COMPETITION IN THE TICKETING AND PROMOTION INDUSTRY

HEARING

BEFORE THE

SUBCOMMITTEE ON COURTS AND COMPETITION POLICY

OF THE

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HOUSE OF REPRESENTATIVES

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COMPETITION IN THE TICKETING AND PROMOTION INDUSTRY

THURSDAY, FEBRUARY 26, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COURTS AND
COMPETITION POLICY
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:07 a.m., in room 2141, Rayburn House Office Building, the Honorable Henry C. “Hank” Johnson, Jr. (Chairman of the Subcommittee) presiding. Present: Representatives Johnson, Sherman, Coble, Sensenbrenner, Goodlatte, and Issa.

Staff Present: (Majority) Christal Sheppard, Chief Counsel; Elisabeth Stein, Counsel; Anant Raut, Counsel; Rosalind Jackson, Professional Staff Member; (Minority) Sean McLaughlin, Chief of Staff and General Counsel; and Stewart Jeffries, Counsel.

Mr. Johnson. This hearing of the Committee on the Judiciary, Subcommittee on Courts and Competition Policy, will now come to order.

Without objection, the Chair will be authorized to declare a recess of the hearing. I will start by saying that there has been a request by Congressman Pascrell that after he testifies, he would like to come and sit on the podium with us. I have spoken to my colleagues on the other side of the aisle, and they have no objection to that provided, that you don't ask any questions. So you are welcome to sit up here.

Mr. Pascrell. Thank you.

Mr. Johnson. I now recognize myself for about 5 minutes. I would like to make an opening statement.

The reality in these tough economic times is that businesses are hurting. The entertainment business is affected by this economic downturn in the same way as other companies. TicketMaster, which owns the ticketing rights to 80 percent of the major venues in the United States, and Live Nation, which controls over 150 venues in addition to being the biggest concert promoter in the United States, have argued that a merger is necessary for the companies to survive in the changing entertainment environment.

While it is important to examine the effects of the merger between Live Nation and TicketMaster on the live entertainment industry, there may very well be reasons to support such a venture.

Prior to this proposed merger, the companies simultaneously occupied different positions in the supply chain and were competitors.
Until December of 2008, Live Nation was a client of TicketMaster, generating 17 percent of TicketMaster's overall revenue. Live Nation elected not to renew its contract with TicketMaster, choosing instead to enter the primary ticketing market and compete directly against TicketMaster.

Live Nation also competed against TicketMaster for a controlling stake in Front Line, which is an artist management company, which TicketMaster ultimately won.

In the primary ticket market, too much control over live entertainment might result in significantly higher ticket prices for consumers. The combined company would have vertical integration of every element of the live music business, that being artist management, promotion, venue and primary ticketing.

Both companies have stated that this merger will not raise ticket prices because the artists sets the ticket price. This statement has, in my opinion, limited believability, and I am sure that we will hear more about that when we hear testimony.

It is one thing to claim that artists such as Bruce Springsteen or Barbra Streisand have the star power to exert control over ticket prices, but artists without that clout are not in a position to negotiate the price of their tickets.

TicketMaster and Live Nation argue that artists support the merger because artists will benefit, and they offered letters from a number of artists who support this merger. I could not help but notice that at least four of those five artists are currently managed by Live Nation or TicketMaster, yet we do not have an artist on the witness panel, despite our monumental efforts to procure someone.

Our understanding is that those artists we reached out to were reluctant to speak against the merger, presumably for fear of repercussions.

It is also troubling that a combined Live Nation and TicketMaster might have significant control over the secondary ticket market. Live Nation might have been a competitor of TicketMaster’s ticket reseller TicketsNow.

Recently, TicketMaster tickets for a Bruce Springsteen concert were available on TicketsNow with a considerable markup from the face value. When fans complained about the bait and switch, Springsteen stated, quote, “The one thing that would make the current ticket situation even worse for the fan than it is now would be for TicketMaster and Live Nation coming up with a single system, thereby returning us to a near-monopoly situation in music ticketing.”

Three days ago TicketMaster reached a settlement with the New Jersey attorney general, Anne Milgram, where TicketMaster agreed not to allow tickets to be sold on TicketsNow.com until the initial sale begins on its primary site. Only yesterday it was reported that TicketsNow began selling tickets to Leonard Cohen concerts before the tickets went on sale. I was astonished to learn that tickets with a face value of $99 to $250 were being sold on TicketsNow.com for between $568 and $856 plus a service charge ranging from $85 to $128 per ticket.

There is a risk that ticket prices will increase and consumers will be harmed by this merger. The Department of Justice has opened
an investigation into this matter, and today we have a balanced panel because we want to understand how this merger will affect consumers.

We are not here to gang up on a U.S. business that is doing its best to weather hard economic times. I thank TicketMaster and Live Nation for being here today, and I look forward to your candid testimony.

I am now going to recognize my colleague, Mr. Coble, the distinguished Ranking Member of the Subcommittee for his opening remarks.

Mr. COBLE. Thank you, Mr. Chairman, and thank you for calling this hearing of the Courts and Competitive Policy Subcommittee.

Until very recently, as you know, Mr. Chairman, antitrust has been a full Committee issue; and I believe this is the first Subcommittee hearing on antitrust matters in at least 8 years, and I am pleased that we have such an interesting first topic.

Bill, it is good to have you with us. And I will say to some of the witnesses who came by my office yesterday, because of conflicting hearings, I was not able to be with you, but I hope my staff extended a cordial greeting to you. I have heard no complaints, so I assume they did.

Today’s hearing gives us the opportunity to examine the proposed merger of Live Nation and TicketMaster, a combination that would create one of the world’s largest entertainment companies. The combined company would own a segment of every aspect of the live music distribution chain from artist management to ticketing and practically everything in between.

The Senate Judiciary Committee, Mr. Chairman, conducted a hearing on this very issue earlier this week, and it appears from their comments that several of the Senators had real concerns about this proposed merger. One of their main concerns arises from the relationship that TicketMaster has with its wholly owned subsidiary, TicketsNow.com, which is a secondary ticket retailer.

Recently, hundreds of fans seeking Bruce Springsteen tickets on TicketMaster.com, I am told, were redirected to TicketsNow.com for tickets at a significantly higher price than face value. Furthermore, I am advised that there were still tickets available for face value on the main TicketMaster Web site.

In addition, TicketMaster’s CEO, Mr. Azoff, who is testifying today, was recently quoted in the Wall Street Journal as saying that artists’ agents frequently leverage their value of their start clients to extract better deals from venues and concert promoters. With a stable of artists that includes—and, Mr. Chairman, I will stipulate that I am not the most hip guy on Capitol Hill, so I may mispronounce some of these names—The Eagles, Jimmy Buffett, Neil Diamond, Van Halen, Fleetwood Mac, Christina Aguilera, Aerosmith, Miley Cyrus, Madonna, Jay-Z, U-2 and Shakira.

A combined Live Nation-TicketMaster would have a lot of leverage, and that is only one aspect of this business. I noticed, Mr. Chairman, conspicuously absent from that list of artists are some of my favorites—Earl Scruggs, Lyle Lovett, the late Grandpa Jones, the late Buck Owens—but as I say, I am not the most hip guy around.
All of that leads me to be concerned about how this deal will affect the average customer. With its wealth of resources in terms of artists managed, venues controlled and tickets sold, the combined TicketMaster-Live Nation will have a lot of sway, it seems to me, over the little guy. After all, in these troubled economic times we cannot ask customers to pay more for a TicketMaster “convenience charge,” a charge that many customers would probably indicate is not convenient.

This Subcommittee, with the support of the current and former Chairman, have spent enormous resources to improve and secure the future of the American entertainment industry, which is indeed significant. It provides billions, billions, in positive revenue to our economy. At the same time, this entertainment must remain affordable and accessible for the industry to continue to flourish.

As I implied earlier, I am a devout bluegrass and old time country fan, and while this may be only a fraction of the events affected by this merger, thousands of my constituents back home, Mr. Chairman, are skeptical; and I am sure they are watching or will follow this hearing closely as to how this matter will affect them.

That said, the burden today, it seems to me, is on TicketMaster and Live Nation to demonstrate how their proposed merger will benefit fans and the industry alike.

I thank our witnesses who have agreed to participate in today’s hearing, and I look forward to hearing the testimony.

I yield back.

Mr. Johnson. I thank the gentleman for his statement.

I now recognize Representative Smith, who would like to make an opening statement, an honorable Member from Texas.

Mr. Smith. Mr. Chairman, I appreciate your calling this hearing on competition in the ticketing and promotion industry.

Vigorous, unimpeded competition sustains our economy and keeps it strong. It leads to innovative products that better our lives and keep prices low.

The Judiciary Committee has a long history of oversight to ensure that American markets retain healthy competition. This hearing is evidence of the Committee’s continued interest in considering mergers of large companies that can affect American consumers.

Today’s hearing gives us the opportunity to examine the proposed merger of Live Nation and TicketMaster, a combination that would create one of the world’s largest entertainment companies. The combined company would own significant assets in the artist management, venue management, concert promotion, ticketing and marketing aspects of live entertainment. In short, the new company will have a hand in everything from signing up artists, to deciding what venues those artists will play, to the price of the ticket that consumers must pay.

The question that the Department of Justice must answer in reviewing this merger is whether the proposed transaction will lessen competition and thereby harm consumers.

On the other hand, this merger is not typical of the mergers that this Committee usually reviews. Normally, we look at mergers between head-to-head competitors such as Delta and Northwest and XM-Sirius.
While there is an element of that in this merger, the more compelling and harder-to-answer question is whether a vertically integrated company that has a hand in every stage of live entertainment from artist to concert goer will reduce choices and raise prices for live entertainment. This is particularly relevant given that one of the parties, TicketMaster, has recently been the subject of scrutiny because of a mistake that directed hundreds of customers for Bruce Springsteen tickets to a TicketMaster-owned ticket reseller that was charging significantly higher prices. The Boss was upset, his fans were upset; and I can’t say that I blame them.

Under these circumstances, it is harder to believe TicketMaster when it says, Trust us that ticket prices can come down under this merger.

Finally, while some artists, such as Bruce Springsteen, have expressed public displeasure with this deal, none was willing to testify today. Conversely, numerous artists have written the Committee to say that the deal will lead to better options for artists and consumers alike.

I would like to thank all of our witnesses for appearing here today, and I look forward to hearing the views of the witnesses on this subject.

I yield back.

Mr. JOHNSON. Thank you, Congressman Smith.

Without objection, other Members’ opening statements will be included in the record.

I am now pleased to introduce the witnesses for today’s hearing. We have two panels, and I will now introduce the first panel which consists of the distinguished gentlemen from New Jersey, Representative Bill Pascrell, Jr. He is in his seventh term as the Congressman for the Eighth District of New Jersey. Throughout his distinguished career in public service, first as a member of the New Jersey General Assembly and later as Mayor of Paterson, New Jersey, Representative Pascrell has earned numerous accolades, including a humanitarian award from the New Jersey State Firemen’s Mutual Benevolent Association, as well as special recognition from the Brain Injury Association of America.

Welcome, Congressman Pascrell.

TESTIMONY OF THE HONORABLE BILL PASCRELL, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. PASCRELL. Mr. Chairman, I want to thank you and I want to thank our Ranking Member, Mr. Coble, my neighbor, and Members of the Committee for this critical hearing and allowing me to testify before the Subcommittee about the proposed merger between TicketMaster and Live Nation.

My attention was brought to this issue by the botched sale on February 2 of tickets to two Bruce Springsteen shows in New Jersey. To be clear, fans trying to buy tickets on TicketMaster.com were met with error messages and a link to purchase more expensive tickets on a secondary resale site, TicketsNow, which TicketMaster happens to own.

Mr. Chairman, let me say that I was moved to act on this issue by the appeal of over 1,000 average Americans who felt they got
a rotten deal and just wanted to know the truth, which is why I wrote to the Federal Trade Commission and the Justice Department calling for an investigation.

But when I read yesterday in Roll Call that a Live Nation source said that this whole issue was just a distraction and not a legal issue, well, I have to admit I went from cerebral to visceral. To even imply that the Senate committee and the House committee are irrelevant to the task of examining this merger, first of all, is wrong and, second of all, we should all think about what our responsibilities are.

The heart of this issue is the average American out there, the person who works longer and longer hours for less and less, the person who scrimps and saves for months to maybe buy a couple of tickets to their favorite sporting event or a concert only to be gouged at every turn.

That same Live Nation source went on to say that “This whole ‘flap’ was a bit of a surprise, but is not really related to the deal. There is nothing that a merger with Live Nation will do that changes that scenario, just what happens when you have bad public relations at the wrong time.”

I don’t know if there are bad public relations at the right time. Mr. Chairman, I am sorry about the debacle on February 2, and it shouldn’t have been a surprise to the parties involved, and it has everything to do with the merger we are talking about today. This isn’t just a little bad PR, this is quite simply a bad deal for the American people.

Listen to Bruce Springsteen himself, who said, “The one thing that would make the current ticket situation even worse for the fan than it is now would be TicketMaster and Live Nation coming up with a single system, thereby returning us to a near-monopoly situation in music ticketing. If you, like us, oppose the idea, make it known to your Representatives.”

That is what Bruce Springsteen had to say.

Let me tell you, Mr. Chairman, they have indeed made their feelings known. Now TicketMaster wants us to believe that by merging with promoting juggernaut Live Nation, they will be able to offer lower prices and better service to consumers. That is what you are going to hear today.

You don’t have to have a Ph.D. in economics to see this for what it is. This is a naked attempt to dominate the concert marketplace, to stifle competition and prevent any competitors from entering the market in the future.

The combined corporation would control nearly every aspect of the live music business—you referred to this in your opening comments, Mr. Chairman—the artist management, the record sales, the promotion, the licensing, the venue control, the marketing, the ticket sales and the resales all of the way down to the hot dogs and beer.

Try to take your family to a baseball game or a football game. Pretty soon you won’t be able to wash your hands at a concert without this new company making a profit. Independent promoters, artists and the fans will have no choice but to do business with this behemoth and pay whatever they charge. It will be the only game in town, and that is the epitome of a monopoly.
For years, TicketMaster has been able to get away with its arbitrary and overpriced service and convenience fees by cornering the market for ticket sales through anticompetitive exclusivity arrangements with venues. Today, you have to pay a fee just to print your tickets out at your home. That is greed, plain and simple.

And what did TicketMaster do when the first significant competitor to them in the primary ticketing industry finally emerged, they didn’t choose to out-compete them, they sought to gobble them up in order to preserve their market dominance. This is the very essence of anticompetitive behavior, and this Committee and the Department of Justice must reject it.

The President is on the side of the people, Mr. Chairman. In 1962, Robert Kennedy, his Justice Department refused to allow MCA, Music Corporation of America, and Decca Records to merge because it would have put a talent agency and a movie studio under the same corporate roof.

The merger we are discussing today would similarly put the managers of talent, the operators of venues and ticket sales together and allow them to exclude outside artists, allow them to exclude venues and allow them to exclude promoters from their business.

The issue of a primary ticket reseller owning a secondary ticket dealer raises many significant questions in and of itself. TicketMaster has admitted that it earns more gross profits off a sale on its secondary site than its primary one. Everyone, from the scalpers to the hackers—and by the way, in the United States, scalping is legal in most States; we need to take a look at this—brokers and TicketMaster itself, makes a little extra cash under this perverse system of incentives; and the fans are left sitting outside in the cold.

Senator Schumer and I agree, TicketMaster should immediately sell TicketsNow and end this obvious conflict of interest. I will soon be proposing Federal legislation to ban the use of automated ticketing programs and rein in the secondary ticket market. Real music and sports fans deserve the right to see their favorite bands and their teams without a greedy middleman cutting the line and exploiting their passion for profit. I hope that is clear.

We live in a period of tough economic times. Oftentimes live entertainment is a way to escape for a few moments or a few hours. For years fans have scraped together some cash to buy a ticket to their favorite band or sports team, but anticompetitive behaviors have driven these costs to astronomical heights, pricing many fans out of the market.

The question we should be asking in any merger is this: When this deal is approved and all of the scrutiny and press attention dies down, as it certainly will, do we really believe that this new corporate Goliath will do what is in the best interest of consumers and the marketplace?

I think the actions of TicketMaster and I think the actions of Live Nation make it clear that the answer is a definitive “no.”

I thank you for allowing me to come here and testify today. I hope the rest of the hearing is revealing.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Pascrell follows:]
INTRODUCTION

I want to thank Subcommittee Chairman Johnson and Ranking Member Coble for inviting me here today to testify about the proposed merger between TicketMaster, the country’s largest primary ticketing company, and Live Nation, our country’s largest concert promoter and operator of over 150 venues. I have grave concerns that this merger will have far reaching negative consequences for artists, fans, promoters, and the music industry as a whole. I believe that it violates both horizontal and vertical anti-trust principles, and will undoubtedly lead to higher ticket prices for the average consumer. I applaud the Subcommittee for taking a careful look at this merger. I fear that if this merger is approved we will lose any semblance of competition in the live music industry.

TESTIMONY

As a Member of Congress, my number one priority is to represent my constituents and to defend their interests. I was troubled when I was contacted by many constituents and read press reports regarding the initial sale of tickets to two Bruce Springsteen shows in New Jersey, in which fans trying to buy tickets on TicketMaster.com were met with error messages and links to purchase the tickets on TicketsNow.com, a TicketMaster subsidiary, for two, three, or four times the original price. Something was not right, and I’m glad that TicketMaster has since acknowledged that. I am pleased with many of the concessions they were forced to make, although they still maintain cause of the problems so many fans had was simply the glitch with their technology. I’ve written to the FTC to request a full investigation of what occurred on February 2nd to make sure we get to the bottom of this.

However, the problems with TicketMaster’s business practices go far beyond a simple one time glitch. The fact is that without this glitch, we would never have uncovered the insidious relationship between TicketMaster and TicketsNow to begin with. It has brought to light the many consumer complaints and problems with TicketMaster that for years we have shut our eyes to, but the fans have known about all along. For years they have been dealing with unjustified and arbitrary “service” and “convenience” fees, including a fee to print your tickets in your own home, and rising base ticket prices that have far outpaced the rate of inflation. And they have finally had enough. I was moved to act by the thousands of messages my office has received regarding not only the botched Bruce Springsteen sale, but issues with TicketMaster going back years. Yes, TicketMaster has apologized for their recent actions, but how sincere is this? Is it just a coincidence that these apologies and concessions occur at the moment they are seeking this merger? I urge this committee to consider how this proposed corporate conglomerate will behave when they are not under our watchful gaze. Do we really believe they will have the best interest of the consumer in mind? The nature of the complaints my office has received and their actions suggest that once this merger has been approved and we aren’t looking, it will be back to business as usual at TicketMaster/Live Nation.

As we saw with the initial ticket on sale to the Bruce Springsteen concerts at the beginning of this month, TicketMaster’s current monopolization of the primary ticket market and questionable business practices often lead to the consumer being taken for a ride. Now TicketMaster wants us to believe that by merging with Live Nation it will be able to offer lower priced tickets to consumers. Now, I don’t have a PhD in economics, but I’m not stupid either, and neither are the American people. They see this for what it is: a naked attempt to dominate the concert marketplace.

This merger will combine TicketMaster, which owns the ticketing rights to 80 percent of the major venues in this country, with Live Nation, which in addition to being the biggest concert promoter in the world, also controls over 150 venues. This combined company would be a juggernaut. It would have control over every aspect of the live music business: artist management, record sales, promotion, licensing, venue control, parking, ticket sales and resales, all the way down to the hot dogs and beer. Pretty soon, you won’t be able to wash your hands at a concert without this new company making a profit. This level of vertical control will be unprecedented in the music industry and recalls the trusts of the gilded age that controlled every step along the production process for oil or steel. Independent promoters, who don’t get squeezed out of business, artists and fans will have no choice but to do business with this behemoth and pay whatever they charge. It will be the only game in town—and that, I must say, is the epitome of a monopoly.
It didn’t have to be like this. Live Nation, which until recently had sold tickets through TicketMaster, was poised to enter the primary ticket sales market and finally provide some much needed competition in the ticketing industry. Competition, after all, is what capitalism is all about. This new and significant challenge to TicketMaster’s dominance was sure to cause ticket prices to fall. But what happened? After only one month of real competition in the ticketing industry, this merger between the country’s two largest primary ticket agents was announced. Now, the combined company will maintain its stranglehold on the primary ticket market and the ability to raise prices at will not because they offer a better service, but because they were able to buy out their only competition. This is anti-competitive behavior distilled to its purest form, and must be rejected by this committee and the Department of Justice.

Combining Live Nation and TicketMaster would obviously significantly dilute competition in the live music industry and violates both vertical and horizontal models of anti-trust law. It would create no benefit for the consumer, and as history, economic theory, and common sense dictate, would not lower the cost of tickets. TicketMaster already has a monopoly on primary ticket sales in this country. Live Nation has a monopoly on this country’s amphitheaters and many other venues in addition to promoting a vast majority of the top concerts in this country each year. Two wrongs don’t make a right and combining two monopolies cannot possibly be a good deal for consumers.

While rejecting this merger is imperative, I would urge this committee to further consider federal review of consolidation within the music industry as a whole. I believe that both TicketMaster and Live Nation may already be violating federal anti-trust laws. The Department of Justice has let these companies get too big, and I urge this committee and the new Administration to take a fresh look at their business practices.

Precedent is on the side of the people. In the 1960s, MCA (the Music Corporation of America) entered a merger with New York-based Decca Records. MCA at the time included in its business portfolio a successful talent agency, while Decca at the time owned a controlling stake in Universal Pictures. In order to acquire Universal, the Department of Justice led by Attorney General Robert F. Kennedy, forced MCA to dissolve its talent agency. The Department of Justice felt that one company owning both the movie studio and a talent agency would violate anti-trust laws. The TicketMaster-Live Nation merger before us today would violate the same anti-trust principles by putting control of top talent as well as the production of their shows under one company’s roof.

If this merger is allowed to proceed, problems like those that fans experienced trying to buy Bruce Springsteen tickets will become more and more commonplace. The issue of a primary ticket reseller owning a secondary ticket market raises many significant questions in of itself. TicketMaster’s business practice in this arena appears to contradict its tough public rhetoric on ticket scalpers. In reality, TicketMaster has little financial incentive to reign in brokers and hackers who may be using computer software to either cut the line or purchase mass quantities of tickets. After all, TicketMaster has admitted it earns a larger gross profit on a ticket sold on their secondary market site than on their primary market one. Everyone, from scalpers and hackers to brokers and TicketMaster itself, makes a little extra cash under this perverse system of incentives, and the fans are left sitting outside in the cold. I agree with what Senator Schumer said at Tuesday’s hearing in the Senate Judiciary Committee. TicketMaster should immediately sell TicketsNow and end this obvious conflict of interest.

Additionally, I will soon be proposing federal legislation to ban the use of these automated ticket purchasing programs and take additional steps to reign in the secondary ticket market, and I hope to work with this committee on this important initiative. The real fans deserve the right to see their favorite bands without a greedy middleman cutting the line and exploiting their passion for profit.

We are all well aware of the tough economic times this country and its citizens are faced with. This economy is scary. For many Americans, going to sleep every night means wondering if they will have a job to wake up to in the morning. Will I be able to afford a trip to the hospital bill if something happens? Will my house be foreclosed on tomorrow? For many, live music and entertainment is a way to escape all of this, if at least for a few hours.

However, over the past several decades, anti-competitive behaviors by companies such as TicketMaster and Live Nation have priced so many of these average fans out of the market. The last thing that the American people deserve in these tough times is anti-competitive behavior. I urge the Department of Justice to reject this merger and propose meaningful federal legislation so that the American people can once again see their favorite bands without a greedy middleman cutting the line and exploiting their passion for profit.
economic times is to be continually price gouged by a corporate conglomerate more concerned with profits and the price of its stock than the experience of the fans. Live Nation and TicketMaster has assembled a strong team of expensive lobbyists, law firms and publicists to push for their goal of merger. There is no comparable group on the other side of the issue to pay for lobbyists, to pay for attorneys, no one to fight for the average Joe. My friends, it is the job of those of us in the Congress to represent the people and fight for what is in their best interest. It is time for the Congress to ensure that the concert industry returns to a business model that puts the fans, artists and music first. Rejecting this merger will be a significant first step in that direction.

Mr. Johnson. Thank you. I thank the gentleman for his statement.

I will say that back in 1973, when I was in college, I was feeling pretty low one day and so I decided to go to a concert that was being held at the old Atlanta Fulton County Stadium. It was on the lawn out there, and the headliner was George Clinton and the Funkadelics. I don’t know if Ranking Member Coble recalls that group, but I think tickets were somewhere between $5 and $10. So I went to the concert. It was a wonderful experience. It definitely took my mind off of my troubles, and I had a renewed sense of vigor to press forward. You mentioned about how concerts can positively impact people, particularly during a tough economic time as we are in now.

Mr. Pascrell. Mr. Chairman, if I may.

Mr. Johnson. Please.

Mr. Pascrell. There is nothing in what I have said that implies that we want the government to control A to Z. That doesn’t help, either.

But I think we have a responsibility. I know that Bruce Springsteen’s song, The Promised Land, has been an inspiration to a lot of people. And I don’t pretend to be an expert on Bruce Springsteen, although I know most of his music and he is from New Jersey. But in that song he said, “Driving all night chasing some mirage, some day with a girl I’m going to take charge.”

Folks need to know we do have some control over what is happening, that we are not simply at the beck and call of other people. We want people to make profits. That is what America is all about. But the average guy out there is getting stuck every day, and particularly when it comes to some entertainment, I think we need to take a real good look at this proposed merger, and I am sure you are up to it.

