officer of Ticketmaster; Terry Barnes, chairman of Ticketmaster; Eric Korman, president of Ticketmaster; and Howard Kaufman, special advisor to Mr. Azoff.

About Ticketmaster Entertainment, Inc.

Ticketmaster Entertainment consists of Ticketmaster and Front Line Management Group. As the world's leading live entertainment ticketing and marketing company, Ticketmaster connects the world to live entertainment. Ticketmaster operates in 20 global markets, providing ticket sales, ticket resale services, marketing and distribution through www.ticketmaster.com, one of the largest e-commerce sites on the Internet, approximately 6,700 retail outlets; and 19 worldwide call centers. Established in 1976, Ticketmaster serves more than 10,000 clients worldwide across multiple event categories, providing exclusive ticketing services for leading arenas, stadiums, professional sports franchises and leagues, college sports teams, performing arts venues, museums, and theaters. In 2007, the company sold more than 141 million tickets valued at over \$8.3 billion on behalf of its clients. Ticketmaster Entertainment acquired a controlling interest in Front Line Management Group in October 2008. Founded by Irving Azoff and Howard Kaufman in 2004, Front Line is the world's leading artist management company, with nearly 200 clients and more than 80 executive managers. Front Line represents a wide range of major artists, including the Eagles, Jimmy Buffett, Neil Diamond, Van Halen, Fleetwood Mac, Christina Aguilera, Stevie Nicks, Aerosmith, Steely Dan, Chicago, Journey, and Guns N' Roses. Ticketmaster Entertainment, Inc. is headquartered in West Hollywood, California (NASDAQ:TKTM).

EXHIBIT 4

All Things Digital. Tech and Media News		more stories
Walter S. Mossberg	Unigo.com Gives Everyone a Say About College Picks	02.19 - 6:02 pm PT
John Paczkowski	Motorola: Good Bye	02.24 - 6:50 am PT
Peter Kafka	Jeff Bezos Sells The Kindle To Jon Stewart: "We'd Make It ...	02.24 - 4:50 am PT

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FEBRUARY 21, 2009

Can He Save Rock 'n' Roll?

Irving Azoff Wants to Concentrate Power in the Music World Like Never Before; Bruce Springsteen Objects

By ETHAN SMITH

(See Corrections & Amplifications below.)

Irving Azoff, the most powerful man in the music industry, sat in an armchair in his spacious Beverly Hills bathroom, firing off emails. His proposal to upend the business of rock 'n' roll -- by merging mammoth concert promoter Live Nation with his own empire, Ticketmaster -- was hitting some snags.

But Mr. Azoff had other priorities. It was also Grammy Awards day, so Mr. Azoff, the legendary manager of musicians' careers, was emailing with Don Henley, the Eagles singer and a top client, about whether he'd won anything yet. Another executive tapped out emails of his own, sitting on the edge of Mr. Azoff's bathtub.

This kind of attentiveness to his rock-star clientele, combined with his skill at negotiating the contracts that make them rich, is the source of Mr. Azoff's influence. His aggressiveness on artists' behalf is legendary. "He may be Satan, but he's our Satan," Mr. Henley quipped during a 1998 speech at the Rock and Roll Hall of Fame.

