

**Reference Relating To The Anticipated Merger Between
Ticketmaster Entertainment, Inc. and Live Nation, Inc.**

**Notice of possible remedies under Rule 11 of the
Competition Commission Rules of Procedure (the "Notice")**

26 October 2009

Response of Ticketmaster Entertainment, Inc.

In its Provisional Findings Report ("Report"), the Competition Commission ("CC") found that the proposed merger would be likely to foreclose CTS as an effective competitor in the UK market for the primary retailing of tickets for live music events, which would represent an SLC on that market.¹

Given the nature of the SLC as described in the Report², and bearing in mind the CC's criteria for choosing appropriate remedial action, as outlined in paragraph 4 of the Notice, Ticketmaster submits the following initial comments on potential remedies:

1. Behavioural remedies – Live Nation's proportionate proposal

- 1.1 Ticketmaster considers that the SLC identified by the CC can most effectively be addressed by a workable behavioural remedy.
- 1.2 Ticketmaster understands that Live Nation has submitted a proposed behavioural remedy to the CC, under which it will provide guaranteed ticketing inventory to CTS's system and a guaranteed allocation to CTS's website. Live Nation has discussed its proposals with Ticketmaster (to the extent appropriate given that Ticketmaster has not seen the contract between CTS and Live Nation) and Ticketmaster agrees with and supports Live Nation's proposal.
- 1.3 Ticketmaster believes that the remedy proposed by Live Nation addresses directly, comprehensively and effectively the SLC described in the Report, both in respect of the guaranteed minimum number of live music tickets that it provides to CTS, as well as the protection that it affords CTS from any attempt by Live Nation to reallocate tickets away from CTS to Ticketmaster. In the context of such a remedy, Ticketmaster accepts the need for this form of safeguard. Ticketmaster has indeed already adapted its operations and business to run on the basis that Ticketmaster will no longer have Live Nation's live music tickets on Ticketmaster's system in the UK going forward.
- 1.4 The **volume of tickets** that Live Nation will allocate to CTS under the proposed remedy will be more than sufficient to provide CTS with a suitable "springboard" for the successful development of its UK ticketing operations, as (Ticketmaster understands) the proposed allocation matches the ticket volumes envisaged in the CC's counterfactual. The proposed **duration** of the remedy also appears to

¹ See *Provisional Findings Report*, para. 9.2.

² Ticketmaster also refers the CC to its submission of 21 October 2009 in response to the Report for its comments on the CC's provisional findings.

Ticketmaster to be more than adequate, particularly in light of (a) the fact that CTS already has in place a long-term contract with Live Nation, and (b) the CC's counterfactual on which it has based its provisional finding of an SLC in the Report. The **monitoring proposals** which Live Nation has made to verify the supply of tickets to be allocated to CTS under the proposed remedy would be workable and effective.

1.5 Ticketmaster also understands [REDACTED]

2. Structural remedies

Prohibition of the merger

2.1 Ticketmaster agrees with the CC that a remedy of this nature would be impractical and disproportionate and there is in any event no legitimate basis for the outright prohibition of the merger.

Divestment of UK business operations

2.2 Ticketmaster has considered structural divestment remedies of all or part of the UK business of Ticketmaster set out in generic terms by the CC in the Notice in relation to the UK business operations. Based on Ticketmaster's review and understanding of the CC's provisional findings in the Report, a divestment remedy would be both disproportionate and less effective in addressing the SLC identified in the Report as compared to the behavioural remedy outlined by Live Nation. The remedy enables CTS to build its ticketing operations in the UK on the basis of the Live Nation contract and in accordance with the counterfactual. The CC has outlined a path by which CTS will build itself into a third major force in UK ticketing. If CTS's contract with Live Nation is safeguarded by a remedy enforceable by the CC, CTS's entry would be unaffected by the merger. This would render a structural remedy disproportionate and inappropriate as a response to the SLC, not least because, in Ticketmaster's view, it is unclear how any structural remedy would actually enable a third major player on the UK ticketing market.

2.3 A structural divestment is also disproportionate because the merger will in any event give rise to significant opportunities for other ticketing companies to grow which will enhance competition in the UK market. Ticketmaster expects [REDACTED].³[REDACTED]

3. Summary

3.1 Ticketmaster considers that the primary and fall-back remedies proposed by Live Nation constitute effective, proportionate responses to the SLC which the CC has identified in its Report. Ticketmaster would be pleased to discuss further with the CC any of the matters contained in this Response in advance of the hearing on 29 October 2009. Ticketmaster remains committed to working constructively with the CC to ensure the successful completion of this Inquiry and the proposed merger.

³ [REDACTED]