Mr. Johnson. There is no question that this Subcommittee has—from the outset of the announcement of the merger, been concerned about this issue. We view it very seriously, and that is why we are meeting today for this hearing.

I thank you for your statement. Please feel free to come up and have a seat.

I want to now introduce our second panel. Our second panel features Mr. Michael Rapino, President and CEO of Live Nation Worldwide. Mr. Rapino began his career in the music business as an undergraduate at Lakehead University in Canada, promoting Labatt Brewing Company at live music shows. He was the CEO and President of Global Music for Clear Channel Music Group and
has been President and CEO of Live Nation since 2005, when it was spun off as a separate company by Clear Channel.

Welcome, Mr. Rapino.

Next is Mr. Irving Azoff, CEO of TicketMaster Entertainment. From his early days booking bands as an undergraduate at the University of Illinois, Mr. Azoff has been a fixture in the music business. He has experience as a music agent, manager, promoter, publisher, producer and record label owner.

In 1983, Mr. Azoff was named Chairman and CEO of the MCA Music Entertainment Group. In 2005, his artist management firm, Front Line Entertainment, was acquired by TicketMaster; and in addition to serving as CEO of TicketMaster, Mr. Azoff manages such recording artists as The Eagles, Christina Aguilera, Van Halen and Steely Dan.

Welcome, Mr. Azoff.

Also on the panel is Mr. Peter Luukko, President and Chief Operating Officer of Comcast-Spectacor, a Philadelphia-based sports entertainment firm that owns the NBA Philadelphia 76ers and the NHL’s Philadelphia Flyers as well as the arenas in which they play.

Beginning with an internship at the New Haven Coliseum, Mr. Luukko’s sports management career spans two decades. He was the 2000 recipient of the City of Hope’s Tri-State Labor Award. In his own words, Mr. Luukko describes himself as a hockey player, a hockey coach, and a hockey parent.

Welcome, Mr. Luukko.

Next is Mr. Robert Doyle, an antitrust partner in the firm Doyle, Barlow & Mazard, PLLC. After receiving degrees in law and economics from Temple University, Mr. Doyle spent 20 years litigating cases on behalf of the Federal Trade Commission.

Mr. Doyle served previously as a Deputy Assistant Director in the FTC’s Bureau of Competition and has been featured on the cover of the American Lawyer magazine.

Welcome, Mr. Doyle.

Next is Professor Luke Froeb of the Owen Graduate School of Management at Vanderbilt University. Mr. Froeb spent 7 years as an economist at the Antitrust Division of the Department of Justice before becoming Director of the Bureau of Economics at the Federal Trade Commission.

Professor Froeb has published numerous papers concerning antitrust policy and economics and was voted outstanding professor of Vanderbilt’s executive MBA program in 3 separate years.

Welcome, Professor Froeb.

Our last witness is Ed Mierzwinski, who is a Senior Fellow in the consumer program of the National Association of State Public Interest Research Groups, known as U.S. PIRG. Mr. Mierzwinski has testified on numerous occasions before State legislatures and Congress on a wide variety of consumer issues. He has appeared as a commentator on the Today Show, Good Morning America, Nightline, CNN, Crossfire and NPR’s Talk of the Nation.

Mr. Mierzwinski is a recipient of Privacy International’s Brandeis Award for privacy protections and the Consumer Federation of America’s Esther Peterson Consumer Service Award.

Welcome, Mr. Mierzwinski.
Mr. JOHNSON. We thank all of you for joining us here today. Without objection, your written statements will be made a part of the record in their entirety.

I ask each of you to summarize your testimony in 5 minutes or less. There is a timing light at your table. When 1 minute remains, the light will switch from green to yellow, and then to red when your 5 minutes are up.

Mr. Rapino, please proceed.

TESTIMONY OF MICHAEL RAPINO, PRESIDENT & CHIEF EXECUTIVE OFFICER, LIVE NATION WORLDWIDE, INCORPORATED, BEVERLY HILLS, CA

Mr. RAPINO. Thank you, Mr. Chairman and Members of the Committee, and thank you for the opportunity to speak today and address some of the perceptions about Live Nation and this merger.

I want to address this quote that was apparently in some paper yesterday. I can assure you that it didn't come from me. I wouldn't even know who to call to make that quote. And I can assure you that everyone on our team has the utmost respect for these hearings, and we appreciate and understand your concerns.

As a side note, I am fully aware of the power of the Senate and the Congress. I am a fellow Canadian who will be sworn in as a U.S. citizen in the next 30 days after going through my 6 months of the process to become a U.S. citizen. So I am very proud to become part of this country.

Let me explain some of the facts regarding Live Nation because sometimes the perception of "big" isn't always the truth.

We have 17,000 employees that work in local communities across America. Last year, our market share was approximately 35 percent and has declined for 5 years straight. Our market cap today is $250 million and we are carrying $700 million in debt. Our stock is widely held and owned by many of your constituents. We have no large shareholder who controls our company.

We put on 7,000 concerts a year for young artists, and we lose $10-20 million on those shows. We operate in a highly competitive marketplace. We are in a 4 percent margin business, the lowest in the industry. And to give you a comparison, record labels operate in the 15 to 20 percent margin business.

Let me tell you about our competition. Our biggest competitor is AEG, a privately held company owned by multibillionaire Phil Anschutz, who is the 31st richest man in America. AEG promoted five of the top 10 concerts last year; we promoted four. AEG is a vertically integrated company in two separate categories. They own a movie production company and chain of movie theaters; and in live entertainment, they own arenas, stadiums, clubs, sports teams, a concert company, music merchandise, and are one step away from a ticketing company.

To put it in perspective, one of those assets, the Staples Center, is worth more than our two companies combined.

In every market we face able and relentless competition from AEG and independent promoters. For example, in Washington, DC, the local promoter, Seth Hurwitz, has a larger market share than Live Nation.
Some of the facts about our venues: We own 18 venues and lease 70 in America. This is a small fraction of the thousands of venues across America that are staging music. In every city and town, there are buildings and stiff competition from the new casinos to fairs, festivals and arenas.

When we fired TicketMaster, we found it very easy to find other competing ticketing companies for our venues. We had a lineup of companies willing and able to ticket our venues. We narrowed it down to four, and we ended up choosing a company from Germany—we are not actually a ticketing company, the CTS company is the ticketing company—and we found it to be a very competitive marketplace.

Let me tell you about the concert business. The artist pays us a fee to handle their show. We guarantee them an amount of dollars, and they pay us a fee from the concert promotion profits, somewhere in the 5 to 15 percent range. The artist and their business team set the basic prices and financial needs of the tour. From a small band to a large band, an artist has a running operating cost that he needs to cover on the road. He then works backwards and sets ticket prices to help cover his expenses.

An average ticket price for a concert is only $50. Front row may cost you up to $150. That is still well below the price of a ringside boxing match seat, court side at a basketball game, rink level seats at a hockey game or seats on Broadway.

Fans go to an average of only two concerts a year historically. It is not a necessity. It is a form of entertainment, and it is still much cheaper than an average dinner in Washington.

When polled and fans were asked, “why did you not go to the show?” Their top reasons were: They did not know about the show—50 percent said they didn’t know; they didn’t like the band; and they couldn’t get good seats.

In our business we have a saying: If the front row was 8 miles long, we would have a lot of happy fans. If you are in the front row of a show, you love the system. If you are in the back row of the arena, you are not that happy. And if you are one of the thousands that didn’t get into the show, it is our fault.

The Live Nation business model: We make money two ways, from artist revenue and ancillary revenue. Our model is based on putting fans in seats. The more fans that walk in the door, the more money we make. We make very little money from the ticket; on average, $4 out of a $100 concert ticket goes to us. We make $12 to $15 on peanuts, popcorn, parking, ticket rebates and all of the ancillary revenue created to fund the business.

Mr. JOHNSON. Mr. Rapino, your time has expired. Please sum up.

Mr. RAPINO. I apologize.

This merger, we believe, is going to be a good step forward for an industry that needs change. We don’t have all of the answers. We are not miraculously going to change a 30-year history, but we believe change is needed, and technology advances are needed.

We agree that scalping has to be addressed, from outlawed, and stopped. We would like to reduce service fees and we would like to create a better model for the artist that helps the fan.

Mr. JOHNSON. Thank you, Mr. Rapino.

[The prepared statement of Mr. Rapino follows:]
Dear Chairman Johnson and Members of the Subcommittee:

Thank you for the opportunity to speak with you today. I'm glad to have a chance to explain the rationale behind the merger of Live Nation and Ticketmaster, and the creation of Live Nation Entertainment.

I got into this business because I love music and I love working with artists. Growing up in a small town, I had to take a six-hour bus trip to Minneapolis to see a concert. I vividly remember one of my first trips, to a Prince concert. I stood in line in the freezing cold to get a ticket, but after that show, I was hooked. I knew then I wanted to work in the music industry.

I got my start as a beer company promoter when I was still in college. My job, which paid $200 a month, involved staging and promoting concerts, mostly with local bar bands. After learning the ropes, I formed my own concert company, which I eventually sold to SFX Entertainment/Clear Channel.

I worked my way up to president of the concert division. Along the way, it became clear to me that we had to change the way we did business. Clear Channel Entertainment was focused on one task — staging concerts. It was a struggling business with one of the worst reputations in the live music industry. I wanted to shed that image and create an artist-driven company that offered a direct, full-service pipeline connecting artists and fans.

That was the vision behind Live Nation when I spun it off from Clear Channel in 2005. That is the vision I'm here to discuss today. We've made significant progress. We've reported steady growth quarter after quarter, even during the current financial downturn. We have about 17,500 employees, spread out in offices in every major U.S. city. We are a decentralized
business that offers live music through a collection of local concert entrepreneurs. We have 113 employees here in the Washington area.

The concerts we bring to city and towns across the country help sustain countless jobs, from the stagehands at the venue to the workers at nearby hotels. An economic impact study of a two-day Grateful Dead reunion show produced by Live Nation at the Alpine Valley Music Theater in East Troy, Wisconsin, a few years ago found that the multiplier effect from that single weekend event generated $4.5 million for the local economy.

Our biggest stars — artists like Madonna, Bono, the Jonas Brothers — get most of the attention, but Live Nation probably does more than anyone else today to promote talented, emerging artists. We put on about 8,000 club shows every year. And by the way, those venues include Live Nation clubs as well as independently owned clubs. We will continue to work with independent venues — large and small — after the merger.

We also recognize that we have a responsibility to give back to society. We are strengthening our ties to the communities where our employees live and work through our Green Nation program. We are working to establish community service initiatives in each of our approximately 50 offices across the country. At the corporate level, we support benefit concerts by offering our services for free or at a greatly reduced cost.

We’ve grown this company the old-fashioned American way, by sticking to the basics. Our employees are hard working and committed. As CEO, I am acutely aware of my responsibilities to them and to our shareholders. We haven’t over-leveraged or loaded up on debt. We haven’t doled out outrageous bonuses. We’ve focused on our core business. We’ve
managed our balanced sheet very carefully. We’ve delivered what we’ve promised — three years in a row.

We’ve grown the right way, but the current economic environment has still taken its toll. Our stock has declined by nearly two-thirds. Our real estate holdings have been gutted. Our hard work is not producing the rewards it should. We face the very real possibility that if we don’t find a solution, we could ultimately be bought by a foreign-owned entertainment conglomerate like the majority of the major record labels.

I have two choices — I can hope the economy gets better, or I can seek a more proactive approach to protect our employees, reward our shareholders and grow our company. That is the motivation behind this merger.

Unlike so many other businesses, we are not here today to seek a bailout or a tax credit or any other favor. Instead we’ve come with our own self-funded renewal plan. All we ask is the freedom to innovate in an American industry that is in deep trouble.

The music industry model that existed when I entered the business is irreparably broken. In the old model, the record label supported the artist. Record sales were the hub, and everything else — concerts, promotion and merchandizing — flowed from that. American companies and American creativity set the global standard. Tower Records, MTV and local radio stations were the industry’s storefront.

That model is as obsolete as the eight-track tape. Tower Records went bankrupt, MTV doesn’t play music videos, and most radio stations are in a downward spiral.

Album sales — which used to be the foundation for the business — have fallen almost by half since 2000. Artists are subjected to rampant piracy that steals their creativity and their livelihood. 95 percent of all the songs that are downloaded are downloaded illegally.
In the concert business, 40 percent of concert seats go unsold. Others sell for far more than they should because of scalpers. I stood in line in the cold for my first concert because I knew that if I was the two hundred and third person in line, I would get the two hundred and third best seat. It doesn’t work that way anymore.

Computer-driven bulk purchases suck tickets out of the primary market and deny fans a chance to see their favorite performers at a reasonable price. That benefits scalpers, but it doesn’t help stakeholders in the value chain. Fans pay more, but the performers, the promoters and the venues don’t get a dime. And fans who never get a chance to buy a ticket at a face value are rightfully angry about it.

As for the record companies, most of those once-dominant American labels are now owned by companies based in Europe and Asia.

The music industry is undergoing profound change, and the economic downturn compounds our difficulties. Our business is bleeding — and the real victim is the artist. The artist makes music, and others steal it and exploit it.

So what are we to do? Who will develop an economically viable model way to connect artists and fans? Who will create a support structure for artists? Who will figure out how to fill empty concert seats? Who will develop a system to thwart scalpers? Who will end music piracy? Can anyone do it, or will we still be talking about piracy, scalping and the decline of the music industry 10 years from now?

I’m not claiming we have all the answers. We can’t solve it all, but we can be on the leading edge of change in our industry. While others have shied away from or actively fought technology, we have embraced it. Now we want to harness its power for artists and fans.
Collective problems require collective solutions. Clinging to old ways and fighting change is not the answer. We need to build a team of rivals. Together with artists, local promoters and venues, and my future partner Irving, we want to offer some solutions.

We have an opportunity to create a truly modern business by putting these companies together — something that we can't do alone, and certainly not quickly. Far from harming consumers, or promoters or artists, this deal will benefit them and spur competition and innovation, which we welcome.

Everyone in the music industry has a responsibility to seek better ways to serve artists and fans. We want to create a new kind of company that will give artists a trusted business partner so they can have control over their work, and freedom to unleash their creativity. We want to build a holistic support structure that consolidates the fragmented pieces of the business — marketing, promotion, concerts and ticketing — to create a full-service connection between artists and fans.

Doing so will help plug the holes in the current system and eliminate the inefficiencies. It will not eliminate competition. Our business model rises or falls on our ability to serve the artists. If others can do it better, the artists will go elsewhere.

Every service we offer today faces aggressive competition, and that competition will continue — and undoubtedly increase — long after this merger is complete.

Our goal is to build something better. So what would it look like?

This merger can help bring about the reconfiguration we urgently need. We will develop an easy-access, one-stop platform that can deliver music, videos, merchandise, tickets — as well as information about artists and upcoming shows. Artists would be able to communicate directly with fans, and have the flexibility to experiment with new approaches to deliver music.
A system that empowers artists benefits everyone because that’s where the value chain starts.

Here are some of the things we have in mind:

We will make it easier for artists to deliver information about upcoming events and activities.

We will make it easier for artists to draw fans with innovations like paperless ticketing, all-inclusive ticket prices, bundled live performance options and interactive seating.

We will fervently protect the integrity of the primary ticket market from those who seek to exploit it using computer-automated ticket purchasing programs.

Many of our innovations would also benefit others in the music industry.

We envision a world in which a fan doesn’t have to go to Ticketmaster or any other single source or portal to purchase tickets. Instead, they can buy them anywhere the artist wants to make them available — a proprietary fan site, a social networking site, a TV show tie-in site, a grocery store, wherever.

If we are successful, the scalpers and pirates will suffer and our competitors will look more like Amazon, eBay and Orbitz than a retail record store.

We welcome your interest in this issue and the Department of Justice review of this deal. We are confident that any potential issues can be addressed. The interests that feed off inefficiencies in the current system don’t like this merger. It is not surprising that some of the strongest opposition comes from scalpers.

I’m confident this plan will work, but it is an experiment. It is a new approach for an ailing American industry. All we want is a chance to try it.
And I know this: If we don’t make significant changes to the business model and if we don’t build new structures, we may be back in the future for another congressional hearing on the death of the American music industry.

Thank you for this opportunity. I look forward to your questions.
Mr. JOHNSON. Mr. Azoff, it is time for your testimony now.

TESTIMONY OF IRVING AZOFF, CHIEF EXECUTIVE OFFICER, TicketMaster ENTERTAINMENT, INCORPORATED, WEST HOLLYWOOD, CA*

Mr. AZOFF. First, I would like to thank Chairman Johnson and the Subcommittee Members for this opportunity to speak about this proposed merger.

I came to TicketMaster 4 months ago when it acquired a majority interest in Front Line Management; I became CEO of TicketMaster Entertainment. While I have spent my 43-year career serving artists, TicketMaster has dedicated itself for 30 years to reaching fans of live entertainment. We have roughly 6,700 employees, who have worked extremely hard to bring us the success we have seen as a company.

I have come to realize in my short time with the company that TicketMaster is a lightning rod for many issues beyond its control. As the only point of contact with fans, TicketMaster hears nearly every gripe about—just about everything that goes wrong. People don't like ticket prices, they blame TicketMaster even though we have nothing to do with setting ticket prices.

If a show sells out, they get mad at TicketMaster even though all we do is sell all the tickets that our clients give us to sell.

If they get a bad seat, they blame TicketMaster even though we don't control which seats go on sale.

If somebody gets hurt in a mosh pit, they try to sue us. We take so much heat for what we do, you would think that we were the IRS.

That is not to say that we always get it right. We don't. No one does. As hard as we try to serve clients and ticket buyers, technology is not perfect.

I fully understand the frustration and anger created by the problems we experienced in the recent Bruce Springsteen on-sale. I will explain in detail.

On February 2, tickets for three Bruce Springsteen concerts went on sale at 9 a.m. Because of Mr. Springsteen's popularity, there were many more fans trying to buy tickets through TicketMaster.com than there were tickets available. As a result, many requests could not be filled.

In August 2008, TicketMaster modified its payment processing software in the U.S. to support certain credit card antifraud programs. On the morning of February 2, on the TicketMaster server covering sales for New Jersey, the extreme load caused by the Boss's concert on sale revealed a limitation in the software implementation. While the code that was added to implement this program passed all internal tests, it ultimately was unable to handle the extreme conditions of the heavy volume. Starting at approximately 9:08, this caused certain consumer transactions to freeze for an extended period to be aborted while processing payments. It also caused certain consumers to see routine maintenance error pages on the Web site while attempting to reserve tickets.

*Subsequent to delivering this testimony, Mr. Azoff learned that as to a de minimis number of tickets sold in very narrowly defined cases (constituting less than four one-hundredths of one percent of the tickets that TicketMaster sells), TicketMaster sets ticket prices.
No consumers were directed to TicketsNow or given the option to link to TicketsNow from the error page. TicketMaster identified the software problem at approximately 9:45. In both cases, fans involved had to return to start over at the TicketMaster.com site to start another search.

The problem was corrected at approximately 1:25 p.m. when a software patch was installed on the affected ticket inventory systems. That unlocked the frozen transactions and eliminated the routine maintenance error pages. In addition, TicketMaster sent out a ticket alert e-mail to certain registered users that inadvertently and mistakenly listed the on-sale time as 10 a.m. rather than 9 a.m.

Consistent with our policy at the time, other ticket purchasing options for the event were unable to fulfill a specific ticket request on TicketMaster.com. Fans who were unable to secure tickets in response to their search were given three choices: Search again using different parameters, come back later, or voluntarily click on a link to see inventory available on TicketsNow. Some consumers who chose to link to TicketsNow and then completed a purchase, however, complained they were confused and believed they were instead purchasing tickets from the initial on-sale from TicketMaster.com.

While we believe the messaging on the site was clear when consumers chose to switch to TicketsNow, we immediately offered to issue refunds for the difference between the purchase price and the face value of the ticket. Also, to address the concerns we received from consumers, we have removed all links to TicketsNow from our TicketMaster Web site in all States.

We are in a service business, and like any other service business, if we don't serve our clients, we lose the business.

We are proud of our success and the number of our satisfied customers who rely daily on our ticketing system. Some claim we have a large share of the ticketing service market. We don't measure or keep track of such things. What we do is we strive to do the best job we can and keep up with the many competitors who are offering alternatives to our clients.

All of our venue agreements come up for renewal constantly. We have lost major arenas to competitors in Philadelphia, Houston, Cleveland and Denver. If that is not competition, I don't know what is.

Others will most certainly leave if this merger is consummated. In fact, AEG has notified us by letter that they believe they have the right to terminate our agreement in connection with this merger. I will supply a letter to the Committee. Thank you very much.

[The prepared statement of Mr. Azoff follows:]
Dear Chairman Johnson, Congressman Coble, and Members of the Subcommittee:

First, I’d like to thank you for this opportunity to speak about the Ticketmaster/Live Nation merger. Both companies are excited about our plans for Live Nation Entertainment. We believe the combination of our two companies will benefit artists, fans, theatergoers, sports teams, museums and all of the other facilities, performers and spectators who use our services.

As a kid growing up in Danville, Illinois, my future path was set when I saw The Beatles in old Comiskey Park in Chicago. I was bitten by the music bug, but I soon realized I’m no musician. I was rejected by the school choir, and the only bad grades I got in school were when I tried to master the saxophone and drums in music class. My instrument of choice is the telephone.

I’ve spent 43 years in the music business, but through it all, I’ve focused on one thing—serving artists. I put myself through college at the University of Illinois booking bar bands, instead of waiting tables. Together with my late friend, the gifted singer-songwriter Dan Fogelberg, and the rock band REO Speedwagon, we quit school and headed west to pursue our American dream.

I launched Front Line Management about 35 years ago. When I started managing the Eagles, they were playing venues not much larger than this room. I am proud to say they are still my clients.

I’ve had many roles in the business. I’ve been an agent, a personal manager, a concert promoter, a movie producer, an independent record label owner, a merchandiser, a music
publisher, a record company CEO and, at times, a babysitter and a bail bondsman. I’m a founding member of the Recording Artists’ Coalition and staunch supporter of artists’ rights.

In 2005, I returned to my first love — the management of artists, at Front Line Management. While I’m honored to be here, if I wasn’t doing this right now, I’d be in the Rayburn Building with the musicFIRST coalition and all the artists who are seeking congressional support for the performance rights bill.

I came to Ticketmaster four months ago when it acquired a majority interest in Front Line Management and became CEO of Ticketmaster Entertainment. While I have spent my career serving artists, Ticketmaster has dedicated itself for 30 years to reaching fans of live entertainment. My job now is to use the resources of both companies to enhance the artist-to-fan experience.

I believe that the best interests of the artists, and indeed any performer — whether in music, sports, theater, or other events — will serve the best interests of the fans. It is truly a magical connection.

At Ticketmaster, we are always mindful that we have a central role in the fan or visitor experience. We are committed to getting it right, and making that experience as fast and efficient as possible.

This hearing is focused on the music industry, but our services go well beyond live music events.

We handle ticketing for museums, historic sites, community theaters and civic events. We serve the NFL, the NBA, NHL and college sports teams, as well as the Guggenheim Museum and the Ringling Brothers Circus. We also do a significant amount of work for
charitable events and nonprofits. We open our phone banks for relief efforts during hurricanes and other natural disasters.

We constantly strive to improve our online technology, but we continue to serve fans who do not have Internet access or credit cards. That is why Ticketmaster outlets still are often crowded on weekend mornings when tickets go on sale for bands that attract a teenage audience.

Our phone operations continue to be an important information source for fans. Only about one out of every five phone calls to Ticketmaster results in a financial transaction. Rather than make a sale, Ticketmaster operators are asked about any number of questions — about the opening act, directions to venues and showtimes — even weather conditions. No other ticketing company supplies that level of service.

But these extra service operations and the jobs of the people who perform them could be in jeopardy without this merger. We have roughly 6,700 employees, including those in about 50 offices across this country, who have worked extremely hard to bring us the success that we have seen as a company. All of them have a stake in this merger.

As hard as we try to serve clients and ticket buyers, technology is not perfect. For example, I fully understand the frustration and anger created by the problems we experienced in recent sales for three Bruce Springsteen shows in New York and New Jersey.

A computer malfunction temporarily affected sales on our main Ticketmaster Web site for these three shows, and many fans were then frustrated by the very rapid sell-out of the shows combined with being given the opportunity to purchase tickets on our resale marketplace, TicketsNow.com.
I have personally apologized to Mr. Springsteen and his fans about what happened a couple weeks ago. I was angered and embarrassed by the incident. As the still-new CEO of Ticketmaster, I have pledged and I reiterate now that something like this should never happen again and I am working hard to see that it doesn’t. As you know, we have also offered to refund the difference between the face value price and price paid to TicketsNow to fans who believed in error that they were buying from the initial on-sale when they purchased their tickets. Going forward, we are also going to work to see that the very best seats go on sale directly to the fans.

In the broader picture, we are focused on structural changes that will help us better serve artists, fans, teams, museums and all of our other clients. This merger will let us fully integrate our complementary strengths and eliminate about $40 million in inefficiencies — money that could be invested in more innovation. It is designed to address the obvious inefficiencies in the entertainment supply chain — the large volume of unsold tickets to events, higher costs, surcharges and the explosion of the resale market.

It will give us greater flexibility in how we promote, market and sell tickets to events. It will give us a pathway to alternative pricing and fee structures. And we will be better able to develop new and innovative products and services that enhance the fan experience and make all forms of entertainment more accessible to everyone.

