

**PROPOSED ACQUISITION OF A CONTROLLING INTEREST IN ACADEMY
MUSIC HOLDINGS LIMITED BY LN-GAIETY HOLDINGS LIMITED (FORMERLY
HAMSARD 2786 LIMITED)**

**Notice of proposal to accept undertakings required to be given in accordance
with section 82 of and Schedule 10 to the Enterprise Act 2002**

Introduction

1. On 21 August 2006, the Office of Fair Trading (OFT) referred the proposed acquisition of a controlling interest in Academy Music Holdings Limited (Academy) by Hamsard 2786 Limited (since 25 October 2006 known as LN-Gaiety Holdings Limited) (LN-Gaiety) to the Competition Commission (CC) for investigation and report under section 33(1) of the Enterprise Act 2002 (the Act).
2. In its report, *Hamsard and Academy Music: a report on the proposed acquisition of a controlling interest in Academy Music Holdings Limited by Hamsard 2786 Limited*, published on 23 January 2007, the CC concluded that the proposed acquisition would result in the creation of a relevant merger situation. It also concluded that the creation of that situation might be expected to lead to a substantial lessening of competition (SLC) as a result of the loss of rivalry between the Hammersmith Apollo, Brixton Academy, the Shepherd's Bush Empire (SBE), the Astoria and the Forum venues, and in particular between the Hammersmith Apollo and the Brixton Academy, between the SBE and the Astoria, and between the SBE and the Forum.
3. For the purpose of remedying, mitigating or preventing the SLC and any other adverse effects that might be expected to result from the SLC, the CC concluded that the proposed acquisition could not go ahead unless and until LN-Gaiety or Live Nation (Music) UK Limited (Live Nation) (as appropriate) had divested two venues comprising one of the Brixton Academy and the Hammersmith Apollo plus one of the SBE and the Forum on the basis of arrangements approved by the CC and to a purchaser approved by the CC.

Notice of Proposal to accept undertakings

4. The CC, in accordance with sections 41 and 82 of the Act, proposes to accept undertakings (the undertakings) from LN-Gaiety and Live Nation accordingly.
5. A copy of the undertakings is annexed to this Notice. The purpose of the undertakings is to:
 - (a) require LN-Gaiety and Live Nation to divest the relevant venues to a suitable purchaser who will be independent of them and have the incentive, financial resources and expertise to maintain and develop the relevant venues as a viable and active business in competition with Hamsard and other competitors; and
 - (b) ensure that LN-Gaiety and Live Nation will preserve the economic viability, marketability and competitiveness of the relevant venues pending divestiture.
6. The undertakings may be varied, superseded or released by the CC under section 82(2) of the Act.

The next steps

7. In accordance with Schedule 10 of the Act, and consistently with its guidance, the CC is issuing this notice to provide an opportunity for representations to be made in relation to the undertakings. However, in accordance with paragraph 9 of Schedule 10, the CC considers that there are special reasons in the context of this reference to dispense with the requirements of paragraph 2(2)(f) of Schedule 10¹ and, for the reasons set out in paragraph 8 below, is accelerating the consultation process.
8. The CC considers that the undertakings closely reflect the detailed exposition in the report. It also attaches great importance to the need to implement divestment remedies quickly and effectively a factor which is recognized both in the report and in the CC's published guidance. In addition, there are business reasons to act quickly.
9. Comments are therefore invited and should be received by the CC no later than 5.00 pm on Friday 16 February 2007² and should be addressed to:

Tom Muir
Inquiry Secretary, Hamsard/Academy
Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD

Or email: tom.muir@cc.gsi.gov.uk

10. Before accepting the proposed undertakings, the CC will have regard to any representations made in response to this Notice and may make modifications to them as a result.



DIANA GUY
Group Chairman
9 February 2007

¹Paragraph 2(2) (f) of Schedule 10 requires that consultation extends for a period of not less than 15 days starting with the date of publication of this notice.

²Paragraph 9 of Schedule 10 provides that the CC may dispense with any or all of the requirements of Schedule 10 if it considers that it has special reasons for doing so.