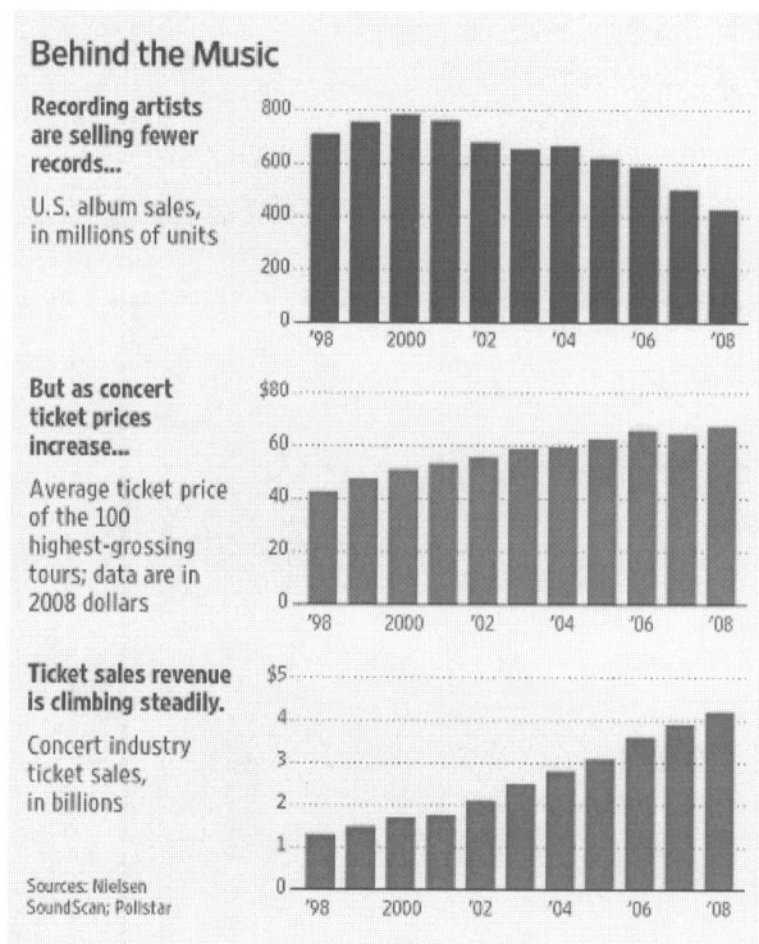
Mr. Azoff's proposed merger would concentrate power in the music industry like never before. It could also occasionally put him in direct conflict across the negotiating table -- with himself.

If Live Nation merges with Ticketmaster, the new company will be both artist manager and concert promoter, two sides whose interests don't always align. A musician's manager wants to squeeze the most money possible out of a concert promoter, and this has been Mr. Azoff's role through his Front Line Management firm, which is part of Ticketmaster. A concert promoter such as Live Nation, which shoulders the risk of financing a tour, has the opposite motivation.

"You certainly have conflicts of interest," says Gregg Perloff, an independent concert promoter in Northern California.

Mr. Azoff, 61 years old, says his loyalties haven't changed. "The artist's interests always come first," he said in

a recent interview.



Last week, the Justice Department's antitrust division opened an investigation amid concerns the deal could reduce competition. This week, Mr. Azoff and Live Nation CEO Michael Rapino are to testify before the antitrust subcommittees of the Senate and House.

The company he's trying to assemble would dominate three major businesses: artist management, ticket sales and the staging of live concerts. Mr. Azoff is chief executive of Ticketmaster Entertainment Inc., the largest ticket vendor in the world, which in turn owns Front Line, the world's biggest talent-management company, representing more than 200 stars including Christina Aguilera, Willie Nelson, Miley Cyrus and Neil Diamond. Merging with Live Nation Inc. would add the world's biggest concert promoter to the mix.

For decades, landing a fat record deal was a musician's path to riches. But today, with compact-disc sales falling off

a cliff, touring is one of the few ways to reliably convert music into money.

Mr. Azoff says his deal will resurrect the flailing music business by reducing the number of middlemen between artists and fans, which he says will enable more efficient pricing and other opportunities.

Some investors appear skeptical he can pull it off. Shares in both companies have fallen by more than 30% since news of the merger emerged on Feb. 9. The chairman of Live Nation's largest shareholder, Shapiro Capital Management Co., said he is likely to oppose the deal. A Ticketmaster shareholder has filed suit in Los Angeles Superior Court charging that the deal undervalues the company.

In a music career that spans four decades, Mr. Azoff has shown a knack for putting himself where the money is. In the early 1970s, he worked for David Geffen, who would later create Geffen Records and the DreamWorks film studios. In the 1980s and 1990s, when CD sales took off, Mr. Azoff ran record labels of his own. In 2001 he sold out, just as digital-music downloads began undermining record companies.

The music business has been in a funk ever since. Sales of albums in the U.S. are down 45% from their 2000 peak. But over that same period, concert-ticket sales have more than doubled, to \$4.2 billion last year, according to trade magazine Pollstar.