Here’s one thing that will not happen as a result of this merger: The fierce competition we face in our businesses will continue to thrive.

We have already seen content providers in other areas make this move to bridge the gap and gain a more direct link to the fan experience. Major League Baseball purchased Tickets.com in 2005. Comcast-Spectacor started down the path of integration more than 10 years ago and now runs venues, owns sports teams, owns and operates a competing ticketing service company,
as well as other related businesses. NASCAR now sells its event tickets through its own in-
house ticketing system, which it built using advanced, web-based technology.

The list goes on, but the trends are clear. The entire entertainment industry is looking for
ways to integrate ticketing and other related businesses with the rest of their supply chain.

And technology is making it easier for competitors to enter our business. In just eight
years, the number of tickets that Ticketmaster sells online has increased dramatically. The wave
of competition we are seeing in the ticketing services business is almost entirely in the form of
web-based ticketing technology.

Competitors are constantly joining the field, and we are continuing to explore additional
and better ways to serve our clients and the fan. We face competition at every point on the value
chain. That competition will continue after the merger.

I'm glad you are having this hearing on the future of the music industry. I've spent most
of my life in this business. My son, daughter and son-in-law work in this business. It is our
family passion. I want it to thrive for generations to come. We all need it to survive.

I found an interesting quote the other day that applies to the situation we face:

"I pity the man who wants a coat so cheap that the man or woman who produces the cloth
will starve in the process."

The statement came from President Benjamin Harrison, who signed the Sherman Act, the
country's first antitrust law to prevent illegal business combinations and restraints of trade.

The message I want to leave you with today is that the music business is in far worse
shape that most people realize. The economic foundation that supported artists in the past is
crumbling. Piracy is threatening their livelihood. If you steal a loaf of bread, you get prosecuted.
If you steal an artist's creativity, it's okay.
Secondary ticketing is driving up prices for the fans, with absolutely no benefit to the artist. We cannot just cling to old ways. This merger will allow the live music industry to avoid repeating the mistakes of the record business.

There is nothing more electrifying in the entertainment industry than watching a gifted artist perform in a sold-out house.

That’s the magic that drew me to this business. That’s why I still go to work every day. But the live performance is only part of the story. If we can’t figure out how to support artists and ensure that they reap the financial rewards for the creativity, the stage will go dark for many who could have had a career in music.

Thank you.
Mr. JOHNSON. Mr. Doyle.

TESTIMONY OF ROBERT W. DOYLE, JR., PARTNER, DOYLE, BARLOW & MAZARD, PLLC, WASHINGTON, DC

Mr. DOYLE. Thank you, Mr. Chairman and the Subcommittee, for this opportunity to present my views on this proposed merger. I do not represent anybody here. I am appearing at the invitation of the Committee to express my views on the transaction.

I have four basic views on the proposed merger:

I believe that the merger will eliminate competition in the primary ticket services market;

I believe it will reduce competition in the secondary ticket services market;

It will reduce competition in the management of top tier artists; and

Fourthly, it will reduce competition in the concert promotion industry.

In the interest of time, I am going to focus my summary on the competitive effects of this merger in the primary ticket services market.

This merger will eliminate the only viable competitor available to go head to head with TicketMaster in the primary ticketing services market. Now let me put this in a little bit of context. We have to go back to September of 2008.

On September 11, 2008, Live Nation announced that it was entering the ticketing business. That same day they also announced that they had taken away from TicketMaster its largest customer, SMG Entertainment. TicketMaster immediately responded to that press release put out by Live Nation.

Their press release indicated that in the short term Live Nation's entry didn't impact them very significantly because SMG was tied up in a long-term contract through 2010, and during the interim period, TicketMaster would take every step possible to convince SMG to stay with them until the expiration of their contract.

The following month, after TicketMaster saw Live Nation entering its market, what did TicketMaster do? It announced its acquisition of Front Line. Now, that could be a retaliatory response, it could be a defensive response, but within a short period of time after Live Nation begins competing with or announces that it is going to compete with TicketMaster, TicketMaster announces that it is going to get into the talent management business, a business obviously that Live Nation was in.

So you have these two large competing firms going head to head with each other, and within a short period of time Live Nation in January of 2009 began ticketing some of its own venues. So not only did it announce it was getting into the market and taking away a significant competitor from TicketMaster, but shortly thereafter, in January, it began ticketing some of its events.

We all stood by. We all saw these two significant competitors finally going head to head, and we waited to see what kind of a competitive response the market would realize.

Well, the market didn't get any response at all because the companies decided in February to merge. They called a truce. There was no point banging each other in the marketplace in ticketing on
one side of the coin, and on the other in the management, the talent management part of the business. So the merger eliminates the only viable, integrated, potential competitor that could challenge the monopoly position of TicketMaster in the marketplace.

Now, there is another concern that has arisen as a result of this transaction, and that is the degree to which a combined Live Nation-TicketMaster can impose its will on the venue customer in particular. We have done several interviews of venues over the course of the last week or so, and the indications that we have gotten from the venue segment of the industry is that they are concerned that a combined Live Nation-TicketMaster will exercise leverage and impose its will on the venue in the form of perhaps higher convenience fees, in the form of perhaps less services, and in the form of picking and dictating to the venue what ticket company to use.

Now the question is, does that leverage exist, number one; and number two, will it be exercised post acquisition by the merged firm?

Let me quickly sum up and say that we don’t have to speculate whether leverage can be used or not used. In Saturday’s Wall Street Journal, over the weekend, there was a front page article on TicketMaster; and Mr. Azoff was quoted extensively in the article. I would direct your attention to my Exhibit 4 where I have copied the article.

In the article the question was put to Mr. Azoff about leverage, and the best way to summarize here is to read his comment: “Mr. Azoff isn’t shy about using his gold-plated roster as leverage when negotiating with concert promoters. ‘It is done with a wink,’ he said. There is 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.’”

That is an acknowledgment by Mr. Azoff that he has the market power to impose his conditions on the venue which would extend, in my opinion, to selecting the ticket company, post acquisition, to the exclusion of other competitors in that marketplace.

Thank you.

[The prepared statement of Mr. Doyle follows:]
Prepared Statement of Robert W. Doyle, Jr.

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.

FEBRUARY 26, 2009
10:00 AM

1. 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

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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, lending to less choice and higher prices to consumers.

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Today's hearing and continued monitoring of this merger by this Committee are
total 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

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
congress: $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 TicketNow 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, concerts, 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 straightforward 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?

I. 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 tour deal to Journey and the Eagles, I’m not going . . . to let Jimmy Buffett play your building.’"

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.
EXHIBIT 1

LIVE NATION AND SMG ANNOUNCE MULTI-YEAR STRATEGIC ALLIANCE BRINGING 26 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 festivals managed by the world’s leading venue management company, SMG. The final tickets will transition to Live Nation Ticketing in late 2008 and are expected to ramp up to an estimated 8 million tickets annually by 2011 via SMG’s current ticketing contract base. The total tickets included in the deal amount to approximately 26 million over the term of the deal.

In January 2008, Live Nation Ticketing will launch as a full-service, in-house ticketing company in management Live Nation’s ticketing gateway, LiveNation.com, and as a ticketing alternative for SMG’s clients. The new ticketing platform will allow Live Nation to control customer data, create enhanced ticket-based marketing programs and capitalize on an expanded distribution, marketing 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 estimated to handle more than 10 million tickets for Live Nation venues alone. These numbers are expected to grow annually to approximately 15 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 20% annual increase in the 15 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 several years, and that’s before we even flip the switch on Live Nation Ticketing,” said Nelson Hubers, 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 first our unique content plus ticketing proposition delivers a double win via one single bridge.”

“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 businesses,” said Yves Verhey, 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 Gamr, 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 lead 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](http://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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Ticketmaster's Response to Live Nation-SMG Announcement

Ticketmaster’s Response to Live Nation–SMG Announcement

WEST HOLLYWOOD, Calif. April 1, 2006 (GLOBE NEWSWIRE) -- The following statement is Ticketmaster's (NASDAQ: TSX - News) official response to an announcement made today by Live Nation and SMG that can be attributed to them: Monday, Ticketmaster CEO and President,

"Every fan of live entertainment is well familiar with Ticketmaster’s brand. We are pleased to be associated with Live Nation and SMG in this partnership. As a result of this association, fans can expect a higher level of service and a more seamless experience when purchasing tickets for events. Streamlining the ticketing process will ensure that fans have access to the best seats at the best prices. We are excited to work with Live Nation and SMG to provide a superior fan experience.
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 projections of revenues and earnings, statements regarding the company's plans and objectives, and other statements that are not historical facts or are not guarantees of future performance. These forward-looking statements are subject to uncertainties and risks that may cause actual results to differ from those expressed in such statements. These uncertainties and risks include, among others, changes in economic conditions generally, in the leisure and hospitality industry, in the ability of the company to compete effectively, and in international markets. The company is unable to predict all of these uncertainties and risks and, accordingly, should not consider these forward-looking statements to be a guarantee of future performance. The company does not undertake to update these forward-looking statements to reflect the effect of subsequent events or circumstances.
TICKETMASTER ENTERTAINMENT, INC. ANNOUNCES COMPLETION OF TRANSACTION TO ACQUIRE CONTROLLING INTEREST IN FRONT LINE MANAGEMENT

WEST HOLLYWOOD, CALIF. — October 30, 2003 — 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, chairman and chief executive officer of Front Line, has assumed the post of chief executive officer of Ticketmaster Entertainment. Additionally, Ticketmaster Entertainment appointments include: Stan Morris, 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 15 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 venues. 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 250 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

Can He Save Rock 'n' Roll?  
Laying Jeff Berwick To Communites Power In The Music World Like Never Before.  
By TIMOTHY MARTIN  
[See Corrections & Amplifications below]

Irving Azoff, the most powerful man in the music industry, is in an armchair in his spacious Beverly Hills 
business, firing off emails. His proposed to spend the business of rock 'n' roll - by emerging as a concert 
concert promoter Live Nation with his own empire, Ticketmaster - was hitting 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 
be anything yet. Another executive tapped our ankles of his own, sitting on the edge of Mr. Azoff's bathtub.

This kind of simultaneity to his rock-and-dish, coupled with his skill at negotiating the contracts that 
made them rich, is the source of Mr. Azoff's influence. It's aggressiveness as an artist's behalf is legendary. "He 
may be serious, but he's our boss," Mr. Henley quipped during a 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 would also 
occasionally put him in direct conflicts across the negotiating table - with himself.

If Live Nation merges with Ticketmaster, the new entity will be both artist manager and concert 
concert promoter, two sides whose interests don't always align. A manager's manager wants to squeeze the coat 
money possible out of a concert promoter, and this has been Mr. Azoff's role through his PowerPoint 
Management firms, 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 Paskoff, an independent concert promoter in Northern 
California.

Mr. Azoff, 66 years old, says his loyalties haven't changed. "The artists' interests always come first," he said in.
Last week, the Justice Department's antitrust division opened an investigation into the deal and convened the deal review panel. The deal, which will be the largest in the entertainment industry, includes the assets of Sony, Universal, and Warner Music.

The company's desire to dominate the market would create a new monolith in the market for music and video content. The deal would bring together the three largest record labels in the world, each with more than 100 million albums under their control.

Despite the competition concerns, the companies are reportedly confident they can gain approval for the deal. They argue that the deal is necessary to compete with streaming services like Spotify and Apple Music.

Mr. Aoniff, a senior executive at Sony, has said that the deal would benefit consumers by lowering prices and increasing the availability of music. He also believes that the deal would create a more profitable business model for the music industry.

However, some antitrust experts believe that the deal would create a monopoly, which could lead to higher prices and decreased innovation.

In the past, the music industry has been under threat from piracy and illegal downloads. The deal could potentially make it easier for the companies to control the distribution of their music, which could lead to a loss of creativity and innovation.

For decades, the music industry has been a low-margin business, with margins often as low as 10%. However, the deal could potentially increase margins and lead to higher profits for the companies involved.

http://www.wsj.com/articles/SB12331703594643674.html
“I guessed right,” Mr. Azoff says of the sub-tenancy.

He spent the next four years managing the Eagles, Mr. Agalarov and just a few others. It was tough to see good-looking deals for his artists because his client’s was still relatively small, and concert promotion was tightly controlled by the company that would later become Live Nation.

Looking to monetize a comeback, Mr. Azoff says he concluded: “The only way to fight big is with big.”

So in 2002, he co-launched Irving management firm, Front Line, and set out to build a behemoth. He raised more than $2 million from Thomas H. Lee Partners L.P., the private-equity firm, and Warner Music Group Corp. Later, Columbia/Sony Music Corp. and Ticketmaster signed on as investors.

He quickly bought more than 60 smaller management firms.

Mr. Azoff didn’t shy away from using the gold-plated client to leverage other negotiating with concert promoters: "It’s done within a week," he says. "There’s yet a confirmation that says, ‘You don’t want this deal to happen and the Eagles. I’m not going to let you push the button play the stadium.’

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 16 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 megastar also bought millions of copies directly from the band and agreed not to return any disc that didn’t sell.

Mr. Azoff says the Eagles were promised to go with Wal-Mart by simply math: "Do you want to make pennies per CD from the labels, or do you want to make dollars from Wal-Mart?" he says to ask Mr. Horan.

People in the industry say the Eagles may have earned as much as $50 million from the Wal-Mart arrangement, which sold 5.5 million copies. A traditional record-label deal might have yielded less than $20 million, they say.

Known like those turned Front Line into a fast property. In 2007, both Live Nation and Ticketmaster began trying to buy a controlling stake. Ticketmaster finally cleared the deal last October, in the process naming Mr. Azoff CEO of the online company.

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

Ticketmaster has been getting into Web sites that sell tickets, like Able to Seat tickets, Bavarian, and others were selling tickets to sell tickets at much higher prices than Ticketmaster itself could.

Ticketmaster's attempt to fight back — such as the acquisition, last year, of Nikiah and TicketNow — only staved up trouble, but this month, fans started with outrage when their attempts to buy their favorite tickets from Ticketmaster led them to a "sold out" page with no other offering wait at up to five times face value.
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How much have things changed for artists? Today, Mr. Anoff estimates that his oldest and biggest client derives just 60% of their revenue from recorded-music sales (including downloading). Some 20 years ago,

Mr. Anoff started young, leaving home in high school to Durango, IL, a city 150 miles from Chicago. In 1979, he dropped out of the University of Illinois at Urbana-Champaign and moved to Los Angeles, where his roommate, and first artist client, was John Fogerty, the now-iconic leader of the soft rock band.

While at Mr. Griffin's company, he was sometimes dispatched to bushwack concert stages. One assignment:

Mr. Anoff took a lugging from Neil Young's road crew, who surreptitiously threw his luggage off the back in Queens, New York.

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

He made his name managing the Eagles, after they broke with Mr. Griffin. The musicians and Mr. Anoff developed close ties in the early '80s. Mr. Anoff gave the luridsmacked-glass picture of Joe Walsh's carved-out which became a regretful part of the musician's sport on the road.

Later during a tour supporting Mr. Walsh's "The Meaning of Built," the Players Club 4th studio album, Walsh couldn't accommodate the tour's regrettably different group. So Mr. Walsh used the chair as a "but stashed in the wall next to the desk," says Mr. Anoff. "And added, 'This is just your size?'" Mr. Anoff is a bit of a misfit.

He quickly shifted developing a reputation for being a hard bargainer. On behalf of the Eagles, he negotiated several record contracts, including to go out. For their 1975 "Hotel California" album, it went in to sell more than 6 million copies, making it among the top-10 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 hits. By combining MCA's current-executional risk and value division, he increased the tone in profitability.

Mr. Anoff took a hard approach to business, once buying a ad in Life's magazine with a photo of him and several executives displaying their middle fingers in the camera.

He had a result with that law at MCA. Federal authorities spent years investigating why Salvatore Pellelato, an alleged New York mobster, was parking out of MCA Records' Los Angeles headquarters. He was buying large volumes of "Drummers," the industry term for presumably unidentifiable albums, and reselling them.

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

Mr. Pellelato's former lawyer, Richard Zayas, said through an assistant that he wasn't sure what it was or how it came about.

In 1998, Mr. Anoff went to MCA in 1999, become the executive chairman of Giant Records. He sold his share back to Warner for an undisclosed sum in 2005, just as Yahoo began to lose.

http://online.wsj.com/article/SB12351710591458741.html

2/24/2009
Mr. JOHNSON. Mr. Luukko.

TESTIMONY OF PETER A. LUUKKO, PRESIDENT & CHIEF OPERATING OFFICER, COMCAST-SPECTACOR, PHILADELPHIA, PA

Mr. Luukko. Thank you, Mr. Chairman.

I have spent my entire career in the sports management and facilities management industries, and I have done business with both TicketMaster and Live Nation for many years.

Since 2005, I have been the President and Chief Operating Officer of Comcast-Spectacor, a Philadelphia-based sports and enter-
tainment firm which includes the Philadelphia Flyers hockey team, the Philadelphia 76ers basketball team, the Philadelphia Phantoms hockey team, and two south Philadelphia arenas in which the teams play, the Wachovia Center and the Wachovia Spectrum.

In my current position, I am also responsible for oversight of Comcast-Spectacor’s other business interests which include Global Spectrum, a company that manages stadiums and arenas throughout the country and Canada; Ovations Food Services, a food and concessions company; New Era Tickets, a full-service ticketing company which is a competitor of TicketMaster—and with all due respect to Mr. Doyle, we do not feel any implied leverage whatsoever and, in fact, we see this as an opportunity—Flyers Skate Zones, a series of community skating and hockey rinks in the Greater Philadelphia region; and Disson Skating, the developer and promoter of a series of ice skating and music shows performed live and distributed to a national television audience.

Also within the Comcast-Spectacor family of companies is Front Row Marketing Services which provides consulting services to help develop effective sports and entertainment marketing, sponsorship and advertising strategies.

My duties include serving as the Chairman of Global Spectrum, and I am responsible for creating new business opportunities for Comcast-Spectacor in the fields of facility management, sports ownership and operations, food and concessions.

Prior to joining Comcast-Spectacor and ultimately becoming the company’s President and COO, I worked in various aspects of facility management, event organization and hospitality services, including such positions as Vice President of Spectacor Management Group’s western region and Facility Manager for SMG at the Los Angeles Coliseum and Sports Arena.

Let’s talk about vertical integration. In my position at SMG, Comcast-Spectacor and Global Spectrum, I have come to understand the benefits of having a vertically integrated live entertainment business. By being part of a company that owns, manages, and/or operates venues and owns several sports teams and other content, and provides its own ticketing solution in food and beverage services to arenas, stadium and amphitheaters throughout the country, we have the ability to cross-promote among these different levels in the vertical distribution chain and to touch the fan directly at multiple points in his or her sports entertainment experience.

Additionally, because we have more assets in some cities, like Philadelphia, we have the ability to create unique packages to offer to sponsors and, most importantly, the fan. This is where the industry trend is clearly moving, in large part because content providers want to have more direct control of the connection to their fans.

We believe that one of the reasons Comcast Spectacor has been so successful in its ability to vertically integrate all of the resources of its related companies, as well as those supplied by its parent company, Comcast Corporation, is to create synergistic opportunities to grow our business. We provide a unique and excellent opportunity for our teams and facilities to utilize the relationship in the Comcast family of companies, including Comcast Cable, Comcast
SportsNet, the Versus Network, E! Entertainment Television, to increase market visibility.

But don’t just take my word for it. Look at the other competitors, like MLBAM/Tickets.com and Kroenke Sports in Denver. They are doing the same thing. This is what is happening.

The merger. I believe that the merger of TicketMaster and Live Nation is an exciting combination that has potential to reinvigorate the industry at a time when change of direction is drastically needed. The economy is distressed right now and, as a result, many sports teams and other live entertainment acts are struggling to sell event tickets.

This industry needs some new and fresh ideas, especially now, so that we can provide consumers with the much-needed leisure activities that keep their spirits up and our economy moving in the right direction.

I think the merger will bring welcome change. If together TicketMaster and Live Nation can sell more tickets, and therefore provide more content to venues and consumers, this will be a huge improvement over the status quo. I also believe that this type of strategic combination will encourage other competitors, like myself, to be more creative in their offerings and to compete more effective overall.

I certainly don’t have any reasons to believe that the combination will in any way whatsoever stifle competition.

Mr. Johnson. Mr. Luukko, your time has expired. If you would go ahead and sum up.

Mr. Luukko. In summary, I think this combination will breathe much-needed life to an industry that is hurting. And, at the end of the day, change is good. Thank you.

[The prepared statement of Mr. Luukko follows:]
PREPARED STATEMENT OF PETER LUUKKO

STATEMENT OF PETER LUUKKO

My name is Peter Luukko. I have spent my entire career in the sports management and facilities management industries, and I have done business with both Ticketmaster and Live Nation for many years. Since 2005, I have been the President and Chief Operating Officer of Comcast-Spectacor, a Philadelphia-based sports and entertainment firm which includes the Philadelphia Flyers hockey team, the Philadelphia 76ers basketball team, the Philadelphia Phantoms hockey team and the two South Philadelphia arenas in which the teams play – the Wachovia Center and the Wachovia Spectrum.

In my current position, I am also responsible for oversight of Comcast-Spectacor’s other business interests which include Global Spectrum, a company that manages and operates public facilities throughout the United States and Canada, Ovations Food Services, a food and concession company, New Era Tickets, a full-service ticketing company, Flyers Skate Zone, a series of community skating and hockey rinks in the Greater Philadelphia Region, and Disson Skating, the developer and promoter of a series of ice skating and music shows performed live and distributed to a national television audience. Also within the Comcast-Spectacor family of companies is Front Row Marketing Services, which provides consulting services to help develop effective sports and entertainment marketing, sponsorship and advertising strategies.

My duties include serving as the Chairman of Global Spectrum, and I am responsible for creating new business opportunities for Comcast-Spectacor in the fields of facility management, sports ownership, and operations, food and concessions. Prior to joining Comcast-Spectacor and ultimately becoming the company’s President and COO, I worked in various aspects of facility management, event organization and hospitality services including in such positions as Vice President of Spectacor Management Group’s (SMG) Western Region and facility manager for SMG’s Los Angeles Coliseum and Sports Arena.

Vertical Integration

In my positions at SMG, Comcast-Spectacor and Global Spectrum, I have come to understand the benefits of having a vertically integrated live entertainment business. By being part of a company that owns, manages, and/or operates venues,
owns several sports teams and other content, and provides its own ticketing solution and food and beverage services to arenas, stadiums and amphitheatres throughout the country, we have the ability to cross-promote among these different levels in the vertical distribution chain and to touch the fan directly at multiple points in his or her sports/entertainment experience. Additionally, because we have more assets in some cities like Philadelphia, we have the ability to create unique packages to offer to sponsors and fans alike. This is where the industry trend is clearly moving—in large part because content providers want to have more direct control of the connection to their fans.

We believe that one of the reasons Comcast-Spectacor has been so successful is its ability to vertically integrate all of the resources of its related companies, as well as those supplied by its parent company Comcast Corporation, to create synergistic opportunities to grow our business. We provide a unique and excellent opportunity for our teams and facilities to utilize the relationships in the Comcast Family of Companies, including Comcast Cable, Comcast SportsNet, the Versus Network and E! Entertainment Television to increase market visibility. But don’t just take my word for it, look at other competitors like MLBAM/Tickets.com and Kroenke Sports in Denver—they’re doing the same thing.

The Merger

I believe that the merger of Ticketmaster and Live Nation is an exciting combination that has the potential to reinvigorate the industry at a time when change of direction is drastically needed. The economy is distressed right now, and as a result, many sports teams and other live entertainment acts are struggling to sell event tickets. This industry needs some new and fresh ideas—especially now—so that we can provide consumers with the much needed leisure activities that keep their spirits up and our economy moving in the right direction.

I think the merger will bring welcome change. If together Ticketmaster and Live Nation can sell more tickets, and thereby provide more content to venues and consumers, this will be a huge improvement over the status quo. I also believe that this type of strategic combination will encourage other competitors (like myself) to be more creative in their offerings and to compete more effectively overall. I certainly don’t have any reason to believe that the combination will in any way stifle competition. There are a lot of ticketing companies (our own included), promoters, venues and artist managers out there eager to do business. Nor do I think that my buildings will be less likely to attract or secure the same level of concert talent that Live Nation and many others have offered us before. At the end
of the day, the artist has the ultimate control over where he or she wants to play. And in a city like Philadelphia, we know that artists want to be at the Wachovia Center, regardless of the fact that Ticketmaster doesn’t provide ticketing services to that venue. In fact, we currently have a Live Nation promoted band—Nickleback—scheduled to play there next month.

Again, I think this combination with breathe much needed life into an industry that is hurting. I look forward to the challenges and rewards it will bring. I’m happy to take your questions.

Thank you very much.
Mr. JOHNSON. Thank you, sir. Mr. Froeb, please begin.

TESTIMONY OF LUKE FROEB, WILLIAM C. AND MARGARET W. OEHMIG ASSOCIATE PROFESSOR OF MANAGEMENT, OWEN GRADUATE SCHOOL OF MANAGEMENT, VANDERBILT UNIVERSITY, NASHVILLE, TN

Mr. FROEB. Mr. Chairman, Ranking Member Coble, Members of the Subcommittee, thank you for this opportunity to testify. My name is Luke Froeb. I teach management at Vanderbilt University, and I was formally a staff economist at the Justice Department and chief economist at the Federal Trade Commission.

