

BY EMAIL (LiveNationTicketmaster@cc.gsi.gov.uk)

Christopher Clarke
Group Chairman
Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD

October 22, 2009

RE: Comments to the Proposed Transaction by REDACTED

Dear Mr. Clarke,

REDACTED hereby provides comments to the Competition Commission's **Notice of Possible Remedies** regarding the anticipated merger between Ticketmaster Entertainment, Inc. and Live Nation Inc. **REDACTED** concurs with many of the findings in the Competition Commission's **Provisional Findings Report** and as such supports a prohibition of the merger in the UK. We recognize a prohibition of merger is the most severe remedy for any proposed transaction but we believe it is necessary in order to address the substantial lessening of competition for the reasons stated below.

PROHIBITION OF THE MERGER

REDACTED believes a prohibition of the merger in its entirety by the Competition Commission (CC) is the superior remedy option to: (1) a divestiture; (2) any behavioural remedies; or (3) any combination of the two. We do not take this position lightly and recognize that the merging parties are proposing a complex transaction that is global in nature. However, **REDACTED** believes many of the Commission's own findings, which we cite below, and our own supporting observations support the need for this structural remedy in order to protect the UK market. We believe the following facts and comments most strongly support the CC supporting a prohibition of the merger:

- **Ticketmaster is and has been the dominant primary ticketing vendor in the UK market.** The CC inquiry group (the Group) and **REDACTED** agree that Ticketmaster is currently the dominant primary ticketing vendor for live music events and has been for many years. This share is likely to increase post-merger and come at the expense of UK consumers who would have enjoyed increased pricing and innovation competition as a result of Live Nation's independent entry with CTS in primary ticketing.
- **New entry into the relevant market has been unsuccessful and is unlikely to pose meaningful competition to Ticketmaster in the foreseeable future.** As the Group notes, there are "considerable barriers to entry and expansion" and perhaps more importantly, "none of the small suppliers in the market had grown their market share significantly in recent years." There was "little likelihood of one of the small retailers expanding to become a large retailer in the near future" and "competition in the market was less than fully effective."
- **The CTS and Live Nation agreement would have created the single-most significant new entrant and competitor Ticketmaster has faced in the relevant market.** **REDACTED** believes the vertical relationships with artists, managers, agents, promoters, and venues are facing consolidation pressure and will increasingly dictate selection of primary ticketing vendors. We note that Ticketmaster has already made aggressive inroads into building a vertically integrated entity with recent key vertical acquisitions and partnerships most notably Ticketmaster's controlling equity interest in Front Line Management Group, widely recognized as the most powerful artist management company in

the world. Post-merger, we believe the merged entity is likely to draw considerable share away from See Tickets and become the single dominant primary ticketing vendor in the UK. As the Group notes, CTS's agreement with Live Nation would have established a "virtuous circle" enabling CTS to enter the relevant market with a secure revenue stream and a key vertical relationship with Live Nation, which would provide the artist relationships necessary to secure an inventory of tickets. The CTS-Live Nation agreement would pose one of the most significant competitive threats to Ticketmaster worldwide. **REDACTED** is not aware of any other potential partners for CTS that would address the substantial lessening of competition in the relevant market if Live Nation is permitted to merge with Ticketmaster.

- **The CC should act in the best interests of UK consumers irrespective of alignment with US/EU/ROW antitrust authorities.** The US antitrust authorities at the Department of Justice (DOJ) as of the date of this submission are still reviewing the proposed transaction. While a similar finding of anticompetitive effects by the DOJ would further support the Group's findings, **REDACTED** believes it is appropriate for the CC to consider a prohibition of the merger based solely on local UK effects. As the CC knows, divergence of opinion in potential effects, economic philosophy, and need for intervention between US and European antitrust authorities is not without precedent and in some cases is necessary given the distinction between geographic markets. Considering the effects on the UK market noted by the Group's findings, a prohibition of merger is warranted and supported by the facts.

DIVESTMENT OF UK BUSINESS OPERATIONS

REDACTED believes a divestiture of UK business operations would be superficial at best and would not address the substantial lessening of competition. Although we agree the relevant market should be limited to the UK geographic market, a UK divestiture would be an inadequate remedy to address the anticipated global decision-making we expect from artists and the primary ticketing industry. The likely substantial lessening of competition the Group anticipates is likely to still occur even with a UK divestiture for the following reasons:

- **The vertical relationships that are driving the primary ticketing selection process are increasingly becoming global.** For example, a top 50 musical touring group managed by Front Line is more likely to sign with Ticketmaster on a worldwide basis than doing so on a state by state or regional UK basis. Post-merger, a non-Ticketmaster combination of managers, agents, and promoters in the UK is unlikely to be a compelling competitive alternative to Ticketmaster-Live Nation. A UK divested entity with CTS is more likely to become another one of the small suppliers the Group notes as incapable of growing share.
- **Divestiture does not prevent independent entry into the UK by the post-merger Ticketmaster-Live Nation.** The UK divested entity is likely to stagnate while the new Ticketmaster-Live Nation could enter the UK market under a new brand name and cause the same substantial lessening of competition anticipated by the Group without a divestiture.

BEHAVIOURAL REMEDIES

REDACTED believes behavioural remedies will not address the substantial lessening of competition anticipated by the Group in the proposed merger. Apart from the difficulty of administering and monitoring compliance, we believe the behavioural remedies may not work in practice. Although the proposed contractual agreements and forced allocations are sound in theory, there is potential for them to cause unanticipated longer-term effects that would distort free market competition.

For example, the compelled contractual agreements could limit the ability of new or existing competitors to fairly win share. Forced ticketing allocations could eliminate a significant portion of the contestable market and eliminate the motive for new and innovative competitors to compete more aggressively. The behavioural remedies raised by the Group might be effective in the UK in the short term, but could also provide the merging parties an easy solution to temporarily placate the CC, and ultimately present the CC with larger and more complex problems in the future.

PACKAGE OF REMEDIES

For the same reasons stated in **REDACTED** concerns over behavioural remedies, **REDACTED** believes a package of remedies will not address the substantial lessening of competition anticipated by the Group in the proposed merger.

OTHER REMEDIES

REDACTED

REDACTED and its executive team are available to answer any further questions the Group or the CC staff may have regarding our responses.

Regards,

REDACTED

REDACTED