"I guessed right," Mr. Azoff says of the sale's timing.

He spent the next four years managing the Eagles, Ms. Aguilera and just a few others. But it was tough to cut good touring deals for his artists because his business was still relatively small, and concert promotion was tightly controlled by the company that would later become Live Nation.

Looking to mount a comeback, Mr. Azoff says he concluded: "The only way to fight big is with big."

So in 2005, he re-launched his old management firm, Front Line, and set out to build a behemoth. He raised more than \$100 million from Thomas H. Lee Partners LP, the private-equity firm, and Warner Music Group Corp. Later, Cablevision Systems Corp. and Ticketmaster signed on as investors.

He quickly bought more than 60 smaller management firms.

Mr. Azoff isn't shy about using his gold-plated roster as leverage when negotiating with concert promoters. "It's done with a wink," he says. "There's never a conversation that says, 'If you don't extend this rent deal to Journey and the Eagles, I'm not going ... to let Jimmy Buffett play your building.' "

Mr. Azoff is willing to experiment with business strategies unthinkable just a few years ago. When the Eagles in 2007 made their first studio album in 28 years, "Long Road Out of Eden," he made a deal directly with Wal-Mart Stores Inc. to be the exclusive seller. In other words, he cut the traditional record labels out of the picture entirely.

The mega-retailer bought millions of copies directly from the band and agreed not to return any that didn't sell.

Mr. Azoff says the Eagles were persuaded to go with Wal-Mart by simple math. "Do you want to make pennies [per CD] from the labels, or do you want to make dollars from Wal-Mart?" he says he asked Mr. Henley.

People in the industry say the Eagles may have earned as much as \$50 million from the Wal-Mart arrangement, which sold 3.2 million copies. A traditional record-label deal might have yielded less than \$10 million, they say.

Moves like these turned Front Line into a hot property. In 2007, both Live Nation and Ticketmaster began trying to buy a controlling stake. Ticketmaster finally closed the deal last October, in the process naming Mr. Azoff CEO of the entire company.

That set off a chain of events that made a merger with Live Nation almost inevitable.

Ticketmaster had been getting hurt by Web sites that resell tickets, like eBay Inc.'s StubHub. Basically, scalpers and others were finding ways to sell tickets at much higher prices than Ticketmaster itself could.

Ticketmaster's attempts to fight back -- such as the acquisition, last year, of StubHub rival TicketsNow -- only stirred up trouble. Just this month, fans reacted with outrage when their attempts to buy \$95 Bruce Springsteen tickets from Ticketmaster led them to a TicketsNow page with resellers offering seats at up to five times face value.

How much have things changed for artists? Today, Mr. Azoff estimates that his oldest and biggest clients derive just 6% of their revenue from recorded-music sales (including downloads), down from 50% a decade ago.

Mr. Azoff started young, booking bands in high school in Danville, Ill, a city 130 miles from Chicago. In 1970, he dropped out of the University of Illinois at Urbana-Champaign and moved to Los Angeles, where his roommate, and first serious client, was Dan Fogelberg, the soon-to-be king of '70s soft rock.

While at Mr. Geffen's company, he was sometimes dispatched to babysit touring stars. On one assignment, Mr. Azoff took a hazing from Neil Young's road crew, who surreptitiously threw his luggage off the bus in Queens, New York.

Soon afterward, Mr. Azoff struck out on his own.

He made his name managing the Eagles, after they broke with Mr. Geffen. The musicians and Mr. Azoff developed close ties. In the early '70s, Mr. Azoff gave the famously mischief-prone guitarist Joe Walsh a chain saw, which became a regular part of the musician's gear on the road.

Later, during a tour supporting Mr. Walsh's "The Smoker You Drink, the Player You Get" album, one hotel couldn't accommodate the two men's request for connecting rooms. So Mr. Walsh used the chain saw to "cut a hole in the wall about as tall as the desk," says Mr. Azoff. "And he said, 'I made it just your size.'" Mr. Azoff is 5 feet 3 inches tall.