In this short oral testimony, I want to highlight what I can some of the most interesting and significant issues raised by this merger. TicketMaster and Live Nation are part of the vertical supply chain that delivers live performances to fans. The price of this service is the difference or “wedge” between what consumers pay and what performers receive. The size of this wedge is one criterion the Justice Department will use to determine whether the merger is anticompetitive or not. This is important because a bigger wedge means either the consumers are paying more or that performers are receiving less, or both. In the first case, one might expect fewer tickets purchased; in the second, fewer concerts performed.

This leads naturally to a second criterion that the agencies will use: The expansion of output. More seats or more concerts. A merger that increases the size of the wedge and reduces industry output would likely be found anticompetitive and vice versa. This merger is complex because, as Representative Smith has noted, it raises both horizontal and vertical issues. The Department of Justice will analyze the extent to which actual and potential horizontal competition is lost by this merger and count this as a cost of the merger.

But, for the most part, TicketMaster and Live Nation occupy different positions in the supply chain and perform different functions. When firms producing complementary services do business with one another, incentive conflicts naturally arise. These conflicts can be over what price to charge or how much to spend on promotion, as noted by Mr. Rapino.

A merger among the providers of these services would likely reduce the costs of controlling these incentive conflicts and could result in levels of price and promotion that would both reduce the size of the wedge, as well as increase output.

But perhaps the biggest potential benefit of this merger is innovation. The fragmentation of the supply chain means that individual firms may lack the information necessary to innovate or the incentive to do so because each receives only a small slice of the proverbial pie.

Innovation is important to the music industry because business models are changing rapidly. If this merger gives the merged firm enough information to design more effective ways of managing the supply chain, and the incentive to do so, it could reduce the size of the wedge and increase output. This kind of experimentation in innovation is crucial to the health of the economy. Its ability to adapt to change is what makes it strong.
Thank you for giving me the opportunity to share my views on this timely and important topic.

Mr. JOHNSON. Thank you, Professor Froeb.

[The prepared statement of Mr. Froeb follows:]

PREPARED STATEMENT OF LUKE FROEB

VANDERBILT UNIVERSITY


Mr. Chairman, Ranking Member Coble, Members of the Subcommittee - thank you for the opportunity to testify before you today. My name is Luke M. Froeb. I am the William Oehmig Associate Professor of Management at Vanderbilt University. I was a staff economist at the Antitrust Division of the U.S. Department of Justice from 1995 to 1992 before moving to Vanderbilt in 1993. In 1989, I spent a year as the Kramer Foundation Fellow at the University of Chicago Law School, and in July 2005, I completed a two-year term as Director of the Bureau of Economics at the U.S. Federal Trade Commission where I managed 75 PhD economists who provided analyses to support enforcement of the U.S. antitrust and consumer protection laws.

To evaluate the competitive effects of mergers, the antitrust enforcement agencies ask two questions: (i) how do the merging parties compete?, and (ii) how does the proposed merger change competition? To answer these questions, agency economists and attorneys engage in a fact-intensive investigation utilizing their powers of subpoena to gather evidence from interviews, documents, and data. They collect evidence from the merging parties, their customers, competitors, and suppliers. They read industry reports and academic studies, conduct financial analyses, examine natural “experiments,” and estimate econometric models.

In sum, the agencies have better information, more resources, and more time to dig deeply into the issues of concern in the Ticketmaster/Live Nation merger. So rather than try to
predict whether they will challenge the merger, I will instead identify the kinds of issues they are likely to confront in analyzing the merger.

**The Live Entertainment Industry**

Ticketmaster and Live Nation are both part of the vertical supply chain that delivers live performances to fans. The “price” of this service is the difference or “wedge” between what consumers pay and what performers receive. At one end of this chain are firms that interact directly with artists, such as Live Nation. At the other end are firms that interact directly with fans, such as ticketing firms like Ticketmaster who sell tickets on behalf of venues.\(^1\) In between is a complex group of firms offering sometimes overlapping services, including managers, promoters, venues, ticketing firms, and merchandisers.

The supply chain includes:

- Artists’ managers, who help with career decisions, help select a producer, form and lead a professional team that includes lawyers, business managers and agents, coordinate and supervise concert tours, oversee promotional activities, and perform routine business functions for artists. Artists’ managers typically earn a percentage of an artist’s gross earnings.

- Business managers, who are responsible for collecting money owed to the artist, paying bills, filing taxes, and investing any savings. Business managers work on a percentage, an hourly rate, a flat fee, or some combination thereof.

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\(^1\) Ticketmaster also owns Frontline management, which provides artists with artist management services. This business represents a relatively small portion of Ticketmaster’s revenues.
• Lawyers, who may charge a percentage or hourly rates.

• Agents, who are mainly responsible for booking live personal appearances, including concerts, and charge between 5 and 10 percent.

• Promoters, who “purchase” concerts from agents and package them in the form of a tour or single show and market them through venues. The promoter secures the venue for the concert and is responsible for concert-related costs such as hotels, transportation and sound and lighting equipment. Promoters bear the financial risk of the concert.

• Venues, such as auditoriums, sports arenas and amphitheaters where live events are held.

• Providers of ticket services, who are responsible for selling tickets online, and possibly off-line through retail outlets at shopping malls, downtown storefronts, or other locations.

Live entertainment events generate revenues through ticket sales, parking fees, and sales of food, beverages and merchandise at the event. For every dollar of revenue generated, the artist receives only some fraction. For illustrative purposes, let us suppose that this is 80 cents. The remaining 20 cents is distributed among the various participants of the supply chain, including those listed above, in accordance with contractual (and other) arrangements that have evolved over time. This 20 cent “wedge” between what fans pay and what performers receive pays for a variety of services, including marketing and promotion activities that help bring fans to their preferred performers.
The size of this wedge is one criterion that the agencies will use to determine whether the merger is anticompetitive or not. This is important because a bigger wedge means either that consumers are paying more or that performers are receiving less, or both. In the first case, one might expect fewer tickets purchased, in the second, fewer concerts performed. This leads naturally to a second criterion that the agencies will use, the expansion of output (more seats, or more concerts). A merger that increases the size of the wedge and reduces industry output would likely be found to be anti-competitive. One that decreases the size of the wedge and increases output would likely be found to be pro-competitive.

**The Merging Parties**

Ticketmaster provides ticket sales, ticket resale services, and marketing and distribution services for live entertainment including concerts, professional and college sports, and the performing arts. Live Nation produces and promotes live entertainment, including music and sports events, and owns or manages venues where events are hosted. For the most part, Ticketmaster and Live Nation occupy different positions in the supply chain and perform different functions. Ticketmaster has close business ties to venues, selling and distributing tickets to a range of live entertainment events including sports. Live Nation has close business ties to artists, representing more than 1,500 artists globally as a concert promoter. Live Nation also maintains a database of fans, predominantly attendees of its live music events, but its roots are primarily in the community of performers.
Competitive Effects of the Merger

In general, antitrust analysis distinguishes between mergers that are horizontal and those that are vertical. Horizontal mergers occur between firms at similar stages of the vertical supply chain who may compete with one another in the purchase of inputs or in the sale of similar products or services. Vertical mergers are those between firms at different stages of the vertical supply chain. The theoretical analysis of Horizontal mergers is relatively well understood, and has been formalized in the joint DOJ/FTC Horizontal Merger Guidelines. In contrast, the analysis of vertical mergers and relationships is less well understood and is relatively controversial.

The merger is complex because it raises both horizontal and vertical issues. Until very recently, Ticketmaster was a supplier of ticketing services to Live Nation. That is, their functions were largely complementary, or vertically related, with each firm producing different services that were combined with the services of the others to produce live entertainment. The recent efforts of Live Nation to provide ticketing services to some of its own events raises the possibility that, absent the merger, they would be a potential horizontal competitor to Ticketmaster.

Horizontal Aspects. Live Nation is not a major provider of ticketing services to third party producers of live entertainment, but in January 2009 it began self-supplying ticketing services to some venues that it controls. Ticketing services are already provided to third parties

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2 I understand that Live Nation provides some ticketing services to fan clubs and artists through its Music Today entity.
by several firms including Ticketmaster, Audience View, e-Tix, ShoWare, Tickets.com, Veritix, MetroTix, and others. In addition, several other venues self-supply ticketing services. For example, several MLB teams use the MLB's proprietary ticketing service to sell tickets to fans. I understand that venues routinely consider self-supply as an alternative when they put ticketing service contracts up for bid. The software required to provide ticketing services is available from multiple sources. Live Nation is a potential competitor to Ticketmaster in the provision of ticketing services to third parties.

The Department of Justice will analyze the extent to which actual and potential competition is lost by the merger and count that as a cost of the merger. Merger analysis is typically prospective in nature, comparing the observed pre-merger world to the unobserved post-merger world, but potential competition is even more so. In this case, pre-merger competition by Live Nation for sales to third parties is not observed, and must be inferred, which makes the analysis more difficult to do.\footnote{Such challenges can be speculative and may fail to achieve the desired pro-competitive goals. More than 40 years ago the Supreme Court ordered Proctor & Gamble to divest itself of Clorox (which it had acquired ten years earlier). An important basis for the Court's decision was that Proctor & Gamble was a potential entrant in the market for household bleach. However, forty years later Proctor & Gamble still does not produce household bleach. The blocked acquisition did not result in increased competition in the sale of household bleach, as was anticipated by the Supreme Court.}

**Vertical Aspects.** Vertical antitrust policy is not only relatively controversial, but it is also in a state of flux. Beginning with the *Sylvania* decision in 1977, and culminating with the *Leeboin* decision in 2007, courts have rejected the view that vertical restraints (such as exclusive dealing, minimum retail pricing, and maximum retail pricing) should be found illegal *per se*, and have instead analyzed these practices under a rule of reason, i.e., balancing potential benefits against potential harms on a case-by-case basis. Vertical mergers have much in common with
other vertical restraints, and their competitive effects can typically be established only on a case-by-case basis.

Vertical mergers often yield tangible benefits, which can be characterized under the broad heading of incentive alignment. When firms producing complementary services do business with one another, incentive conflicts naturally arise. These conflicts can be over what price to charge, how much to spend on promotion, or on how best to innovate in response to changing conditions. A merger among the providers of these services would likely help manage these incentive conflicts and result in levels of price, promotion, and innovation that would both reduce the size of the wedge between what consumers pay and what performers receive, as well as increase output.

Perhaps the most common incentive conflict is over what price to charge. The double markup occurs when a producer marks up the price of its product or service above marginal cost, and the next producer in the supply chain then marks up its price again, above these already marked-up input costs. You end up with a price that is too high, with too few tickets sold, or too few concerts performed. With vertical integration, the double mark-up can be reduced to a single mark-up, which would reduce size of the wedge between what consumers pay and what performers receive. This would result in lower prices, more tickets sold, more concerts performed, or all three. In popular jargon this is known as “eliminating the middleman.”

Another common conflict is over the amount to spend on promotion. If the promoter receives only a small percentage of the revenue generated by ticket sales, he might have less

incentive than the artist to promote the concerts. This incentive conflict could be resolved by contracts that specify the promotional activities, but these contracts may be difficult to write and enforce. If this is the case, then promotional activities might be lower than the artist or fans would want.

Innovation is another area that might be helped by this merger. The fragmentation of the supply chain means that individual firms in it may lack either the information necessary to innovate or the incentive to do so because each receives only a small slice of the proverbial pie. Innovation is relatively important to the music industry because business models are changing rapidly. If this merger gives the merged firm enough information to design more effective ways of managing the supply chain, and the incentive to do so, it can reduce the size of the wedge between what artists receive and what consumers pay.

Against these potential “vertical” benefits are potential costs as well, such as the ability of a merged firm that controls an essential input to raise its rivals’ costs or to erect barriers to entry. Economic theory, unfortunately, does not give us precise predictions regarding what types of vertical mergers are likely to harm consumers. Empirical research on vertical practices supports the view that vertical restraints, including mergers, are generally pro-competitive—the benefits of eliminating double markups and aligning incentives typically outweigh the potential consumer harm resulting from the exercise of market power. But this has to be determined on a case by case basis. In cases where there is ample existing competition and barriers to entry are low in each level of the supply chain, there is smaller risk of anticompetitive harm.

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Antitrust Policy

In this case, the potential pro-competitive benefits of incentive alignment and a reduction of the double markup problem must be weighed against the potential loss of horizontal competition and the possible creation of barriers to entry. The fact-intensive investigation underway will determine the outcome. And while oversight hearings like this are a good way to see what the agencies are doing—and what they are not doing—I urge the subcommittee to not forget to ask the bigger questions as well, like “do we have the right statutes?,” “have we created the best means for implementation?,” and “do our policies achieve good results?”

These questions are extraordinarily difficult to answer, in part because we observe only what the agencies did, and not what they could have done. Transparency, disclosure, ex-post evaluation of enforcement, development of enforcement data bases, and periodic comprehensive reviews are all indicators of institutions with an interest in self-assessment, improvement, and adaptation to the changing nature of competition. One of my special interests is the development of what then-FTC Chairman Tim Muris and then-General Counsel and now Chairman Bill Kovacic call “Policy R&D,” research designed to make sure that competition


policy does not lag behind in understanding the commercial practices it regulates. The legitimacy and effectiveness of our enforcement policies depend on it.

Thank you for allowing me the opportunity to share my views on this timely and important topic.
Mr. JOHNSON. Mr. Mierzwinski.

TESTIMONY OF ED MIERZWINSKI, CONSUMER PROGRAM DIRECTOR, U.S. PIRG, THE FEDERATION OF PUBLIC INTEREST RESEARCH GROUPS, WASHINGTON, DC

Mr. MIERZWINSKI. Thank you, Mr. Chairman and Ranking Member Coble. I am Ed Mierzwinski, program director and senior fellow at the U.S. Public Interest Research Group, which is the Federation of State PIRGs.

Before I begin my testimony, as a point of personal privilege, Mr. Chairman, I want to say that the consumer civil rights community strongly supports your Arbitration Fairness Act as one of the most important pieces of legislation before the Congress. We hope we can get it through and signed by the President this year. It is an important bill to balance the scales between powerful companies with their one-sided contracts and individual consumers, small businesses, and small farmers. So we appreciate your work on that.

Mr. JOHNSON. Yes. Mr. Mierzwinski, you get an extra 5 minutes.

Mr. MIERZWINSKI. Thank you very much, Mr. Chairman. U.S. PIRG has long been concerned with the important matter of fairness in the ticket industry. We were partners with Pearl Jam in their unsuccessful effort 15 years ago or so to convince the government to take action against TicketMaster's unfair practices at the time.

And you pointed out in your opening remarks that you were disappointed that there were no artists on the panel today. I would suggest that based on my understanding of the history of what happened back then, Pearl Jam faced enormous competitive pressures, had difficulty obtaining venues, and for several years was treated with disdain by powerful interests in this industry 15 years ago.

So I would suggest that it is disappointing, but not surprising, that other artists are not here the testify. But I know a lot of them are concerned.

It is our view that this merger is bad for consumers, bad for artists, and bad for independent promoters. We believe it violates the Clayton Act, and we believe that the Justice Department should reject the merger. It is a bedrock principle of our antitrust laws that merging to avoid competition is simply wrong, illegal, and should be defeated.

I want to make just a couple of quick points. A lot has already been said about all of these issues. And I will try to summarize very quickly. First, TicketMaster is the dominant player in primary ticket sales. We thought a year ago that Live Nation would be a competitor. Now Live Nation wants to merge with TicketMaster. That is unacceptable on face and that alone should be a reason to deny the merger.

Second, the merger also raises the specter of a vertical monopoly, since Live Nation, by all accounts, controls through exclusive long-term contracts the market for marquee venue, events, and major tours. The combined firm would have tremendous market power over artists and venues, as well as over consumers.

We would all have no choice but to accept their terms of trade. Higher prices and fewer choices. Certainly bands might find an
American Legion hall or a county fairground not controlled by the combination if they wanted to have a venue. But if the firms combine, artists would not be able to negotiate. There would be fewer choices in that marketplace.

We have already heard how big the company would be. I won’t go through that again. I do want to elaborate further on the impact on independent promoters. Seth Hurwitz was mentioned further. He owns the local 9:30 Club, and has testified before the Senate this week. In his Senate testimony he said, If this merger is allowed to happen, my biggest competitor will have access to all my sales record, my customer information, sales dates for tentative shows, my ticket count. They can control which shows are promoted, and much more. This will put all independent promoters at an irreparable competitive disadvantage.

To make it clear, if we have this vertical integration, independent promoters will face a significant problem. They won’t be able to get the artist unless they take the ticketing, unless they also take the venue control, and the artist management. They simply cannot compete on that basis.

I want to make a couple of quick points about a couple of the other issues. TicketMaster and its reseller affiliate, TicketsNow, I mean, really, how can the company that owns primary ticketing also own legal ticket scalping ticketing. I don’t think that the proposed solution to the problem that occurred with Bruce Springsteen is any kind of a solution. I think that issue raises significant unfair and deceptive practices, as well as structural problems.

Second, my testimony goes into detail about our efforts, particularly in New York, to fight ticket scalping. We have argued very strongly in New York—and I think the Committee should look at this—the relationship between taxpayer-built venues and these long-term contracts from these companies raises serious questions. If taxpayers can’t get a ticket a fair price, why do taxpayers pay to build these venues?

Finally, I would be remiss as a consumer advocate if I didn’t point out that consumers are outraged, absolutely outraged, over the unfair convenience fees and handling fees that TicketMaster loads on to all of its sales. Nobody else that sells anything on the Internet charges convenience fees and handling fees. You pay a handling fee as if somebody’s going to walk up to your house and deliver your ticket, when all they do is push a button and deliver it to your e-mail account. There are numerous sites on the web, TicketMasterSucks.com, and other sites.

In other circumstances, a consumer could simply say, I will get a new cell phone company; I will get satellite instead of cable. But in the case, particularly after this merger, the consumer can’t fight back against TicketMaster. They have got to get the tickets through them.

I appreciate the opportunity to testify before you today. I would point out I like all the music that has been discussed, from Bruce Springsteen to George Clinton to Doc Watson and Buck Owens. And I hope that all artists and all independent promoters will be given a fair chance to compete, and that this monopoly does not go forward. Thank you.

Mr. JOHNSON. Thank you, Mr. Mierzwinski.
Testimony of the U.S. Public Interest Research Group

Edmund Mierzwinski
Consumer Program Director

Hearing on
Competition in the
Ticketing and Promotion Industry

Subcommittee on Courts and Competition Policy
Committee on the Judiciary
U.S. House of Representatives
Washington, DC

26 February 2009
Chairman Johnson, Chairman Conyers, Rep. Cobé and members of the subcommittee:
Thank you for the opportunity to testify before the Subcommittee today. I am Edmund
Mierzwinski, Consumer Program Director for U.S. PIRG, the federation of non-profit,
non-partisan state Public Interest Research Groups. PIRGs are public interest advocacy
groups that take on powerful interests on behalf of their members.

Summary
We have long been concerned with the important matter of fairness in the ticket industry
that is before the committee today. Nearly fifteen years ago we were part of the
unsuccessful Pearl Jam-led effort to convince the government to investigate what then
appeared to be monopolistic consolidation and anti-competitive behavior by
Ticketmaster. We were disappointed that no action was taken then. The government’s
arguments against action then have turned out to be based on a na"ive understanding of the
invisible hand of market forces. Things have only gotten worse. Since then, we have also
fought in several states, notably New York, against the repeal of anti-ticket scalping laws.

Today, it is our view that the proposed merger between Ticketmaster and Live
Nation is anti-consumer, violates the Clayton Act1 and should be rejected.

We further believe that in general the last eight years have represented a low point in U.S.
competition policy enforcement. We urge the committee to keep a strong spotlight on
Department of Justice and Federal Trade Commission activities on competition policy, to
ensure that the interests of the American people are protected against business
combinations that lead to higher prices, less competition and less innovation.

Discussion
Without any doubt, Ticketmaster is the market leader in concert and event primary ticket
sales, whether directly or as agent for venues; it also owns a leading artist management
firm. While its witnesses will doubtless claim the relevant ticket market should include
everything from dry cleaning tickets to PTA raffle sales and minor league baseball
walkup tickets, such arguments are a red herring. Ticketmaster dominates the relevant
market of online concert and event sales; it has market power. It controls prices and raises
prices with impunity without improving service; consumers have no choice in the
marketplace. The only relevant market analysis is that Ticketmaster controls the market.

Live Nation bills itself as the leading concert, venue and tour promoter; it too is a leading
artist management firm. Less than a year ago, it announced termination of a longstanding
relationship with Ticketmaster. Consumers and artists both felt that this could lead to
establishment of a viable primary ticket sales market competitor for Ticketmaster. The
only other firm of note, Tickets.com, is unfortunately non-dominant with some
significant footing in sports ticketing only.

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1 Mergers subject to Section 7 are prohibited if their effect "may be substantially to lessen competition, or
tend to create monopoly."
Yet now, less than a year later, Ticketmaster and Live Nation have proposed to merge instead of to compete. For that reason alone, the merger should be rejected. “It is a cornerstone principle of the antitrust laws that a dominant firm cannot use acquisitions, like this one to preserve its monopoly power.”

Worse, though, the merger also raises the specter of a vertical monopoly, since Live Nation by all accounts controls – through exclusive, long-term contracts – the market for marquee venues and events and major tours. The combined firm would control ticketing, artists and event promotion, leaving both consumers and artists with no choice but to accept their terms of trade: higher prices and fewer choices. This combination would subject any prospective competitor to massive barriers to entry. Certainly, bands might find an American Legion hall or a county fairground as a potential venue not controlled by the combination; but these venues don’t offer any opportunity to other promoters to establish a competitive marketplace. If the firms combine, artists would not be able to play them off against one another to get better deals.

How big would this merged company be? What power would it wield? If Ticketmaster is permitted to merge with LiveNation a single firm will: (1) sell most of the concert tickets in this country through its contracts with venues (11,000 venue clients across 20 countries); (2) manage a significant number of the marquee performers in the world or control their tours (e.g., Madonna, U2, Jay Z, Shakira, Nickelback, Eagles, Christina Aguilera, Aerosmith, Jimmy Buffett, Guns `n Roses, Steely Dan and more than 200 others); (3) own most of the amphitheaters in the U.S. and own more ‘club’ venues (including 11 House of Blues) as well as controlling, through owning/leasing, a large amount of other clubs and theatres; (4) own two of the major resellers of tickets; and (5) own various sources of competitively sensitive data. As described below, this will give the merged firm the incentive and ability to raise rivals costs and foreclose competition, in many segments of the concert promotion and ticket marketplace.3

To elaborate further on the impact on independent promoters, the leverage of competitors in ticket sales or promotion or artist management firms would be severely diminished, since the vertically-integrated firm would have the ability to promise the best deal on packaged services that come only as a package. Want the top performer? You need to take the ticketing package and the venue.

Worse for a local independent promoter would be the situation where she or he is forced to set up an event at a Ticketmaster-controlled venue, and Live Nation, his promoter-competitor, learns all her or his secrets, as Seth Hurwitz, owner of Washington, DC’s 930 Club, testified to the Senate this week:


This paragraph is derived directly from David Balto’s Senate testimony on behalf of Center for American Progress Action Fund, also on behalf of the Consumer Federation of America and U.S. PIRG. See footnote 2 supra.
If this merger is allowed to happen, my biggest competitor will have access to all of my sales records, customer information, on sale dates for tentative shows, my ticket counts, they can control which shows are promoted and much more. This will put ALL independent promoters at an irreparable competitive disadvantage.

We further believe that the committee should examine three other important matters: joint ownership of primary and secondary (legal scalping) services, the relationship between these powerful monopolists and the taxpayer-subsidized venues they increasingly control through long-term contracts, and, third, consumer complaints over Ticketmaster convenience and handling fees.

1) Ticketmaster and its reseller affiliate Ticketsnow.

First, the committee should investigate the relationship between Ticketmaster, which sells tickets at “face value” (albeit augmented with a number of lucrative add-on convenience and handling fees that drive consumers crazy), and its reseller (as opposed to scalper) affiliate TicketsNow. Although Ticketmaster claims to have settled issues related to the widely-reported inability of Bruce Springsteen fans to obtain face-value tickets to his current tour and their forced re-direction to the Ticketsnow site where tickets are offered for sale for as much as 4-10 times face value, the entire business model of a primary agent and a reseller under the same roof raises serious structural and unfair and deceptive practices questions.

2) Mega-firms, taxpayer-subsidized venues and “legal” ticket scalping

Second, the committee should investigate the relationship between these two mega-firms, whether combined or separate, and the often-taxpayer-subsidized venues that they gain business control over through their long-term contractual arrangements. Virtually all mid- and large sized venues in this country are built and/or subsidized by taxpayers through various mechanisms. Yet the very taxpayers who pay to build and maintain the stadiums are left outside looking in when it comes to getting tickets to events at those venues. What of the taxpayer-fans who paid for the building and ongoing support of many of the large venues and theaters that present popular entertainment? Is there no obligation that taxpayer-funded venues prevent secondary sellers from gobbling up choice seats and pricing the taxpayer—and average fan—out of the market?

Moreover, the creative talent and producers who create entertainment and sports events don’t share in the huge profits often realized by scalpers. To be clear, when tickets are “re-sold” or scalped, the value-added goes to the reseller, not the artist.

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All the “efficiencies” have been largely wrung out of the ticket distribution system—
scalpers, who euphemistically relabel themselves as “resellers”—are feeding richly off
the ingenuity, talent and business acumen of others. These resellers pit average fans
against corporate expense accounts, with businesses easily able to outbid consumers for
choice seats to popular events staged in venues the consumers have subsidized.

Is there no obligation that taxpayer-funded venues provide more choices and
opportunities to artists as well as fans?

We would also like to bring to the committee’s attention laudatory efforts at the state
level to rein in ticket scalping. NYPIRG, for example, has fought for years to defend the
rights of average consumers against ticket scalpers and resellers. In 2009, ticket scalpers
are seeking to extend the temporary suspension of anti-ticket scalping legislation that had
been in place in that state for over 80 years until 2007. The state Attorney General’s 1999
report, Why Can’t I Get Tickets, examined each of the legal and illegal ways that tickets
are sold, including the illegal brokers that operate just outside New York’s geographic
borders. Based on documents and testimony secured through subpoena, the report
described in great detail a so-called market that is underpinned by systematic bribery
and deceptive practices. The result is the large-scale diversion of tickets to brokers and the
re-sale to corporate clients—often in the financial, legal, fashion worlds. One of the
shocking—if not surprising—revelations in the report is that one New York City
brokerage firm paid a New Jersey ticket broker $367,980 for scalped tickets for the year
1994 alone. This pointedly shows how ticket scalping pits average fans in a losing battle
against corporate expense accounts. There is no “free market” when it comes to ticket
sales. So long as bribery and corruption are part of the system of ticket sales—and
there’s little reason to believe the system today is different than the one described in the
1999 report—we should have no illusions that deregulation will eliminate the illegal
conduct upstream and produce a fairer system.

We urge the subcommittee to make Why Can’t I Get Tickets a part of the record of this
hearing.

3) Ticketmaster’s convenience and handling fees and disdain toward consumer complaints

As a consumer advocacy group, we would be remiss if we did not remind the committee
that Ticketmaster’s exclusive arrangements with venues and its dominance over ticketing
have allowed it to treat consumers with disdain. It is a hallmark of a monopolist that it is
a price-maker, not a price-taker; that it dictates the terms of trade. When you have a
complaint against Ticketmaster, who ya gonna call? Ghostbusters? They’re probably
under Ticketmaster contract, although I haven’t checked.

5 Why Can’t I Get Tickets, Report on Ticket Distribution Practices, Bureau of Investor Protection and
   Securities, Office of New York State Attorney General Elliot Spitzer, May 27, 1999
   (www.oag.state.ny.us/prog/reports/scalping/full_text.html).
If you have a complaint about Ticketmaster, you cannot walk across the street and buy your tickets from someone else. If you want to go to the show, you go through Ticketmaster. This power over consumers has allowed it to develop a variety of usually non-refundable per-ticket and per-order handling fees that increase the face value of tickets sometimes astronomically. Delivery fees are even imposed for Internet email delivery. These services are not superior, they are not extra. These sorts of services are provided routinely without surcharges by others that sell goods and services over the Internet. Ticketmaster charges these fees simply because it can.

Consumer frustration over disputes regarding these fees and other Ticketmaster miscues has resulted in numerous consumer complaints to general consumer complaint websites and the establishment of a number of Ticketmastersucks, Ticketbashard and similar websites. While every large corporation probably has at least one of these sucks.com sites from a frustrated consumer, in virtually all of those other cases, a consumer has a choice. She can get a new cell phone company, get satellite instead of cable, can get gas at Shell instead of ExxonMobil, can buy a Ford instead of a BMW. You get the idea. With a monopolist, you must put up with the bad service. Ticketmaster is already so big it doesn’t seem to care. Letting it get bigger will make things worse. Further, a monopolist does not have to pass on the alleged efficiencies it would gain from a merger (only $40 million/year?) to its customers, and we don’t expect that Ticketmaster will.

**Conclusion**

We appreciate the opportunity to provide our views in opposition to the proposed Ticketmaster merger with Live Nation and other issues related to ticket sales services. We hope that this testimony has assisted the committee in its work and we look forward to working with you on solutions to this and other problems of unfair competition in the marketplace.
Mr. JOHNSON. I will now recognize myself for 5 minutes for purposes of asking questions.

Mr. Azoff, in the last month alone, two incidents have occurred where consumers were directed to a secondary ticketing site and forced to pay significantly more for tickets than advertised. It has been reported that Live Nation and TicketMaster tend to concentrate more efforts on the secondary ticket market as a merged company.

How does the proposed firewall between TicketMaster and tickets now prevent TicketMaster from continuing to use the secondary ticket market to charge inflated ticket prices to consumers?

Mr. Azoff. First off, we have instituted a policy that these two companies will be run totally separately in that you will not be able to link directly from TicketMaster to TicketsNow. In particular, people are never automatically sent. This is a standard industry practice. Major League Baseball, Tickets.com both link to StubHub; Veritix links to Flash Seats. We are the first one to unlink.

Secondly, we are the first site now, and it is going to take a bit of time because we have to do it manually until we get this automated—we will be the only secondary site that will not allow pre-listings on the site because what the brokers currently do is list tickets before the on-sale, under the assumption that they know they will get the seats. It confuses consumers into thinking tickets have actually been pulled and left.

I might add that I am new at TicketMaster. Had I been there, I would not have purchased TicketsNow. When we talk about under the merger that we want to concentrate on secondary ticketing, we want to concentrate on a different model. We agree that this model is broken, and it needs a solution. As the Congressman said, it is legal to scalp in nearly every State, but that, and we fully agree, that it is an area that needs a lot of work. We think that this merger will give us the ability to work hand-in-hand and get it done.

Mr. JOHNSON. Thank you.

Mr. Rapino, you state in your testimony that your stock has declined and you are concerned about being bought by a foreign company. Yet, your balance sheet appears to be quite healthy, with the chance to increase profits with your entry into the primary ticketing market. Can you explain in detail the grounds on which you believe this merger is necessary for Live Nation to survive as a U.S. company?

Mr. Rapino. Yes. Thank you. We took over 3 years ago from what Clear Channel Entertainment was, and it was spun out to Live Nation. Our management team was installed then, and we had a failing business model, and a horrible name, equal to TicketMaster. We renamed the company Live Nation, we fired old management, and set off on a journey 3 years ago to build this company.

Three years later, we are proud. We are not laying off employees. I think we will have one of the best performances in the entertainment business. And we worked hard for 3 years to run the company right. No excessive CEO pay or bonuses. We rebuilt it.
A year ago, we had a $20 stock, capital was available, and the fight to continue globally seemed very certain. A year later, our stock is down to $4, capital is not available. Our real estate holdings have been gutted. So it is a tough economy.

We believe that we can continue our model with or without TicketMaster. This is not about us going broke and needing a solution. This is about excelling in the race to try to solve these problems that Peter outlined.

I absolutely agree that scalping is a huge problem. It is about a billion-dollar business that we receive zero dollars from. We invest $2 billion a year with artists. We made $160 million in Ebitda last year, but we had a negative cash flow. We didn’t actually make a dollar. We spend millions on real estate and artist investments. And we realize zero of the scalping market.

We have realized that technology is moving fast, and artists want solutions now. And we want to excel in our chance to innovate this market. And from outlawing scalping, to figuring out how the artist participates in it, we absolutely think it needs to be addressed.

Mr. JOHNSON. All right. Thank you, Mr. Rapino.

Back to you, Mr. Azoff. The recent conflict with Springsteen is not the first time that TicketMaster has had a conflict over the price of TicketMaster tickets. In 1994, Pearl Jam canceled its summer tour after the band was unable to negotiate a deal with TicketMaster to keep ticket prices below $20, or find a way to tour without selling tickets through TicketMaster.

You claim that artists set the price of tickets. However, Pearl Jam certainly did not believe so in 1994, and many artists have recently opposed your proposed merger with Live Nation on the grounds that they will have even less control over the price of tickets if the merger were to go through.

How do you respond to that charge, sir?

Mr. AZOFF. I believe the Pearl Jam, the dispute with old TicketMaster was about the service charges. The public believed that TicketMaster sets the service charges. The old regime at TicketMaster basically set up TicketMaster to take the brunt of the criticism. The consumer thinks if there is an $11 service charge, that that is what TicketMaster makes. What that service charge really contains is all the credit card processing fees, which average about 2.9 percent, and there are enormous rebates back to the venue.

The convenience issue really—for Pearl Jam to get the service charges down to the level they wanted, required venues to agree. TicketMaster can’t unilaterally set any service charge.

So, basically, what we believe is there needs to be, in the new model of what we accomplish—when you walk into a building, you have the rent, the service charge. You can’t just isolate the service charge. And we think the industry needs a complete overhaul on how it does figure out these service charges.

The first thing I did when I started at TicketMaster was I convinced my client, the Eagles, to go to all-in ticket prices. So, in virtually every date that they now do, except where a building will not allow it, the stated ticket price includes all the service charges.
I think that the public needs truth in advertising from all ticket charges, and we think that will go a long way toward solving this problem.

Mr. Johnson. Thank you, Mr. Azoff. I will now recognize the Ranking Member, Mr. Coble, for 5 minutes for questioning.

Mr. Coble. Thank you, Mr. Chairman. Good to have you gentlemen with us.

Mr. Rapino, I am an avid Canadaphile, so good to have you as an American citizen here. What was your home province?

Mr. Rapino. Ontario.

Mr. Coble. Mr. Rapino, does Live Nation currently compete with TicketMaster and, in the absence of the merger, how would Live Nation continue to compete with TicketMaster?

Mr. Rapino. We have been selling tickets for the last 2 years on our own. We have a system that we use. As of January, we had a new ticketing supplier called CTS, who owns the ticketing company, and licenses to us. We had planned on by the end of this year looking to third parties to compete with TicketMaster. As of this year, our stated goal publicly has just been to service our own needs.

And the SMG comment is relevant here. We have the option and right to bid on the SMG buildings if we are capable to service them by the end of the year. And TicketMaster has a full right to convince them that they are still a better solution because they are usually city buildings.

So, as of today, we are not out competing. We are worried about servicing our initial needs this summer.

Mr. Coble. I thank you for that.

Professor Froeb, you live in a city that would embrace my affinity for country and bluegrass. What are the horizontal and vertical effects of this proposed merger, Professor?

Mr. Froeb. It is funny you mention Nashville. A lot of my friends are part of this vertical supply chain, and they are facing a lot of uncertainty. And if this merger is successful and does what it is designed to do, a lot of them are going to face a lot more competitive pressure than they did before, and that is reducing the size of the wedge between what artists receive and what consumers pay and what artists receive. So that could be counted as a potential benefit of the merger.

And the horizontal potential and actual loss in horizontal competition probably will be narrowly focused on the ticketing services.

Mr. Coble. I thank you.

Mr. Azoff, if this merger succeeds, you will control, I am told, virtually all aspects of major concerts in the United States. Will this improve efficiencies in the music industry, A, and will it likely lead to reduced ticket prices?

Mr. Azoff. I have spoken to many artists. Basically, this Committee, as I understand it, was also formerly Intellectual Properties. I know that you all are very well versed in that.

The complete destruction of recorded music earnings to artists is one thing that has driven ticket prices up. We fully believe that this merger will allow us to get marketing moneys back into the business. Currently, $9 billion goes to sports marketing and $900 million goes to music. We fully believe by selling more seats and
bringing in new revenue sources and also, in the secondary area, that we will create a pot that is bigger for the artists. Every artist I talk to would like to charge less money for their tickets, but they have to meet a nut to go out on the road, and since there is really no contribution, or little contribution from their recorded music now, that is the theory under which we think ticket prices will go down, not up. And certainly on the major acts, that is for sure.

New artists we think we can bring so many of these new marketing opportunities across the board to new artists that currently can't get radio airplay. MTV stopped playing videos. We are going to try to connect these artists directly to their fans. We have got this list of ticket buyers that currently is not being utilized, and this is really about music business 3.0. It is about creating the new model. And under this model, we intend to be a Switzerland-type distribution system. We don't intend to ask artists to sign over rights the way the old recorded music model worked. We intend to get a fair distribution fee and let artists control their intellectual property and exploit it to the fan. We think it will reduce and lower costs across the supply chain.

Mr. COBLE. And you mentioned intellectual prompt. You all probably know that is an issue that will be considered by the full House Judiciary Committee. Mr. Johnson and I won't have that at the Subcommittee level any more. But I thank you for that.

I think my time is about to expire. I yield back.

Mr. JOHNSON. Thank you, Representative. We will start with questions from Mr. Brad Sherman from California. Five minutes, sir.

Mr. SHERMAN. Thank you, Mr. Chairman. I know that a vote has been called, and I know I have been told that the Chairman will not be able to be here between 12 and 1. And I will be happy to Chair the hearing during that period, as I think the Chairman has requested.

You hear the bell, but you will not be saved by the bell. We will come back after votes.

I think this hearing is important, not only because it affects consumers so much, but it affects the artists and the music that we all love.

We have seen the artists get ripped off in so many ways. They don't get a performance right. They listen to their music on the radio. They know that the songwriter is getting paid for that. So many other people are being paid for that. The radio station is being paid for that. The artist is getting nothing. They hear their recorded music taken from them by various technologies.

And so they are really relying upon live music to be compensated for their work. So many of them are not going to be the big superstars, but they may make it for a year or two. And this industry has got to pay the piper, which is so important if you want to listen to the music.

Now, we are not experts here in antitrust law. We rely upon the Justice Department to do so. I hope the Hart-Scott-Rodino process plays itself out. But given how important this is to the music we all love, I am glad we are having this hearing.
Now, being that I am so interested in where the artists stand on this, do any of you have letters of support or opposition to this merger from artists that you would want to put in the record?

Mr. RAPINO. Yes, Congressman. We have letters of support.

Mr. SHERMAN. Without objection, I would like them put in the record. Do any other witnesses have letters of support or opposition from others in the food chain, the venues, or anyone else?

Mr. JOHNSON. Without objection.

Mr. SHERMAN. Without objection, they will be made part of the record. Please enter them.

Now, we have heard from some of the witnesses that AEG is a big player. I mean that is an extremely well-financed operation. And I guess the implication is that they would want to stop using TicketMaster. They would have to use someone else.

The second biggest primary ticket operation in the world, as I understand it, is CTS, out of Germany, and I believe they have a contract that makes Live Nation their exclusive operator partner.

Mr. Rapino, if this merger goes through, is CTS free from their contract with you to then go to anyone else, including AEG, and say, We want to be your ticket agent in the United States?

Mr. RAPINO. Yes. Part of the contract is clearly stated that if we were ever to merge with TicketMaster, they would have full rights to leave and pursue another U.S. client.

Mr. SHERMAN. Because the testimony here from opponents to the merger focused on the primary ticketing business, and allowing the number two primary ticketing company to do business in the United States freely would, I think, open competition in that business.

Obviously, there is concern about what happened with secondary marketing in the Springsteen concert. Mr. Azoff, you have testified that you would not have advised TicketMaster to buy the secondary marketer. Is it your intention to advise your board to sell tickets now and to stay out of secondary—the secondary business? I realize you can’t sell it unless you get a good offer. But is it your advice to your board to be in the secondary market, or not to be; or to be in it, and if you would want to stay in that business, what is your proposed wall between primary and secondary?

Mr. AZOFF. For us to stay in that business, it would have to be a different business. Many of our team clients, for the purpose of allowing season on ticket holders to exchange seats, we do operate Ticket Exchange. If there were some way to make Tickets Now a straight, legitimate exchange where the rights holders were able to transfer tickets with, I would hope, limited fees, et cetera, et cetera—and—

Mr. SHERMAN. I am talking about where you buy the Bruce Springsteen ticket for $95 and sell it for $950.

Mr. AZOFF. As it currently exists now, yes. Obviously, with all the normal public company approval requirements. I would advise my board if we got the right offer. Senator Schumer hasn’t made the right offer to us yet. I would advise my board to consider that. And I certainly would vote to do that.

We agree with Congressman Pascrell on the whole idea of bots, and we also agree with him that the secondary area really needs cleaning up. We think this merger gives us a seat at the table, along with every government body, to do that.
Mr. JOHNSON. All right. At this time—and your time has expired, Mr. Sherman.

Mr. GOODLATTE. Mr. Chairman, I am not going to be able to come back. I wonder if I might have a couple of minute's worth of questions.

Mr. JOHNSON. We have got about 4 minutes, 3½ minutes before votes expire on this. I would be inclined to not put the Members at risk of missing the vote.

Mr. GOODLATTE. Then I would just ask—I will submit my questions for the record—but I would ask the Chairman to make sure that the panelists answer the questions in writing for us.

Mr. JOHNSON. No doubt.

Mr. SHERMAN. If the gentleman from Virginia wants to leave me with a written question or two, I would be happy to ask them.

Mr. GOODLATTE. That would be great. Thank you.

Mr. JOHNSON. We will be in recess for about 25 minutes while we go vote. Two votes; one 15-minute and one 5-minute vote.

[Recess.]

Mr. SHERMAN. [presiding]. We will come to order. We are ready to start a second round. We will start with the senior Republican on the Committee, Mr. Coble.

Mr. COBLE. You go ahead, Mr. Chairman. Let me examine what I have got waiting here.

Mr. SHERMAN. So I will pick one here. It is for Mr. Rapino and Azoff.

Mr. Rapino has testified that if the merger is not completed, both companies would be required to lay off employees. You have also claimed that a merger would lead to $40 million in savings. Do those savings involve laying off employees either from your operation or from the TicketMaster operation?

We are in a strange economy where savings are good. But when savings lead to layoffs, that concerns some of us. Tell us about how employment is going the be affected by this merger.

Mr. RAPINO. On the Live Nation front I actually haven’t said that if we didn’t do the merger, we would lay off employees. I have said that we have been a very progressive company for the last 3 years and in hiring employees and creating jobs. I do believe though, with these economic times, my 5-year vision certainly needs to be adjusted, and we currently do have a hiring freeze on. And we are just going to have to get through this year and see how the business turns out.

We do believe that the efficiencies of the merger created—will actually create jobs. This merger will create jobs because we will have to staff up on the technology side to better equip ourselves to handle the scalping and the needs of today. So, no layoffs. Jobs created.

Mr. SHERMAN. Mr. Azoff, if this merger doesn’t go through, what is the effect on jobs in your operation. And, if it does go through, what is the effect on jobs?

Mr. AZOFF. Right before I started with the company, TicketMaster laid off 10 percent of its workforce. And the recent studies that we have done are we can’t get the job done with less people, regardless of whether the merger goes through or not.
So we don’t anticipate being able to reduce the workforce at this
time, nor are we looking to. However, we are a public company and
we have a board. We currently lose money on about, we think,
2,600 of our accounts, many of which are nonprofits and museums
and municipal-owned buildings.

So, down the road, if we were forced to cut back, it would prob-
ably be both in the area of accounts and employees. But, for sure—
I agree with Michael—if the merger is approved, we would be add-
ing people.

Mr. SHERMAN. And you would be adding people because there
would just be more music?

Mr. RAPINO. No. We believe that right now we are both really
understaffed on the technology, research, development, and con-
sumer side of the business. So we believe that the answer for the
future is creating a more accessible storefront. And technology has
just taken off, as you know.

On the recording side, they have lost a lot of their business to
the pirates of the Internet. That is happening right now with these
professional scalpers and professional technology that are just way
more advanced than we are.

So, we would assume we would have to build a much more so-
phisticated consumer storefront. We like to think it as the Ticket-
Master.com of today needs become the Amazon of tomorrow for the
consumer and fan. A much more convenient and accessible place to
buy music. With that, we would like to staff up in the technology
side.

Mr. COBLE. Thank you, Mr. Chairman. Let me put this question,
Mr. Chairman, jointly to Mr. Luukko, Doyle and Professor Froeb.
What would you all say are the relevant product and geographic
markets at issue in this proposed merger?

Mr. FROEB. There are various aspects of the merger. It is a
tough, fact intensive investigation. And these are the kinds of ques-
tions that the Justice Department is investigating and answering.
And the blunt answer is, I don’t know. But there is certainly the
methodology for delineating markets is known.

You ask, How do these guys compete? If they limited that com-
petition, could they raise price by a significant amount. If the an-
swer is, yes that is a relevant market for antitrust purposes. If the
answer is no, they would substitute to various other suppliers.
Then you have to expand the market and re-ask the question.

In this industry that is so, so complicated—one of the things that
I heard earlier today was that the merged firm was going to spin
off the German ticketing part of supplier if that turns out to be a
relevant market, that it is these two ticketing suppliers, then the
spinoff would certainly mitigate the anticompetitive effects of that
merger.

So the answer is, I don’t know. It is a fact-intensive investigation
that is very, very detailed. And I haven’t done it.

Mr. COBLE. Anybody else want to weigh in on that?

Mr. DOYLE. Can I weigh in on that? I think the most significant
antitrust product market here is competition in the primary ticket
services market. Now, if you look at that market—and the geo-
graphic market, I would argue, is the United States as a whole.
But if you look at the ticketing market closely, you will see that
Tickets.com has always been a relatively insignificant player over time, and TicketMaster has had a very significant market share over a long period of time. That would suggest to me that the market is somewhat barricaded. And you don’t see significant entry, and you don’t see any exits from the market.

But I would argue that the best market for the Department of Justice to look at, if they seriously thought about challenging this acquisition, would be the primary ticketing market, where the overlap is horizontal, and you have got some fairly good evidence that Live Nation seriously considered entering the market, in fact, did enter the market, took SMG away from TicketMaster, and you saw an immediate reaction from TicketMaster.

So, TicketMaster clearly felt threatened by the announcement of Live Nation entering the market and, in fact, felt threatened in January of this year when it saw Live Nation ticketing some of its own venues.

The primary ticket service market, I think, should be the primary focus of the Department of Justice inquiry. Contrary to what else has been said, the vertical case, I agree, is complicated. But to look at the essence of competition in the ticketing market is not complicated. It is a relatively straightforward, horizontal analysis. The Department goes through this analysis over and over again.

So, if you focus on that market, I think you will be able to define it as a relevant market. And the facts suggest that it is in fact a relevant market.

Mr. Coble. I thank you, gentlemen. Mr. Chairman, that is all I have. Thank you.

Mr. Sherman. Thank you. I will pick up on Mr. Doyle’s comment, because we all want the benefits of competition for consumers.

Now, I wouldn’t care if somebody had 100 percent of the market if the potential market entrance were such that the monopolist felt they needed to keep prices down and services good. So the question is not how much of the market do you have, but how much of it could you keep if you started acting like a monopolist. I see you nodding in general agreement.

So I am interested in this primary ticket market, which you have identified. And I am aware of a couple of possible competitors. The first of these is sitting immediately next to you.

So, let me ask Mr. Luukko, what made you decide to bring ticketing service in-house and not to use TicketMaster? Could other venues choose to do the same, unless they thought they were getting a really good deal from TicketMaster. How difficult was it for you to take ticketing inhouse?

Mr. Luukko. It is very interesting. When we looked at our decision to do inhouse ticketing, it wasn’t necessarily a knock on TicketMaster, Tickets.com, AudienceView, and probably more than 100 companies that pursued our ticketing accounting. Philly is a big market. It sells a lot of tickets.

Mr. Sherman. You say 100 different companies.

Mr. Luukko. When we were going out and getting into the ticketing company, we were contacted by so many. We had to ferret out even who we would use as our back-house engine. There is a lot out there. And I am not an expert in technology, but a lot of
that has to do with the advent of the Internet and the barriers to entry to get into ticketing.

We found that out as a company in Philadelphia. And, really, we looked at it as part of our vertical integration program. We own the teams, we own the venues. We are getting into the food and beverage business. We own the merchandising rights for those teams. And the ticketing was a natural flow in our business plan.

Again, with the advent of the Internet, we could get into that business. And we wanted to control the data, we wanted to directly control the message to our fans. And at times, which was under our control before, but we wanted to have quick, direct control of the service charges for a lot of the low end offers we make for various specials to our fans.

So, for us, the barrier to entry—this is not easy to be in the ticketing business—but the barriers to entry had lowered, and it was really part of our vertical integration plan as a company and how we compete in the marketplace.

Mr. SHERMAN. So did you develop your own software or were you able to get it licensed by someone else?

Mr. LUUKKO. We were a licensee, if that’s the correct legal term, of Packi Owen, a company in southern California.

Mr. SHERMAN. Okay. So, then that licensing agreement, whatever they did for you, I am sure they would do for any other major venue. It is not that they love you so much, they wouldn’t sell——

Mr. LUUKKO. Ironically, they have been purchased by Ticket-Master since. We are still competing.

Mr. SHERMAN. So at least that one—I realize now Tickets.com, I realize they are a small competitor, or a smaller competitor, but did they make a credible offer to you?

Mr. LUUKKO. We had some discussions. We had really made the decision through a lot of research to go inhouse. So we were approached by many to be our back end.

Mr. SHERMAN. If you couldn’t get the software from the same source, is there other software available to you?

Mr. LUUKKO. There is plenty available, including looking at the option of the creating the software ourselves. So we had a lot of options as we looked into this business.

Mr. SHERMAN. One of the things that I am interested in, and Mr. Rapino, is helping the artists, because they are not getting paid for their music. They make a recording, the radio plays it, they don’t get anything. I see everybody listening to it and I wonder how many of them have paid for the music they are listening to.

And it occurs to me that in addition to selling music, the artists can sell the T-shirts, the hats, the this, the that. At the present time, when you have—when you are selling tickets to the concert, and I go to buy the ticket on line, am I cross-marketed? Am I given a chance to buy the T-shirts and the other paraphernalia, or is the ticketing system that you currently use only selling me tickets?

Mr. RAPINO. It is a good point. It is a key strategy of ours. First and foremost, on the artists. There has been suggestion that artists have not opposed this because they are scared, I think I have heard. If you work with artists in the year 2009, you find me an artist that is not one that likes to speak up and stand his own ground.
Mr. SHERMAN. So you are saying the Boss is the boss.