He quickly started developing a reputation for driving a hard bargain. On behalf of the Eagles, he negotiated a record-setting royalty, amounting to \$1.50 a unit, for their 1976 "Hotel California" album. It went on to sell more than 16 million copies, ranking it among the top-selling albums of all time.

In 1983, he went to MCA Inc. to head its record label, MCA Records, which was struggling with a lack of hit albums. In part by combining MCA's concert-promotion unit and other divisions, he returned the unit to profitability.

Mr. Azoff took a brash approach to business, once buying an ad in Hits magazine with a photo of him and several executives displaying their middle fingers to the camera.

He had a brush with the law at MCA. Federal authorities spent years investigating why Salvatore Pisello, an alleged New York mobster, was working out of MCA Records' Los Angeles headquarters. He was buying large volumes of "cutouts," the industry term for presumably unsellable albums, and reselling them.

No charges were brought against Mr. Azoff or others at MCA. "It was like an episode of 'The Twilight Zone,'" Mr. Azoff says of the investigation. "Obviously, no one did anything wrong."

Mr. Pisello's former lawyer, Harland Braun, said through an assistant that he hadn't been in contact with him in some time, and had no contact information.

In 1989, Mr. Azoff left MCA to join Warner Music, which lured him with half ownership in a small label named Giant Records. He sold his share back to Warner for an undisclosed sum in 2001, just as CD sales began to tank.

The episode sparked an outcry from members of Congress, at least two state attorneys general and Mr. Springsteen himself, who posted an angry letter on his Web site accusing Ticketmaster of "scalping." The rocker went on to slam the proposed Live Nation merger as "the one thing that would make the current ticket situation even worse."

During a recent interview, Mr. Azoff said that even before the Springsteen debacle, he had told Ticketmaster personnel to begin separating TicketsNow from the main Ticketmaster site.

Mr. Azoff also faces lingering anger toward Ticketmaster for other reasons. Many fans resent its high service charges, which can amount to 50% of a ticket's face value.

Live Nation has its own set of headaches. The company has long operated on razor-thin profit margins, thanks to standard concert-booking deals that pay artists 90% or more of the box-office gross.

Unable to buy Front Line, but eager to find some way of aligning itself more closely with artists, Live Nation in 2007 and '08 invested hundreds of millions of dollars in unprecedented contracts with Madonna, Jay-Z, Nickelback and Shakira. The deals give the artists massive upfront payments -- \$120 million to Madonna; \$150 million for Jay-Z -- in exchange for giving Live Nation a percentage of future revenue from virtually every corner of their business, from touring, to endorsement deals, to T-shirt sales.

The deals have paid off for the artists. But it's too soon to know whether they will work for Live Nation. Within a month of the Madonna deal, Live Nation's share price fell more than 30% and an internal fight ensued over the wisdom of pursuing more such contracts. Ultimately, the deals' chief architect, Chairman Michael Cohl, left the company.

By this year, the two companies were squarely on a collision course, headed either for a brutal war or a merger. Live Nation stopped doing business with Ticketmaster and instead launched a rival ticket-selling service. That hit Ticketmaster on the bottom line: As recently as 2007, Live Nation generated 17% of Ticketmaster's overall revenue.

Regulators are taking a hard look at the combination of the two giants. Last week the Justice Department dispatched 22 officials to the first antitrust hearing on the merger.

Considering how tough it will be to keep everyone happy -- from artists, to tour promoters, to politicians -- Mr. Azoff wondered aloud recently if the deal is too brazen even for him to pull off. Preparing for another night of meetings and phone calls with his lawyers, he asked, "Are we crazy to be trying this?"

Write to Ethan Smith at ethan.smith@wsj.com

Corrections & Amplifications

Danville, Ill., is approximately 130 miles from Chicago. A previous version of this article incorrectly said that Danville is a suburb of Chicago. Also, the University of Illinois at Urbana-Champaign is located in Champaign, Ill. This article misstated the campus as Champagne-Urbana. Also, in a previous version of this article, a photo caption didn't note the late concert promoter Bill Graham's presence in the photo.

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