Mr. RAPINO. He clearly stood up. He had a concern. I believe that every other artist I met usually likes to jump on these kind of situations if they can so-called go after the big company.

Mr. SHERMAN. I would point out that even if the artist is too shy to come before the lights here, all of us are community leaders. Different types of music is popular in our different districts. There isn’t a Member of Congress that doesn’t have contacts with artists. And there isn’t a single one of us that wouldn’t take a call from Bruce Springsteen or a shier but equally popular artist. If they are afraid to come in public, they will certainly tell us in private.

Mr. RAPINO. Absolutely. For the record, we actually did not want to bring any artists on our behalf. We actually said to all the artists, “This is not what we want you to do. Go worry about making music, and leave this to us.”

Seventy-six percent of the artists’ income now comes from the road. Ten years ago, it was from the records. So for 30 years, the artist made all of his money from the record, and he went on tour to sell records. Today, an artist goes on the road to pay the bills. Seventy-six percent. So any economic theory will tell you if 76 is coming from the road.

Mr. SHERMAN. Let me just interject. If somebody creates a hit song, 99.99 percent of the listenings of that song are from recorded. We all like to spend our whole lives at concerts but, as you point out, even the concert-goer only goes to two. And I haven’t been to a concert since I had hair. That long.

So the 99.99 percent of the listenings of that song are paying only 24 percent of the freight.

Mr. RAPINO. Absolutely.

Mr. SHERMAN. So, go on.

Mr. RAPINO. So we work for the artists. It is fundamentally that simple. They are the start of the value chain. They can decide to hear us or not. That is why we only have 38 percent market share. There are a lot of options.

Number two, you should remember the artist is very sophisticated. He has a very good business team. He has a full accounting firm, he would have a law firm, and a manager. That team is sophisticated. And an agent. And their job is to maximize their artist’s revenue, find great new ways to develop and get their art to the world.

What we find is we talk to artists daily. We are in their dressing room at midnight. The number one concern if you talk to an artist that we sense is, for 30 years I had a great business partner called the record label. He got my art to the fan, and he financed my investment. Who is going to take care of me in the future? Who is going to invest in the young band? How do I solve this technology maze? It scares me. I want a company that can first realize that they work for us. We always say at Live Nation, “Our boss is the artist.”

Number two, we want to build a platform that I think you referred to earlier—I thought that was brilliant. The crux of the entertainment problem is it has been fragmented. The pie has been built in slices. Any industry you look at in history says, at some
point some of the slices come together to provide a better innovative product.

We think it is crazy that we have a Web site today that sells a concert ticket. So we have the fan to spend $50. But we don't have anything else for them.

Mr. ShermAn. The specific answer to my question is right now, I buy a ticket, and nobody is selling me an album, nobody is selling me a T-shirt.

Mr. Rapino. A quick point. We look at the average fan and you how he has to go to market today. He comes to a Web site to buy a ticket and is probably not satisfied. If you put Bruce Springsteen in Google now, you will get seven pages of scalpers selling tickets.

So you can't even get a ticket in a simple way. He has got to go probably to eBay to find a souvenir T-shirt; he has got to go to iTunes or a pirate site to get the music. The reason we said Amazon earlier is we want to be able to give the artist a platform to reach his fan. And when the wallet is out and he wants to buy a T-shirt, a song, another avenue to sell music with the ticket, they embrace that model continually when we talk to them about it.

Mr. ShermAn. I think my time has more than expired. I see the gentleman from California, and recognize him.

Mr. Issa. I thank the gentleman from California. I am sure when you went to that first Beatles concert, you did have a full head of hair. I think you should go to another one. I think you would be welcome.

All kidding aside, this Committee deals with very serious issues, and all antitrust hearings in this Committee always look the same: Two groups are wanting to get together, and it's going to potentially affect competition. Yours is no different.

Mr. Doyle, let me ask one question, because all antitrust is comparative, in addition to relative market share and all the others. Major league baseball bought Tickets.com. The acquisition created a vertically integrated mechanism that included, if you will, and I am going to try to convert here, the teams, which had the talent; the promoter, which was Major League Baseball; the venues, which were the ball barks, were either owned or controlled; and then, of course, now the tickets.

Is there an effect that can show us why this sort of a merger would cause higher prices based on that model?

Mr. Doyle. Tickets.com presents an interesting situation. It is owned by Major League Baseball, which obviously has a deep pocket. If they wanted to expand and put Tickets.com into every stadium, it clearly could do it, as I understand it.

However, it is my understanding that Tickets.com only has 14 of the Major League Baseball teams. The question is, Why aren't they in every team? And I don't know the answer to that. But I can sit here and speculate that perhaps it is the significant market power of TicketMaster that allows it to get some of those baseball teams as well.

The Major League Baseball model, the Tickets.com model, I think is an example of the degree of market power that TicketMaster has. Under normal economic—under a normal economic rationale, you would expect Tickets.com to be in every Major League Baseball stadium. And the question is: Why aren't they?
Mr. Issa. Mr. Azoff, I am going to ask you sort of the other side of the same coin, because I am very interested. Baseball does have a Congressionally granted monopoly. So, as Mr. Doyle said, they can do whatever they want. They do own the talent. Even if you want to be a free agent, where are you going to go? You ultimately are going to end up within Major League Baseball. So it is only a question of where.

Now, let me just look at the music industry for a moment. You don't have long-term binding contracts with the talent, if you will—the major stars—do you?

Mr. Azoff. No, I don't.

Mr. Issa. After this merge, you still won't.

Mr. Azoff. Virtually all of them will be free.

Mr. Issa. On top of that, you are not controlling the whole world, so they can tour anywhere that makes the money, right?

Mr. Azoff. Correct.

Mr. Issa. So, if I understand correctly, from the standpoint of the artist, who ultimately is probably the most important part of this, with the possible exception of those of us who do go to concerts a little more often, and I will go as long as I have hair. So the artist isn't going to be hurt because he has a great deal freedom of choice, and ultimately you have to attract him, right?

Mr. Azoff. Yes. I might add, the TicketMaster contracts virtually one in four, one in three, come up for renewal every year. And I could shed a little bit of light because I recently met with one of the Major League Baseball owners.

TicketMaster has a service called Archtics. In these very difficult times, people are not renewing season seats. And we have a unique program that allows them to, like, bundle. If you want 20 games and we find a person that can do 12 and 10. And we are actually putting TicketMaster personnel in their box offices.

So my answer would be, as to why some of them have elected to come back to us is, because they get better service, and we spend a lot of money on R&D to provide great technology.

Mr. Issa. I found something interesting when it was said earlier if you Google for Bruce Springsteen, or whoever, you are going to get all these other wrong sites. And it suddenly hit me, Well, you are Googling. So, in the search world we have this dominant power. And we have had hearings to talk about Google and their market share and so on. Ultimately, if I understand, post-merger you won't control Google or Yahoo! from a standpoint you cannot guarantee you will always come up first. You will still have to compete for that slot, right? Pay for it, actually.

Mr. Azoff. Yes.

Mr. Issa. So you are not going to control the search engines which, in an Internet age, is really the front end of the process. So, anyone who wanted to compete, including if Major League Baseball decided they were going to flex their muscle outside of Major League Baseball and do concerts, at least in baseball parks, they could potentially show up first on Google's search.

Mr. Azoff. Makes sense.

Mr. Issa. I am trying to understand. You have got to pay a free and fair price for the entertainers. There are lots of venues beyond the ones that you could potentially lock up in a contract. There are
a lot of places people can be. I was at the Consumer Electronics Show and I saw Diana Ross in concert inside a large ballroom in a private venue. But there were a couple thousand of us having a great time.

By the way, Brad, that was my last concert I went to. That was in January.

What I am trying to understand is, in this whole circle of things, what are the barriers to entry or the competitive advantage you have other than adding some size and scale, which would be a little bit like Citibank bundling together a number of banks, and we know how much good that did them, right? Anyone want to comment on Citibank? Anyone want to say that this combination is any more powerful than perhaps Citibank or Bank of America was in their industries?

Mr. Rapino. I would just say that typically the output of a monopoly is a very high margin. We have a 4 percent margin business.

Mr. Issa. Roughly the same as VISA and MasterCard make off of your ticket sales.

Mr. Rapino. Exactly. So we spend $2 billion to make 4 percent off of that. TicketMaster would be in the 15 percent margin business. So if there was any demonstration of power, believe me, the margins would spit out that as a result.

Mr. Issa. Thank you, Chairman. It helps me understand this situation better.

I yield back.

Mr. Sherman. Mr. Doyle, there are two possibilities as to why TicketMaster has business from major league baseball. One idea is that they just provide a better service at a better price than major league baseball is willing to provide to the teams, and the other is they have some sort of market power.

How could TicketMaster threaten the Dodgers or the Angels in a way that they would say we don’t want to do business, and then if they have that kind of market power, why don’t they have the other 14 teams?

Mr. Doyle. The short answer is, I don’t know the answer to that question. But let me make this observation.

If TicketMaster provides a better service, and that service is replicated by Tickets.com, why doesn’t Tickets.com provide that service?

Mr. Sherman. The real answer is Google, an example brought up by my colleague from California: Why does Google have more than 50 percent share of the search engine? One theory is that they have somebody in my office with a gun to my head saying if I use another search engine, I’m dead. Another possibility is that they hired more engineers to create better software to do a better search to do better computer work, whatever software does.

In my case, it is the latter. I have never been threatened by Google that if I searched on Yahoo, I would be hurt. And Google does the best job as far as I know. There are probably some computer experts here who know better.

Let me turn to Mr. Luukko.
So you own venues. You are able to take your ticketing in-house. If you don't want to go in-house, are there companies that want to provide the ticketing service for you?

Mr. LUUKKO. Absolutely. Yes, there are. Tickets.com is one. Audience View. There are others. There has never been an issue that you couldn't go in your own direction.

Mr. SHERMAN. And CTS is the biggest, I believe, in Europe. And I am told that if this merger goes through, CTS is then free to do business in the United States. You are in the business. Is there any reason to think CTS is not competent?

Mr. LUUKKO. No, not at all.

Mr. SHERMAN. Okay. You described how you decided to become vertically integrated, and so presumably that helps the teams who are the artists in that business.

Describe how your fans and team revenues have been helped by your decision to be vertically integrated.

Mr. LUUKKO. It is essential in sports today to survive. Owning a team, in itself, is very, very difficult. I will give you an example probably that most recently has happened in this tough economy is, we own the Philadelphia 76ers. We have some unsold seats. We have noticed that the market for the sport is very, very price sensitive. So we decide in a short period of time that we need to discount certain nights in certain areas of our building or create various packages.

It starts first with our ticketing system. We have collected data over the years of people who attend basketball games and who may attend our hockey games or family shows. We have an e-mail database, we create an offer, and then we blast that e-mail database. We also use our synergies by owning Comcast SportsNet to promote that offer through the unsold inventory that we do have. So we are using the assets of our company to create and promote this offer.

So now we have discounted the seats, but at the same time we are putting people into the building and we are getting the parking and the food revenue.

Mr. SHERMAN. So the key thing to benefit the artists and athletes and the teams, you have to know which seat you can sell for $200 and sell it for $200, which seat the day before the game is going to be unoccupied—and not only unoccupied, they are not buying beer or popcorn—and who to send an e-mail to, to say you can have that seat for $3.95, but please buy a lot of beer?

Mr. LUUKKO. Yes. You need to have the ability to—to use a sports term, to read and react. You see where the marketplace is and see what you have or haven't sold, and then you have to react quickly because that game or concert happens on a date certain; and then you move forward.

Mr. SHERMAN. So you are in effect the promoter of the game and the ticketer, and without being vertically integrated, you would not be able to exploit those empty seats because an independent ticket agent can't just wake up 2 days before the concert or the game and say I am going to sell seats for $3.95.

I guess you could get all of the advantages of vertical integration without vertical integration if you had instantaneous agreement of
all the different parties involved in the vertical chain. Good luck in achieving that.

Mr. LUUKKO. It is pure efficiency. The team, in essence, is similar to the artist and its manager. The team ultimately makes that decision, and the other pieces follow.

Mr. SHERMAN. So the ticketing operation has the data and the capacity to market the discounted tickets, but the promoter has the authority, and unless you put those two together, you end up with empty seats and unsold popcorn.

I think athletes are doing pretty well, but you end up with a team that can’t make the payroll necessary to beat New York.

Mr. AZOFF, is this analogous to the music business? Do you have a lot of—we are all familiar with Bruce Springsteen selling out every arena within an hour. But do you have a lot of clients that have empty seats in the room?

Mr. AZOFF. Virtually every client has empty seats in the room, and it is a struggle. Bringing efficiencies, Michael spoke about how we want to do it.

Currently, at TicketMaster, we have a list of names, but we don’t yet have the ability to share that data with artists. We don’t have the ability to sell merchandise and sell music. That is the real efficiencies in this merger. We are betting that despite less market share in the ticketing area, we will be able to start this new business that will serve consumers, fans and teams.

Mr. SHERMAN. So your business plan is that after this merger, your share of the market declines, but your ability to exploit that market by selling ancillary products increases?

Mr. AZOFF. Yes.

And as each artist makes more, I think it will lower ticket prices.

Mr. SHERMAN. Mr. Rapino, you probably know something about empty seats.

Mr. RAPINO. There are two fronts. There is the venue and the artist. Currently, 40 percent of tickets go unsold. Other than Bruce Springsteen and the very, very top, our bread and butter is the middle of the road and lower, in terms of the 7,000 club shows and the arena acts that sell 6,000 seats out of 12,000. So the number one thing that an artist wants from us as a promoter is to become a better marketer and sell more seats.

I think the sports analogy is a fabulous example because no one says, “Where is the next Kobe Bryant going to come from?” But everyone says, “How is the next Bruce Springsteen going to be created?”

Sports is a very institutionalized industry, from the college league up to these four monopolies, from the NBA to the NHL, who are vertically integrated from the fullest, from the team to the broadcast.

The reason the music business is in trouble and has been in trouble is because it has not been institutionalized. It has been fragmented, and there has been no system to help the young artist, no system to help sell more tickets and innovate.

Our model is only one model, and we hope other models are generated from this. But we think it is a good example to market better, sell more seats, fill more venues because the irony is, my competition is the sports leagues. A consumer does decide to go to the
NBA game or the congressional monopoly-granted NBL league, or a concert. That is my concert competitor for that disposable income, and it is tough to fight.

Mr. SHERMAN. Mr. Azoff has graciously allowed me to ask a few more questions.

Mr. COBLE. I have to leave shortly for another meeting, but I want to express thanks to the panel for being with us today. I will be around for a few more minutes.

Mr. SHERMAN. Mr. Rapino and Mr. Azoff, your detractors say ticket prices have gone up in recent years and that your companies are responsible for that.

Have ticket prices gone up and, if so, why?

Mr. RAPINO. In the concert business, ticket prices have gone up 4 percent a year on an annual basis.

Mr. SHERMAN. Is that for the whole market? We all focus on the top 50 acts.

Mr. RAPINO. In my testimony, the very small percentage of top acts get great press about ticket prices. An average ticket price for a concert is $50.

I would again argue, what could you absolutely do in the world of entertainment for $50, by comparison?

Mr. SHERMAN. A lot of people in the San Fernando Valley can go out on the town for $50 or less per person. We live cheaper lives.

Mr. RAPINO. What the consumer is telling us, and when we poll consumers, is not that the ticket price is too expensive. That is not their number one problem with the business. When they see a Madonna show, they think it is great value.

What the artist ticket prices have been driven by, for many years now is, the artist continually innovating his show, as you would know from the first show 20 years ago with the bad light and a mike on stage at the Forum to today where Britney Spears would probably have 18 transport trucks and 300 people on payroll because the fans want a great show.

They want the fireworks and the spectacular part of that coming to that show, and the cost of production is part of the show that the consumers want. So part of the cost is, the cost of the show has increased.

The artist wants to figure out how to pay for the show. And no one has to go to a Britney Spears show, but the economics still seem to be affordable that these shows do well and the consumer has many choices from a $9 ticket to a $100 ticket and small clubs to large.

Mr. AZOFF. On the TicketMaster site, we don’t set ticket prices at all.*

Mr. SHERMAN. Have you seen them go up at least for the A-plus events?

Mr. AZOFF. Yes. I believe I have the same figures as Michael does.

On the management side, yes, ticket prices have gone up. It is a function of two things. It is a function of the loss of income from recorded music and the increased production costs.

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*Subsequent to delivering this testimony, Mr. Azoff learned that as to a de minimis number of tickets sold in very narrowly defined cases (constituting less than four one-hundredths of one percent of the tickets that TicketMaster sells), TicketMaster sets ticket prices.
In preparation for these hearings, I sounded out several artists, and they all said, If you can show me a way that I can make the same money and not lose my production, of course I would like to see lower ticket prices.

And everybody focuses on the problems in the secondary ticketing business: Oh, if the guy is paying $1,600 for the front row, why can't I charge another $10? That's a problem.

Mr. Rapino. We do 1,000 concerts at our 50 amphitheaters. We will lose $70 million at the door. That means the price of the talent versus the ticket price. That is 10 million tickets being sold. In theory, if I had any control on those ticket prices, you would assume I would charge $7 more a ticket to cover my $70 million loss. The artist takes the door, and we end up making the money on peanut, popcorn, parking and ticket rebates.

Mr. Sherman. What is a ticket rebate?

Mr. Rapino. Most of the TicketMaster service fees that TicketMaster charges, the $10, $12.

Mr. Sherman. So when I think I am paying Azoff, I am really paying you?

Mr. Rapino. You are really paying me and you are paying the venue, and obviously you are paying the artist in theory because the venue promoter needs to make a pot of money to cover that $70 million loss at the door.

Mr. Sherman. So what I think is a TicketMaster service charge is really a disguised portion of the price, and the people in your business and/or the artists have enough power to force Azoff to pretend like he is charging a lot when he is really giving part of the money to you?

Mr. Rapino. Yes.

Mr. Sherman. So you are a professional bad guy, Mr. Azoff?

Mr. Azoff. We're used to it.

Mr. Sherman. I finally want to go to the scalping issue. One of the bizarre things is, the scalping business should not—if things are priced correctly, there shouldn't be a huge industry in buying them and reselling them. But in fact, as I understand it, those great front row tickets are still being sold for $100 and $200 and they are worth thousands.

Mr. Azoff, when these big acts have you as their ticket agent, do they give you all of the seats or do they hold back some to be sold in some other way?

Mr. Azoff. Inventory control is not a perfect science. Everybody in the food chain seems to have access.

Mr. Sherman. If there are 10,000 seats in the arena and you are doing the event, are you selling 10,000 seats or are you selling 7,000?

Mr. Azoff. Never the former. I would say on an average we might see 80 to 85 percent of the seats.

Mr. Sherman. When you don't get the 15 percent, are those the bad or good seats that you are not getting?

Mr. Azoff. The vast majority, they are the best seats in the house. They go to building holds, sponsor holds, band holds, record company holds. They go out the door, you know, multiple places.

Mr. Sherman. So if I want to pay $800 for a ticket, I probably am getting one of those and you probably never touched it?
Mr. AZOFF. I would say that is correct, yes.

Mr. SHERMAN. Then there are these companies that try to buy from TicketMaster and then resell, or buy from whoever the ticket agent is and then resell.

Why are the artists/promoters having you sell some tickets that are worth 1,000 bucks for a 100 so the lucky fan and/or scalper ends up with $900 of consumer surplus? Why are you sometimes putting on your Web page a $1,000 ticket for a $100 price?

Mr. AZOFF. The standard line I get when I talk to an artist is, you know, they are all worried about the press. If my ticket is $300—and I always say that is the guy who is getting his tickets for free. They are always worried about bad press, especially with the way the Internet flows now.

If the Eagles were to raise their ticket prices——

Mr. SHERMAN. Does the press focus on the average price or the cheapest price, or if there are 50 seats being sold for $1,000 apiece, does the press focus on those 50 seats?

Mr. AZOFF. Yes. Again, people lead. When Bruce Springsteen says I am charging $95, another artist is going to say, Hey, my fans are going to think I am a jerk if I charge $150.

Look, in a perfect world we would all sit down and we would convince artists to realize that they ought to charge what they are worth.

Mr. SHERMAN. At least for the top 1,000 seats or the top 500 seats in the house. You are not deprived of a chance to see the artist if you don't go one of the best 500 seats.

Mr. AZOFF. The focus on this merger will enlighten a lot of artists, I hope. The first step at fighting the scalping would be for dynamic pricing to finally come into effect.

Mr. SHERMAN. Do any of the other witnesses have a comment on why we are in this weird situation where the artist feels it necessary to sell one of those best 500 seats for a $100 when everybody knows it is worth $1,000?

Mr. FROEB. One of the great ironies of this merger is, in theory, if it works the way it is designed to, it should allow the artist to grab control of the entire supply chain—including scalping—a lot better than they currently have. To me, it is part of their image. What creates demand for their tickets is their image of being good guys and selling cheap tickets.

Mr. SHERMAN. Nobody thinks United Airlines is terrible when they sell a $250 ticket from L.A. to New York just because there are some First Class seats that they are able to get $3,000 for. There are many complaints that we have back in steerage, but the fact that they were able to squeeze a lot of money out of those people on the other side of the curtain has never bothered those of us on the plane.

I don't know why it bothers people who buy tickets, but you know your business better than I do.

I have run out of questions, so thank you very much.

[Whereupon, at 1:02 p.m., the Subcommittee was adjourned.]
Mr. Chairman, thank you for calling this first hearing of the Courts and Competition Policy Subcommittee. Until very recently, antitrust has been a Full Committee issue. This is the first Subcommittee hearing on antitrust matters in at least eight years, and I’m glad that we’ve got such an interesting first topic.

Today’s hearing gives us the opportunity to examine the proposed merger of Live Nation and Ticketmaster, a combination that would create one of the world’s largest entertainment companies. The combined company would own a segment of every aspect of the live music distribution chain from artist management to ticketing and everything in between.
The Senate Judiciary Committee held a hearing on this very issue on Tuesday and it is clear from their comments that many Senators have real concerns about this merger.

One of their concerns arises from the relationship that Ticketmaster has with its wholly owned subsidiary, TicketsNow.com, which is a secondary ticket retailer. Recently hundreds of fans seeking Bruce Springsteen tickets on Ticketmaster.com were re-directed to TicketsNow.com for tickets at a significantly higher price than face value. This happened even though there were still tickets available for face value on the main Ticketmaster website.

In addition, on top of that, Ticketmaster’s CEO, Irving Azoff, who is testifying here today, was recently quoted in the *Wall Street Journal* as saying that artists’ agents...
frequently leverage the value of their star clients to
extract better deals from venues and concert promoters.
With a stable of artists that includes the Eagles, Jimmy
Buffett, Neil Diamond, Van Halen, Fleetwood Mac,
Christina Aguilera, Aerosmith, Miley Cyrus, Madonna,
Jay-Z, U2, and Shakira, the combined Live Nation-
Ticketmaster would have a LOT of leverage. And that is
only in one aspect of their business.

All of that leads me to be concerned about how this
deal will affect the average customer. With its wealth of
resources in terms of artists managed, venues
controlled, and tickets sold, the combined Ticketmaster-
Live Nation will have a lot of sway over the little guy.

After all, in these troubled economic times, we can’t
ask customers to pay more for a Ticketmaster — quote —
convenience charge – unquote – a charge that seems anything but convenient to the person paying it.

This subcommittee, with the support of the current and former chairmen, has spent enormous resources to improve and secure the future of the American entertainment industry, which provides billions in positive revenue to our economy. At the same time, this entertainment must remain affordable and accessible for the industry to continue to flourish. I am a devote bluegrass fan and while bluegrass may be a fraction of the events effected by this merger, thousands of my constituents are skeptical of how this merger will effect them.

That said the burden today is clearly on Tickmaster and Live Nation to demonstrate how their merger will benefit music fans and the industry alike. I would like to
thank all of our witnesses for agreeing to participate in
today’s hearing and I look forward to your testimony.

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February 20, 2009

The Honorable Patrick Leahy  
Chairman, Committee on the Judiciary  
United States Senate

The Honorable Arlen Specter  
Ranking Member, Committee on the Judiciary  
United States Senate

The Honorable John Conyers  
Chairman, Committee on the Judiciary  
US House of Representatives

The Honorable Lamar Smith  
Ranking Member, Committee on the Judiciary  
US House of Representatives

Dear Chairman Leahy, Chairman Conyers, Ranking Member Specter and Ranking Member Smith:

I am writing to add my name to the list of artists that support the merger of Live Nation and Ticketmaster. The record business and music industry are changing rapidly, and this merger provides a means by which artists can continue to connect with and build their fan base.

Growing up in Barranquilla, Colombia, my dream was to become a singer. Music is the international language and I envisioned myself one day connecting with fans not just in Colombia, but in all countries.

My success as an artist has not come easily and it took several albums for me to build an international following. I was fortunate and I would like other artists to be afforded the same opportunities. I know how hard it is for artists to find ways to get their music heard and a merged Live Nation/Ticketmaster could help artists do this.

Record sales are becoming a smaller revenue source for artists especially in the Latin music industry, where sales over the past few years have dropped by almost 50%. The proposed merger of Live Nation and Ticketmaster could benefit artists by providing them with global marketing opportunities and innovative ways to reach their fans around the world.

My music and my fans are what drive me everyday to work my hardest and perform my best. Any development within the music industry that brings the music closer to the fans will have my support.

Sincerely,

Shekira
February 24, 2009

The Honorable Herb Kohl
Chairman
U.S. Senate Committee on the Judiciary
Subcommittee on Antitrust, Competition Policy and Consumer Rights
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
U.S. Senate Committee on the Judiciary
Subcommittee on Antitrust, Competition Policy and Consumer Rights
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Hank Johnson
Chairman
US House of Representatives Committee on the Judiciary
Subcommittee on Courts and Competition Policy
1133 Longworth House Office Building
Washington, DC 20515

The Honorable Howard Coble
Ranking Member
U.S. House of Representatives Committee on the Judiciary
Subcommittee on Courts and Competition Policy
2468 Rayburn House Office Building
Washington, DC 20515

Dear Chairmen Kohl & Johnson and Ranking Members Hatch & Coble:

I am writing to you today to express my support for the Live Nation/Ticketmaster merger.

I've been involved in music as a performer for more than 20 years. Like most artists, the thing I most wanted when I started my career was a record deal. At the time, that was the only way to get my music out there and still make a living doing what I love – creating music.

I performed in London, where I grew up, then explored the world with various bands. As an unknown artist, I played live in front of as many people as possible. I toured Japan. I joined a band in Thailand. Attempting to build a fan base, I toured all over the world, playing in any venue that would have me, for little or no money.

Eventually, I was fortunate enough to get signed to a major record label, Warner Music. Since 1991, I've sold 15 million albums worldwide, five of my albums have placed in the top 30, and my songs have been hits in pop, adult contemporary, R&B and dance formats.

So I know how hard it is to succeed in the music industry – and I'm so grateful for all of those successes. But I haven't forgotten what it's like to struggle. The record business is not what it used to be. That is why I support the Live Nation/Ticketmaster merger -- because not only would it benefit established acts like myself, but the up-and-coming acts who are trying to build a following, as well.
As an artist, I'm constantly searching for new and better ways to connect with fans, get my music to more people, and be fairly compensated for my work in the process. The merger will help me and countless other artists do that.

Anything that can strengthen the link between music creators and music lovers has my support. I believe the combined company will achieve that by aligning resources, talent and services.

No one knows where the music industry is headed or how it will evolve. Our challenge in the music business is to come up with business models that let music flourish and fairly compensate the creators and investors. We need to welcome new structures -- like this merger -- that do just that, and help bring artists and fans together.

Respectfully,

[Signature]
The Honorable Patrick Leahy  
Chairman, Committee on the Judiciary  
United States Senate

The Honorable Arlen Specter  
Ranking Member, Committee on the Judiciary  
United States Senate

The Honorable John Conyers  
Chairman, Committee on the Judiciary  
US House of Representatives

The Honorable Lamar Smith  
Ranking Member, Committee on the Judiciary  
US House of Representatives

Dear Mr. Chairman and Ranking Members:

I am writing to demonstrate my support for the merger of Ticketmaster Entertainment and Live Nation. During these troubled times in the music business, it is essential for companies to invest in new ways to help artists stay connected to their fans.

I am fortunate to be an artist who tours around the world. I love performing and was practically born to be in the music business, since my father was the noted ragtime artist, Vincenzo Terrana. I have been fortunate enough to find success as well, recording 15 albums and selling 15 million records. But the business has changed dramatically since I began my career. Record sales used to be one of the most important ways to make money and support the creative investment. Latin music has been particularly hard hit by piracy with sales down in the US by almost 30% in the last few years.

The good news is that we have more fans than ever. While travelling, I am constantly surprised and excited by how broadly our music is being listened to and loved around the United States and the rest of the world.

We as artists have an obligation to our fans to constantly find new ways for them to stay in touch with our music and our lives. We must work with new partners and constantly find new ways to support our own livelihoods and the many people who depend on our success for their careers.

A new company created by Live Nation and Ticketmaster will give us the opportunity to buy tickets at fair and flexible price levels, be in our fan club, connect with other fans, and most importantly, stay in touch with our favorite artists and their music.
The combined company will have the resources to create a whole new artist to film platform that will give more choices to both artists and fans. In Latin music, we need more choices.

Thank you for letting me share my views.

Sincerely,

Alvaro Fernandez
February 24, 2009

The Honorable Patrick Leahy
The Honorable John Conyers
The Honorable Arlen Specter
The Honorable Lamar Smith

The Honorable Herb Kohl
The Honorable Frank Johnson, Jr
The Honorable Orrin Hatch
The Honorable Howard Coble

Dear Members of Congress:

Today we stand together as artists to state our support of the Live Nation/Ticketmaster Entertainment merger:

Throughout our varied careers, we have all sought out the best ways to connect with our fans and continue to reach new listeners. We are all passionate about our music and our fans, and have worked extremely hard to establish ourselves as successful artists. We have first-hand experience with the daily struggles that a new artist goes through in an attempt to break in to the music industry.

The music industry has changed dramatically in the last several years. As technology changes the way people get access to their music, one thing stands true—the live show. And the live show has become an even more important jumping off point to maintain the relationship between artists and our fans. The proposed merger of Live Nation and Ticketmaster Entertainment will provide artists at all levels of their careers with the opportunity to leverage a broader universe of venues and to expand their ability to reach current as well as new fans.

Live Nation and Ticketmaster together will be able to help all artists reach their full potential by using the combined company's various resources to market artists' music in the best way possible.

And importantly, just like there is currently, a thriving independent venue and ticketing system will continue to operate. This multi-layered industry offers artists and fans many choices in how they set up their ticketing, touring and interaction.

We are confident that the proposed merger won't change the system for the many thousands of venues that operate independently across the country. We love those small independent venues. Most of us started in those venues and continue to support them whenever we can. Indeed, we believe the merger will simply add more choices to the mix for artists and fans.

As artists we are committed to making the best music and having it reach as many people as possible. We together support the Live Nation and Ticketmaster merger because all artists, not just the lucky few, must have an opportunity to connect their music to their fans.

Respectfully,

"JOURNEY"

Neal Schon
Jan Cai
Deen Castronovo
Ross Valory
VIA E-MAIL AND U.S. MAIL.

Chris Riley
Senior Vice President
Ticketmaster Entertainment
8800 W. Sunset Blvd.
West Hollywood, California 90069

Re: Ticketing Agreement

Dear Chris:

Reference is made to the ticketing Term Sheet, dated April 29, 2004, and the amendment thereto dated July 1, 2005 (collectively, the "Ticketing Agreement"), between Ticketmaster L.L.C. ("TM") and Anschutz Entertainment Group, Inc. and its affiliates (collectively, "AEG").

In light of recently reported events regarding a proposed transaction between TM and Live Nation, you are hereby advised that any such transactions will permit AEG, at its option, to terminate the Ticketing Agreement.

Please be advised that AEG reserves all of its rights and remedies, including without limitation those arising under the Ticketing Agreement.

Sincerely,

Ted Fikre

cc: Irving Azoff
Greg Winanski
Timothy Leiweke
Mr. William E. Kovacic  
Chairman  
Federal Trade Commission  
600 Pennsylvania Ave., NW  
Washington, DC 20580

Dear Chairman Kovacic:

I am writing today to direct your attention to a potential conflict of interest regarding Ticketmaster and its affiliate company, TicketsNow. This issue has been brought to my attention through constituent complaints and press reports regarding the online sale of Bruce Springsteen concerts tickets at the Izod Center in New Jersey and other locations all across the country.

As you know, Ticketmaster is a large ticket sales and distribution company that often serves as a venue’s sole ticketing agent. A large percentage of their sales are made online through Ticketmaster.com. In a recent effort to expand their business, Ticketmaster acquired TicketsNow, a website which specializes in the secondary, resale market for tickets.

When tickets for Bruce Springsteen’s new tour went on sale exclusively through Ticketmaster at 9:00 a.m. on Monday, February 2, 2009, scores of fans in New Jersey were met with technical difficulty on Ticketmaster.com that impeded them from making a purchase. Thousands of others who were fortunate enough to get beyond the technical problems were informed that the shows were sold out. Compromised placed on the same screen that informed fans of ticket unavailability was an alternative purchasing option from TicketsNow.com. It offered the same tickets at a value marked up hundreds of dollars beyond their original face value.

I am troubled by how quickly tickets priced exponentially higher became available on the secondary market to thousands of rejected fans, many who also endured unfortunate technical problems on Ticketmaster.com.

I am concerned that the business affiliation between Ticketmaster and TicketsNow may represent a conflict of interest that is detrimental to the average fan. There is a significant potential for abuse when one company is able to monopolize the primary market for a product and also directly manipulate, and profit from, the secondary market.

Additionally, the speed with which tickets were made available on Ticketmaster’s official retail affiliate site raises questions about whether TicketsNow bidders were given preferential treatment instead of competing on a level playing field with average consumers to purchase the tickets.
With so many families struggling in this economy, I am outraged by how expensive tickets to ball games, concerts and other shows have become. I understand the economic principles that have driven up the cost of entertainment, but will not tolerate unjust business practices that put regular Americans at a disadvantage.

I respectfully request that your office investigate the relationship between Ticketmaster and TicketsNow to ensure that the procedures for purchasing tickets remain fair to the average consumer. If you require any additional information or have any questions, please contact Arthur Mandel on my staff at (202) 225-5751. I look forward to the favor of your reply.

Sincerely,

Bill Pascrell, Jr.
Member of Congress
Mr. Scott D. Hammond
Acting Assistant Attorney General
United States Department of Justice, Antitrust Division
450 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Mr. Hammond:

I am writing today to direct your attention to a potential conflict of interest regarding Ticketmaster and its affiliate company, TicketsNow. This issue has been brought to my attention through constituent complaints and press reports regarding the online sale of Bruce Springsteen concert tickets at the Izod Center in New Jersey and other locations all across the country.

As you know, Ticketmaster is a large ticket sales and distribution company that often serves as a venue’s sole ticketing agent. A large percentage of their sales are made online through Ticketmaster.com. In a recent effort to expand their business, Ticketmaster acquired TicketsNow, a website which specializes in the secondary, resale market for tickets.

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With so many families struggling in this economy, I am outraged by how expensive tickets to ball games, concerts and other shows have become. I understand the economic principles that have driven up the cost of entertainment, but will not tolerate unjust business practices that put regular Americans at a disadvantage.

I respectfully request that the Department investigate the relationship between Ticketmaster and TicketsNow to ensure that the procedure for purchasing tickets remains fair to the average consumer. If you require any additional information or have any questions, please contact Arthur Mandel on my staff at (202) 225-5751. I look forward to the favor of your reply.

Sincerely,

Bill Pascrell, Jr.
Member of Congress
February 5, 2009

Chairman John Conyers, Jr.
U.S. House Committee on the Judiciary
Full Committee
2138 Rayburn House Office Building
Washington, DC 20515

Chairman Hank Johnson, Jr.
U.S. House Committee on the Judiciary
Subcommittee on Courts and Competition Policy
B-352 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Conyers and Chairman Johnson:

My office was deluged this week by calls from angry music fans in New Jersey and all across the country concerning problems they experienced while attempting to purchase tickets on Ticketmaster.com for Bruce Springsteen’s upcoming tour. Bruce Springsteen himself expressed anger over a conflict of interest issue that may have interfered with the way Ticketmaster served his fans.

At issue is the relationship between Ticketmaster and its affiliate company, TicketNow. TicketNow is a secondary market ticket reseller that offers fans who are unsuccessful in securing tickets on Ticketmaster.com with admissions to the events they desire at values marked-up hundreds of dollars above face value. With Ticketmaster reaping a significant profit from TicketNow sales, there is an obvious conflict of interest issue at play that calls into question the company’s business practices.

Because of Ticketmaster’s questionable relationship with TicketNow, I am concerned by a report in yesterday’s Wall Street Journal about Ticketmaster’s proposed merger with Live Nation, the world’s largest concert promoter. As the above example demonstrates, there is an incredible potential for abuse when one company controls the primary and secondary market for concert tickets. This potential will surely be magnified exponentially should one company be able to control every aspect of recording, record sales, licensing, venue ownership and ticket sales.

I view this proposed merger with great skepticism and strongly believe that any merger between Ticketmaster and Live Nation be carefully scrutinized by federal regulators and your committee to ensure that it is in the best interests of consumers.

I look forward to discussing these issues with you in greater detail at a later date. Please feel free to contact Arthur Mandel at my staff at x5751 if you have any questions or require any further information.

Sincerely,

Bill Pascrell Jr.
Member of Congress

Bill Pascrell, Jr.
Congress of the United States
Washington, DC 20510
February 11, 2009

Eric H. Holder, Jr.
Attorney General
United States Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Attorney General Holder:

As we wait for the confirmation of a new Assistant Attorney General for the Justice Department’s Antitrust Division, we write to you in our capacity as Senator and Congressman to express our opposition to the proposed merger, announced yesterday between Ticketmaster Entertainment, Inc., and Live Nation, Inc.

This merger would combine Ticketmaster, the world’s dominant ticket seller, with Live Nation, an entity that was once Ticketmaster’s largest client. Last year, Live Nation reportedly ended a long-term contract to sell concert tickets through Ticketmaster, and recently launched its own ticketing service for its venues. One news report provides that the new entity would have threatened to siphon some 15 percent of Ticketmaster’s revenues, thus pitting the two companies against each other in a battle for ticketing contracts. The decision of these two companies to merge, rather than provide consumers the benefit of healthy competition in a heavily consolidated marketplace, could have profound and far-reaching implications for consumers, promoters, and artists alike.

We also write to express our concern about the consolidation of separate components of the concert industry into one entity. The proposed merger would combine Ticketmaster’s ticket selling dominance with the world’s largest concert promoter. Live Nation owns some 140-plus venues and comprehensive festival deals covering the tours of some of the world’s largest musical acts. This “vertical” integration of so many components of the concert industry into one massive entity could have a serious impact on pricing and choices available to consumers. Given the previous administration’s spotty record in antitrust enforcement, we write to you with the hope that you and the new Antitrust Division will give this merger close scrutiny in determining whether to grant the merger’s ultimate approval.

In light of these concerns, and past allegations about Ticketmaster’s actions, we have much trouble accepting the two companies’ statements that their merger will ultimately benefit consumers and further competition in the marketplace. Please let us know if you have any questions or concerns. Thank you for your prompt attention to this important matter.

Sincerely,

Charles E. Schumer
United States Senator

Bill Pascrell, Jr.
Member of Congress
Lawmaker: Investigate Springsteen ticket sales

A New Jersey lawmaker has called for an inquiry into allegations that tickets for Bruce Springsteen concerts were sold to what one executive described as "a black market agency moments after they went on sale." (Afro-American)

[Article text]

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TICKETS

Continued from Page One

Order forms were sold to a Web site over an hour before opening. Many fans said they experienced error messages at the Ticketmaster website that prevented them from purchasing tickets before they were sold out.

Others were frustrated that tickets ordered via their bank credit cards were being honored at Ticketmaster.

"The online system is a disaster," a Robert spoke, adding that "it has been a disaster before." The group added that "it has been a disaster before.

Finally, the line cleared, and the fans were able to purchase their tickets. The line cleared, and the fans were able to purchase their tickets. Some fans were frustrated that they could not purchase their tickets. Some fans were frustrated that they could not purchase their tickets. This is frustrating, as many fans said they had been waiting for hours to get their tickets. This is frustrating, as many fans said they had been waiting for hours to get their tickets.

"It's a lie," a Robert said, adding that "it's a lie." The fans added that "it's a lie." The fans added that "it's a lie."
Monopoly games and the music fan

OUR VIEW

There is a significant potential for those who are looking to monetize the secondary market for a product and also develop a new market for the secondary ticketing company. A secondary ticketing company may be able to purchase tickets at a lower price and then sell them at a higher price to fans who want to attend the event. This can provide an opportunity for the company to make a profit while also providing fans with the ability to attend events that they might not have been able to afford otherwise.

However, there are also concerns about the impact of secondary ticketing on the primary market for tickets. Some fans argue that secondary ticketing can drive up the price of tickets and make it harder for them to afford to attend events. Others argue that secondary ticketing is simply a way for fans to find tickets at a lower price and should be allowed to continue.

The issue of secondary ticketing is one that is likely to continue to be debated in the future, as the popularity of events grows and the demand for tickets increases. It will be important for regulators and lawmakers to work together to find a solution that balances the interests of fans, event organizers, and secondary ticketing companies.

Monopoly games and the music fan

OUR VIEW

There is a significant potential for those who are looking to monetize the secondary market for a product and also develop a new market for the secondary ticketing company. A secondary ticketing company may be able to purchase tickets at a lower price and then sell them at a higher price to fans who want to attend the event. This can provide an opportunity for the company to make a profit while also providing fans with the ability to attend events that they might not have been able to afford otherwise.

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Monopoly games and the music fan

OUR VIEW

There is a significant potential for those who are looking to monetize the secondary market for a product and also develop a new market for the secondary ticketing company. A secondary ticketing company may be able to purchase tickets at a lower price and then sell them at a higher price to fans who want to attend the event. This can provide an opportunity for the company to make a profit while also providing fans with the ability to attend events that they might not have been able to afford otherwise.

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The issue of secondary ticketing is one that is likely to continue to be debated in the future, as the popularity of events grows and the demand for tickets increases. It will be important for regulators and lawmakers to work together to find a solution that balances the interests of fans, event organizers, and secondary ticketing companies.
Ticket firm apologizes to Bruce and fans

Ticketing process flawed and unfair

Ticket company apologizes to Bruce Springsteen fans for problems with ticketing.

The company, Ticketmaster, said it was "deeply sorry" for the problems and had taken steps to prevent them from happening again.

The problems included tickets being sold at higher prices than advertised and some fans being unable to purchase tickets at all.

Ticketmaster said it had reviewed its practices and was working to improve them.

Bruce Springsteen fans had been calling for the company to take responsibility for the problems and had vowed to boycott the company in the future.
Ticketmaster Is Expected To Join With Live Nation

A deal that is likely to face intense antitrust scrutiny.

(continued)
Concerted criticism greets Ticketmaster mega-merger plan

Ticketmaster wants only a portion of the benefits of the proposed merger, and they threaten, correctly, that Abt's proposal would not let the public or media benefit from the merger. It is true that the proposed merger would not bring any benefit to the consumer. However, Ticketmaster does not want any benefit. It is not in the public interest to merge the companies. Ticketmaster's proposal will not benefit the consumer. It is not in the public interest to merge the companies. Ticketmaster's proposal will not benefit the consumer.
MUSIC

continued from page 1

Merger meets criticism

The "last resort" story, from completed
that, after being on its table for months,
the day before the merger was announced. The
Tribune said Thinks over the weekend, the
company had delayed the move to enable
the two companies to merge. The
Tribune reported that the
new smaller company
would take up some
of the space and change
the new arrangement

"Neither planned to sell
space."

"The deal was going to be the last
resort for both companies to
merge," the Tribune reported.

"If the deal goes through,
we expect to see a
larger market for
tune-in pictures," the
tribune said. "The
new company will
be able to provide
a larger mix of
pictures for
the market.

"The deal could have
important implications
to the future of the
tune-in market," the
tribune said. "The
two companies have
been discussing
mergers for months,
but this could be
the last resort for
both companies to
merge.

"The deal could be
beneficial for both
companies," the
tribune said. "It
will enable the
companies to
merge, giving
them a larger
market for
tune-in pictures."
Feb. 23, 2009

The Honorable Representative Charles Gonzalez
303 Cannon House Office Building
Washington, D.C. 20515-4310
DELIVERED VIA EMAIL

To The Honorable Representative Charles Gonzalez:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the President and CEO of The Cynthia Woods Mitchell Pavilion, a live music venue in Houston, Texas, I believe any changes that result from the merger will have a positive impact on my business and my community.

I do not think the merger will increase ticket prices for our customers. The artists set the ticket prices, not the promoter or ticket company.

The new company will be more consumer friendly for the ticket buying public using innovative ways to market and sell tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent.

Thank you,

[Signature]

Gerald B. MacDonald
President and CEO

The Cynthia Woods Mitchell Pavilion
A MONROE-ASSOCIATION
Feb. 23, 2009

The Honorable Senator John Corwyn
517 Hart Office Building
Washington, D.C. 20510
DELIVERED VIA EMAIL

To The Honorable Senator John Corwyn:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the President and CEO of The Cynthia Woods Mitchell Pavilion, a live music venue in Houston, Texas, I believe any changes that result from the merger will have a positive impact on my business and my community.

I do not think the merger will increase ticket prices for our customers. The artists set the ticket prices, not the promoter or ticket company.

The new company will be more consumer friendly for the ticket buying public using innovative ways to market and sell tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent.

Thank you,

Gerald B. MacDonald
President and CEO
Chad Ellis
525 N. Collins
Arlington, TX 76011

February 23, 2009

The Honorable Representative Sheila Jackson-Lee
2141 Rayburn House Office Building
Washington, DC 20515

To the Honorable Representative Sheila Jackson-Lee:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the music through your role in Congress. As the manager of the New Dallas Cowboys Stadium, a live music venue in Arlington, I believe any changes that result from the merger will have a positive impact on our business and our community.

Our relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at our venue, boosting the business for the artists. The merger presents an opportunity for us to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn't stand for it. Like me, Live Nation and Ticketmaster went to sell seats. Shaping fans does not sell seats.

I believe the combined resources of the new company will help attract customers, which would benefit the Cowboys Stadium and other local businesses with ties to the stadium and the music industry. We also expect the new company to pursue innovations that make it easier for fans to get tickets (via cell phones, for example) and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. We strive to give our customers value for their money and working with the combined company will allow us to do so in an even greater extent. It will improve our ability to operate efficiently, and will also benefit our partners and fans in the community.

Thank you,

Chad Ellis
Vice President, New Dallas Cowboys Stadium
February 24, 2009

The Honorable Sheldon Whitehouse
Hart Senate Office Building
Room 622
Washington, DC 20510

Dear Senator Whitehouse,

I am writing to express my support for the Live Nation/TELMAN merger and respectfully request that you consider this merger through your own lens as well.

As General Manager of the Dunkin' Donuts Center in Providence, I believe any changes that result from the merger will have a positive impact on the Dunkin' Donuts Center and the community.

Over the years, I have built a strong working relationship with both Live Nation and TELMAN. They have, and continue, to offer some of the most affordable options for shows here in Providence, boosting our bottom line. The merger presents an opportunity for me to have one merger will result in higher ticket prices, a strong connection for the simple fact that we won’t be dealing with two different entities. In my opinion, this merger will be beneficial for all of us. It is my belief that TELMAN and TELMAN were in the same-pancake lane do not fill details.

I believe that combining resources of the new company will help attract more patrons, which would benefit our facility and other local businesses with live acts our facility and the music industry. I also support the new company in various innovations that mean it safer for fans to get tickets (via, via cell phones, etc.) and in any steps to prevent the sale of counterfeit tickets.

Senator, I urge you to support this merger. I believe in the long-term value for their money and working with the combined company will allow me to do so in even greater locales. It will greatly improve my ability to operate efficiently and will also benefit concertgoers and other businesses in the community.

Thank you for your time and consideration.

Respectfully,

Lawrence J. Greene
General Manager

128
ARK Management
19401 Old Jcton Rd
Suite 101
Carmel, NC 28031

February 19, 2009

The Honorable Representative Howard Coble
2468 Rayburn House Office Building
Washington, DC 20515-3306

Delivered via email.

To the Honorable Representative Howard Coble:

I’m writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the owner of NC Music Factory, a live music venue in Charlotte, I believe any changes that result from the merger will have a positive impact on my business and my community.

My relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at my venue, location the bottom line for my business. The merger presents an opportunity for me to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn’t stand for it. Like me, Live Nation and Ticketmaster want to fill seats. Out-going fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit me and other local businesses with ties to our facility and the music industry. I also hope the new company to pursue innovations that make it easier for fans to get tickets (on cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent. It will improve my ability to operate efficiently as a small venue owner, and will also benefit concertgoers and others in the community.

Thank you,

Noah Laza
ARK Management
19401 Old Jcton Rd
Suite 101
Cornelius, NC 28031

February 19, 2009

The Honorable Representative Melvin Watt
2304 Rayburn House Office Building
Washington, DC 20515-3312

To the Honorable Representative Melvin Watt:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the owner of NC Music Factory, a live music venue in Charlotte, I believe any changes that result from the merger will have a positive impact on my business and my community.

My relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at my venue, boosting the bottom line for my business. The merger presents an opportunity for me to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn’t stand for it. Like me, Live Nation and Ticketmaster want to fill seats. Gouging fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit me and other local businesses with ties to my facility and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (on cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent. It will improve my ability to operate efficiently as a small venue owner, and will also benefit concertgoers and others in the community.

Thank you,

Noah Laren
ARK Management
19401 Old Sunset Rd
Suite 101
Corona, CA 91721

February 19, 2009

The Honorable Representative Howard Coble
2468 Rayburn House Office Building
Washington, DC 20515-3306

DELIIVERED VIA EMAIL

To the Honorable Representative Howard Coble:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As an event promoter in Charlotte, I believe any changes that result from the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandise, e-commerce and innovative promotion. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help me promote established artists as well as up-and-coming artists. Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.

Thank you,

Noah Lacey
ARK Management  
19401 Old Jcton Rd  
Suite 101  
Cornelius, NC 28031

February 19, 2009

The Honorable Representative Melvin Watt  
2304 Rayburn House Office Building  
Washington, DC 20515-3312

DEPARTMENT VIA EMAIIL

To the Honorable Representative Melvin Watt:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As an event promoter in Charlotte, I believe any changes that result from the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandising, e-commerce, and innovative promotion. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help me promote established artists as well as up-and-coming artists. Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.

Thank you,

[Signature]

Noah Luzes
February 20, 2009

The Honorable Representative Gregg Harper
307 Cannon House Office Building
Washington, D.C. 20515

To the Honorable Representative Gregg Harper:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the Executive Director of The Mississippi Coast Coliseum and Convention Center, a live music venue in Biloxi, Mississippi, I believe any changes that result from the merger will have a positive impact on our business and our community.

The relationships we have with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at our facility, boosting the bottom line for our business. The merger presents an opportunity for us to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn't stand for it. Like me, Live Nation and Ticketmaster went to fill seats. The consumer will only pay a certain price for what they want to see. Gouging fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit The Mississippi Coast Coliseum and other local businesses with ties to the facility and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (via cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. I strive to give our customers value for their money and working with the combined company will allow us to do so to an even greater extent. It will improve our ability to operate efficiently as a small entertainment venue director, and will also benefit concertgoers and others in the community.

Thank you,

William Holmes
Executive Director
Paramount Theatre
2032 Broadway
Oakland, CA 94612

February 20, 2009

The Honorable Representative Brad Sherman
2242 Rayburn Building
Washington, DC 20515-6534

DELIivered VIA EMaIl

To the Honorable Representative Brad Sherman:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the operator and manager of Paramount Theatre, a live music venue in Oakland, I believe any changes that result from the merger will have a positive impact on my business and my community.

My relationship with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at my venue, boosting the bottom line for my business. The merger presents an opportunity for me to forge a lasting relationship with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn't stand for it. Like me, Live Nation and Ticketmaster want to fill seats. gouging fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit me and other local businesses with ties to my facility and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (on cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so in an even greater manner. It will improve my ability to operate efficiently as a small venue owner, and will also benefit concertgoers and others in the community.

Lisa Stewart
General Manager
Adam Spivak  
Electric Factory Concerts  
111 Presidential Blvd  
Suite 111  
Bala Cynwyd, PA 19004  

February 20, 2009  
The Honorable Senator Edward E. Kaufman  
G-1 Dirksen Senate Office Building  
Washington, DC 20510  

DELIVERED VIA EMAIL  

To the Honorable Senator Edward E. Kaufman:  

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As the owner of Electric Factory, a live music venue in Philadelphia, I believe any changes that result from the merger will have a positive impact on my business and my community.  

My relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at my venue, boosting the bottom line for my business. The merger presents an opportunity for me to improve relationships with both Live Nation and Ticketmaster.  

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn't stand for it. Like me, Live Nation and Ticketmaster want to fill seats. Enraging fans does not fill seats.  

I believe the combined resources of the new company will help attract customers, which would benefit me and other local businesses with ties to my facility and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (on cell phones, for example), and to take steps to prevent the sale of fake tickets.  

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent. It will improve my ability to operate efficiently as a small venue owner, and will also benefit concertgoers and others in the community.  

Thank you,  
Adam Spivak
February 21, 2009

The Honorable Representative Robert Wexter
2241 Rayburn House Office Building
Washington, DC 20515

DELIVERED VIA EMAIL

To the Honorable Representative Robert Wexter:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. In my capacity as Senior Director of Programming for the Kravis Center in West Palm Beach, I believe any changes resulting from the merger will have a positive impact and bolster our standard business practices.

My relationships with Live Nation and Ticketmaster have always been good. The merger affords an opportunity for further growth in my relationship with both Live Nation and Ticketmaster.

I do not think the merger will result in higher ticket prices. Primarily,concertgoers would not tolerate ticket price hikes. Audiences definitely determine the climate when it comes to ticket sales and ticket pricing is an ultimate consideration when negotiating terms for an artist. It benefits everyone, artists included, if venues fill seats and as Senior Director of Programming, my goal, like that of Live Nation and Ticketmaster, is to fill seats. Pricing fans out of the market does not fill seats.

I believe the combined resources of the new company can only serve to attract customers constantly in search of a more convenient and positive ticket buying experience. I urge you to support the merger. I strive to give customers value for their money and working with Live Nation and Ticketmaster as a combined company will allow me to do so to an even greater extent. It will enhance my ability to program like no one else and will also benefit concertgoers and venues in the community.

Thank you,

Lee Bell
Senior Director of Programming
The Raymond P. Kravis Center
For the Performing Arts, Inc.
783 Okeechobee Boulevard
West Palm Beach, FL 33401

Tel: 561-621-4423
Mark North
Iowa State Center
Schuman Building, Suite 4
Ames, IA 50011

February 20, 2009

The Honorable Senator Charles Grassley
135 Hart Office Building
Washington, DC 20510

DELIVERED VIA EMAIL

To the Honorable Senator Charles Grassley:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As the manager of Stephens Auditorium, a live music venue in Ames, IA, I believe any changes that result from the merger will have a positive impact on my business and my community.

My relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at my venue, boosting the bottom line for my business. The merger presents an opportunity for me to improve relationships with both Live Nation and Ticketmaster.

I do not think the merger will result in higher ticket prices for the simple reason that fans wouldn't stand for a price hike. Live Nation and Ticketmaster want to fill seats. Gouging fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit me and other local businesses with ties to the industry. I also expect the new company to permit innovations that make it easier for fans to get tickets (on cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent. It will improve my ability to operate efficiently as a small venue manager, and will also benefit concertgoers and others in the community.

Thank you.

Mark North
General Manager
Iowa State Center
February 20, 2009
The Honorable Senator Charles E. Schumer
313 Hart Senate Building
Washington, D.C. 20510

To the Honorable Senator Charles E. Schumer:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As the owner of JAB II, LLC, the production company for the United Palace Theater in New York, NY, I believe this merger will have a positive impact on my business and the community.

My relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at my venue, boosting the bottom line for my business. The merger presents an opportunity for me to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn’t stand for it. Like me, Live Nation and Ticketmaster want to fill seats. Overcharging fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which will benefit me and other local businesses with ties to my facility and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (on cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent. It will improve my ability to operate efficiently as a production company, and will also benefit concertgoers and others in the community.

Very Truly Yours,

Andy Feltz
President JAB II, LLC
Jerry Grunewald  
Vice President & G.M.  
Mann Center for the Performing Arts  
Philadelphia, Penna. 19146

February 20, 2009

The Honorable Senator Arlen Specter  
714 Hart Building  
Washington, DC 20510  
DELIVERED VIA EMAIL

To the Honorable Senator Arlen Specter:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As an event promoter in Philadelphia, I believe any changes that result from the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandising, e-commerce and innovative promotions. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help me promote established artists as well as up-and-coming artists. Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.

Thank you,

Jerry Grunewald
Chad Baize  
925 N. Collins  
Arlington, TX 76011

February 23, 2009

The Honorable Senator John Cornyn  
517 Hart Office Building  
Washington, DC 20510

DELIVERED VIA EMAIL

To the Honorable Senator John Cornyn:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the managing GM of the New Dallas Cowboys Stadium, a live music venue in Arlington, I believe any change that results from the merger will have a positive impact on our business and our community.

Our relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at our venue, boosting the bottom line for our business. The merger presents an opportunity for us to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that that wouldn’t stand for it. Like me, Live Nation and Ticketmaster want to fill seats. Cutting fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit the Cowboys Stadium and other local businesses with ties to the stadium and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (on-call, phone, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. We strive to give our customers value for their money and working with the combined company will allow us to do so to an even greater extent. It will improve our ability to operate efficiently, and will also benefit consumers and others in the community.

Thank you,

Chad Baize  
Vice President, New Dallas Cowboys Stadium

Dallas Cowboys Stadium  
925 North Collins  
Arlington, TX 76011
817.404.0500  
817.404.0087 fax  
dallascowboys.com
Chad Sora
925 N. Collins
Arlington, TX 76011

February 23, 2009

The Honorable Representative Charlie Gonzalez
203 Cannon House Office Building
Washington, DC 20515-4150

DELIVERED VIA PPM S.

To the Honorable Representative Charlie Gonzalez:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the manager of the New Dallas Cowboys Stadium, a live music venue in Arlington, I believe any changes that result from the merger will have a positive impact on our business and our community.

Our relationship with Live Nation and Ticketmaster has always been good. They have offered some of the most affordable options for shows at our venue, boosting the bottom line for our business. The merger presents an opportunity for us to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn't stand for it. Like me, Live Nation and Ticketmaster want to sell seats. gouging fans does not fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit the Cowboys Stadium and other local businesses with ties to the stadium and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (e.g. cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. We strive to give our customers value for their money and working with the combined company will allow us to do so to an even greater extent. It will improve our ability to operate efficiently, and will also benefit our customers and others in the community.

Thank you,

[Signature]

Vice President, New Dallas Cowboys Stadium

[Contact Information]
February 20, 2009

The Honorable Representative Robert Wexler
2241 Rayburn House Office Building
Washington, DC 20515
DELIVERED VIA EMAIL

To the Honorable Representative Robert Wexler:

I’m writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the CEO of the Miami Beach Chamber of Commerce, I believe any changes that result from the merger will have a positive impact on our community.

The combined resources of the new company will allow Live Nation to continue to actively present, produce, and promote live entertainment throughout the state of Florida.….over 400 events from Miami Beach, to Jacksonville, to Pensacola. The development and operation of local venues, along with the ongoing promotion and presentation of live entertainment serves to stimulate, develop and enhance the cultural, social, educational, and economic interests of this region.

Live Nation’s private investment in public facilities generate tens of millions of dollars in economic impact to the South Florida region every year, benefiting local business and providing employment opportunities. The company also supports numerous local charities providing fundraising opportunities for the local area.

I urge you to support the merger. We are confident it will benefit the local business community as well as the consumer.

Thank you,

Wendy Kalil
President/CEO

Aron Perry
Chairman of the Board

1000 Norwegian Ave
Miami Beach, FL 33139
P 305.673.7200
F 305.673.4125
www.mbchamber.com
The Breakers
One South County Road
Palm Beach, Fl. 33480

February 20, 2009

The Honorable Representative Robert Wexler
2241 Rayburn House Office Building
Washington, DC 20515
DElivered Via EmaIl

To the Honorable Representative Robert Wexler:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger in your role in Congress. From my perspective as a hotel operator in Palm Beach, any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

In my 18 plus years as Vice President of The Breakers in Palm Beach, a large portion of our business has come from out-of-town visitors attending shows at Cruzan Amphitheatre. Our hotel is located near Cruzan and is always a convenient place for artists and concertgoers to stay.

From what I have heard about the merger, many in the entertainment industry are supportive of it and believe it will improve ticketing options and increase event attendance. Those benefits would no doubt reach us here in Palm Beach and lead to more turnover at Cruzan Amphitheatre and customers for The Breakers.

The hotel has always relied on business from concertgoers and in this difficult financial climate, we have already seen a drop in revenue from people cutting back on traveling and entertainment. I am supportive of any opportunity to increase ticket sales and event attendance.

I urge you to defend the merger between Live Nation and Ticketmaster. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you.

David A. Burke
Vice President Sales & Marketing
LAZ Parking GA, LLC  
3394 Peachtree Rd, Suite 200  
Atlanta, GA 30326  

February 23, 2009  
The Honorable Representative Hank Johnson  
1123 Longworth House Office Building  
Washington, DC 20515  
DELIVERED VIA EMAIL  

To the Honorable Representative Hank Johnson:  

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. From my perspective as an executive of LAZ Parking Georgia, LLC, a parking company in Atlanta, GA any changes that result from the merger will have a positive impact on my business and other businesses in the community.  

A large part of my revenue comes from providing parking space for live entertainment events and I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in Atlanta and lead to more turnout at local events and customers for LAZ Parking.  

The more people who attend an event, the more parking spots I am able to fill. I am supportive of any action that will increase turnout at local events and improve my business. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.  

I urge you to defend the merger between Live Nation and Ticketmaster. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.  

Thank you,  

[Signature]  
Sean Foster  
General Manager  
Southeast Region
February 23, 2009

The Honorable Senator Charles Grassley
135 Hart Office Building
Washington, DC 20510
DELIVERED VIA EMAIL

To the Honorable Senator Charles Grassley:

I'm writing to express my support for the LiveNation/Ticketmaster merger and my hope that you will defend the merger in your role in the Senate. From my perspective as CEO of the Greater Des Moines Convention & Visitors Bureau, any changes that result from the merger will only have a positive impact on our business, and other businesses, throughout the great State of Iowa.

As you can imagine, a large portion of our travel business has come from out-of-town visitors attending shows at the Iowa Events Center (Wells Fargo Arena), the Civic Center of Greater Des Moines and many of our other entertainment venues. These events contribute greatly to our local economies (and the State's). Last year the travel industry in Polk/Dallas Counties brought in over $1.6 BILLION to our economies. Employment in this key industry employs over 10,000 in our metro area, as well.

From what I have heard about the merger, many in the entertainment industry are supportive of it and believes it will improve ticketing options and increase event attendance. These benefits would not only reach us here in Greater Des Moines and lead to more turnout at venues, hotels, restaurants, shopping centers, etc.

Our community and state have always relied heavily on business from concert/event goers. In this difficult financial climate, we have already seen a drop in revenue from people cutting back on traveling and entertainment. I am supportive of any opportunity to increase ticket sales and event attendance.

SeeDesMoines.com
I urge you to defend the merger between Live Nation and Ticketmaster. It has the potential to improve our industry, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Gray Edwards
President & CEO
February 20, 2009

The Honorable Senator Charles Grassley
135 Hart Office Building
Washington, DC 20510

To the Honorable Senator Charles Grassley:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger in your role in the Senate. From my perspective as a hotel Sales Director in Des Moines, any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

In the time I have worked at the Renaissance Savery Hotel in Des Moines, a large portion of our business has come from out-of-town visitors attending shows at Wells Fargo Arena. Our hotel is located near Wells Fargo Arena and it is always a convenient place for concertgoers to stay.

From what I have heard about the merger, many in the entertainment industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in Des Moines and lead to more business at Wells Fargo Arena and customers for Renaissance Savery Hotel.

The hotel has always relied heavily on business from concertgoers and in this difficult financial climate, we have already seen a drop in revenue from people cutting back on traveling and entertainment. I am supportive of any opportunity to increase ticket sales and event attendance.

I urge you to defend the merger between Live Nation and Ticketmaster. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Barbara Estick
Director of Sales and Marketing
401 Locust Street
Des Moines, Iowa 50309
CONTEMPORARY SERVICES CORPORATION

Contemporary Services Corporation
720 3rd Street
Des Moines, IA 50309

February 20, 2009

The Honorable Senator Charles Grassley
135 Hart Office Building
Washington, DC 20510
DELIVERED VIA EMAIL.

To the Honorable Senator Charles Grassley:

I am writing to seek your support for the Live Nation/Ticketmaster merger. From my perspective as the Branch Manager of Contemporary Services Corporation Des Moines office, any changes that result from the merger will have a positive impact on my business and other businesses in the community.

Most of my revenue comes from providing security services at live entertainment events. I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in Des Moines and lead to more turnout at local events and customers for Contemporary Services Corporation.

When more people attend an event, my business brings in more revenue and I'm able to put more people to work. I support any action that will increase turnout at local events and improve my business and my ability to provide jobs. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.
I urge you to defend the merger. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Robert J. Swenson
Branch Manager
Contemporary Services Corporation
February 20, 2009

The Honorable Representative John Conyers
2426 Rayburn House Office Building
Washington, DC. 20515
DELIVERED VIA EMAIL

To the Honorable Representative John Conyers:

I am writing to seek your support for the Live Nation/Ticketmaster merger. From my perspective as the owner of X-Men Executive Protection, Inc. ("X-Men"), a security company in Detroit, any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

Most of my revenue comes from providing security services at live entertainment events. I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in Detroit and lead to more turnout at local events and customers for X-Men.

When more people attend an event, my business brings in more revenue and I’m able to put more people to work. I support any action that will increase turnout at local events and improve my business and my ability to provide jobs. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.

I urge you to defend the merger. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Charles Craft Muhammad
X-Men Executive Protection, Inc.

Saturday, February 21, 2009 America Online: Detroit
MICHAEL KAHALY  
130 HAMPTON CREST TRAIL  
COLUMBIA, S.C. 29060

February 20, 2009

DELIVERED VIA EMAIL:

The Honorable Representative Howard Coble  
2468 Rayburn House Office Building  
Washington, DC 20515-3306

To the Honorable Representative Howard Coble:

I am writing to seek your support for the Live Nation/Ticketmaster merger. From my perspective as the owner of United Event Services, Inc., a security company in Charlotte, N.C., any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

Most of my revenue comes from providing security services at live entertainment events. I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in Charlotte and lead to more turnout at local events and customers for United Event Services, Inc.

When more people attend an event, my business brings in more revenue and I’m able to put more people to work. I support any action that will increase turnout at local events and improve my business and my ability to provide jobs. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.

I urge you to defend the merger. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Michael Kahaly  
President
UNITED EVENT SERVICES, INC.
1280 HAMPTON CREST TRAIL,
COLUMBIA, SC 29002

February 20, 2009

DEVELOPED VIA EMAIL

The Honorable Representative Melvin Watt
2304 Rayburn House Office Building
Washington, DC 20515-3312

Dear Representative Watt:

I am writing to seek your support for the Live Nation/Ticketmaster merger.

From my perspective as the owner of United Event Services, Inc., a security
company in Columbia, SC, any changes that result from the merger will only have
a positive impact on my business and other businesses in the community.

Most of my revenue comes from providing security services at live
entertainment events. I have a strong interest in the success of the entertainment
industry. From what I have heard about the merger, many in the industry are
supportive of it and believe it will improve ticketing options and increase event
attendance. These benefits would no doubt reach us here in Charlotte, NC and lead
to more turnout at local events and customers for United Event Services, Inc.

When more people attend an event, my business brings in more revenue
and I'm able to put more people to work. I support any action that will increase
turnout at local events and improve my business and my ability to provide jobs. It
seems that an entity with the combined resources of Live Nation and Ticketmaster
would have a great opportunity to do that.

I urge you to defend the merger. It has the potential to improve my
business, and will surely do the same for other businesses in our community that
also rely on the entertainment industry for revenue.

Thank you,

Michael Kahaly
President
CSS Security
134 Delaware Ave
Island Park, NY 11558

February 20, 2009

The Honorable Senator Charles E. Schumer
313 Hart Senate Office Building
Washington, DC 20510

DELIVERED VIA EMAIL

To the Honorable Senator Charles E. Schumer:

I am writing to seek your support for the Live Nation/Ticketmaster merger. From my perspective as the owner of CSS Security, a security company in NY, any changes that result from the merger will have a positive impact on my business and other businesses in the community.

Much of my revenue comes from providing security services at live entertainment events. I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in New York City and lead to more turnout at local events and customers for CSS Security.

When more people attend an event, my business brings in more revenue and I’m able to put more people to work. I support any actions that will increase turnout at local events and improve my business and my ability to provide jobs. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.

I urge you to defend the merger. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Ira Maltz
President
Highgate Hotels  
870 3rd Avenue  
New York, NY 10019

February 25, 2009

The Honorable Senator Charles E. Schumer  
333 Hart Senate Office Building  
Washington, DC 20510

DELIVERED VIA E-MAIL.

To the Honorable Senator Charles E. Schumer:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger in your role in the Senate. From my perspective as a hotel owner in New York, NY, any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

In the time I have owned and operated the Park Central New York Hotel in New York City, a large portion of our business has come from out-of-town visitors attending shows at Madison Square Garden and Radio City Music Hall. Our hotel is located near both of these venues and is always a convenient place for concertgoers to stay.

From what I have heard about the merger, many in the entertainment industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in New York City and lead to more tourism at both Madison Square Garden and Radio City Music Hall and customers for Park Central New York.

The hotel has always relied heavily on business from concertgoers and in this difficult financial climate, we have already seen a drop in revenue from people cutting back on traveling and entertainment. I am supportive of any opportunity to increase ticket sales and event attendance.

I urge you to defend the merger between Live Nation and Ticketmaster. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Mark Grant  
Director of Sales  
Park Central New York
Strike Force Protective Services, Inc.
247 West 34th Street Suite 202
New York, NY 10001

February 20th, 2009

The Honorable Senator Charles E. Schumer
313 Hart Senate Office Building
Washington, DC 20510

DELIVERED VIA EMAIL

To the Honorable Senator Charles E. Schumer:

I am writing to seek your support for the Live Nation/Ticketmaster merger. From my perspective as the owner of Strike Force Protective Services, Inc., a security company in New York, any changes that result from the merger will have a positive impact on my business and other businesses in the community.

Much of my revenue comes from providing security services at live entertainment events. I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in New York and lead to more turnout at local events and customers for Strike Force Protective Services, Inc.

When more people attend an event, my business brings in more revenue and I’m able to put more people to work. I support any action that will increase turnout at local events and improve my business and my ability to provide jobs. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.

I urge you to defend the merger. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Richard J. Goldring

Richard J. Goldring
Executive Vice President
February 20, 2009

The Honorable Senator Ron Wyden
220 Eisenhower Senate Office Building
Washington, DC 20510-0703

DELIVERED VIA EMAIL

To the Honorable Senator Ron Wyden:

I am writing to seek your support for the Live Nation/Ticketmaster merger. From my perspective, as the owner of Coast To Coast Event Services, a security company in Portland, any changes that result from the merger will have a positive impact on my business and other businesses in the community.

Much of my revenue comes from providing security services at live entertainment events. I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in Portland and lead to more turnout at local events and customers for Coast To Coast Event Services.

When more people attend an event, my business brings in more revenue and I’m able to put more people to work. I support any action that will increase turnout at local events and improve my business and my ability to provide jobs. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.

I urge you to defend the merger. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Denise Pang
President
February 23, 2009

The Honorable Herb Kohl
330 Hart Senate Office Building
Washington, DC 20510
DELIVERED VIA EMAIL.

Dear Senator Kohl,

On behalf of Bell Ambulance, Inc. I am writing to encourage you to support the Live Nation/Ticketmaster merger.

Live Nation is a wonderful organization and is a great supporter of charitable causes. Their donations to the Greater Lombardo Open have allowed us to raise over $50,000 each year for Children’s Hospital. They also support many other charitable causes.

This merger will allow Live Nation to grow and continue to help the community. I hope you will support this merger and allow them to continue the charitable work they are known for.

Sincerely,

James Lombardo
Andrew W. Valos  
2901 Atlantic Avenue  
Virginia Beach, VA 23451

February 20, 2009

The Honorable Representative Bob Goodlatte  
2240 Rayburn House Office Building  
Washington, D.C. 20515

DELIIVERED VIA EMAIL

To the Honorable Representative Bob Goodlatte:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger in your role in Congress. From my perspective as a hotel owner in Virginia Beach, any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

In the time I have owned and operated The Oceanfront Inn in Virginia Beach, a large portion of our business has come from out-of-town visitors attending shows at The Verizon Wireless Virginia Beach Amphitheater. Our hotel is located near The Verizon Wireless Virginia Beach Amphitheater and is always a convenient place for concertgoers to stay.

From what I have heard about the merger, many in the entertainment industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would no doubt reach us here in Virginia Beach and lead to more turnover at The Verizon Wireless Virginia Beach Amphitheater and customers for The Oceanfront Inn.

The hotel has always relied heavily on business from concertgoers and in this difficult financial climate, we have already seen a drop in revenue from people cutting back on traveling and entertainment. I am supportive of any opportunity to increase ticket sales and event attendance.

I urge you to defend the merger between Live Nation and Ticketmaster. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you.

[Signature]
February 20, 2009

The Honorable Representative Charles Gonzalez
303 Cannon House Office Building
Washington, DC 20515-1320

DELIVERED VIA EMAIL

To the Honorable Representative Charles Gonzalez:

I’m writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger in your role in Congress. From my perspective as a hotel operator in Houston, any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

In the time I have operated the Stiles Department at the Hyatt Regency Hotel in Houston, a large portion of our business has come from out-of-town visitors attending shows at House of Blues Houston. Our hotel is located near House of Blues and is always a convenient place for concertgoers to stay.

From what I have heard about the merger from concertgoers and in these difficult financial times, we have already seen a drop in revenue from people cutting back on travelling and entertainment. I am supportive of any opportunity to increase ticket sales and event attendance.

I urge you to defend the merger between Live Nation and Ticketmaster; it has the potential to improve my business, and will mostly do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

[Signature]

[Name]

Sr. Director of Sales & Marketing
HYATT REGENCY HOUSTON
1300 Louisiana Street
Houston, Texas 77002
February 24, 2009

The Honorable Senator Sheldon Whitehouse,

Hart Senate Office Building, Room 502
Washington, DC 20510

To the Honorable Senator Sheldon Whitehouse:

I am writing to seek your support for the Live Nation/Ticketmaster merger. From my perspective as the owner of Aegis Protection Group, a security company active in Rhode Island and Massachusetts, any changes that result from the merger will have a positive impact on my business and other businesses in the community.

Much of Aegis revenue comes from providing security services at live entertainment events. I have a strong interest in the success of the entertainment industry. From what I have heard about the merger, many in the industry are supportive of it and believe it will improve ticketing options and increase event attendance. These benefits would be doubly good in New England and lead to more turnover at local events and business for Aegis.

When more people attend an event, my business brings in more revenue and I am able to put more people to work. I support any action that will increase turnover at local events and improve my business and my ability to provide jobs. It seems that an entity with the combined resources of Live Nation and Ticketmaster would have a great opportunity to do that.

I urge you to support the merger. It has the potential to improve my business, and will surely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Thank you,

Edward D. Holton, President
Aegis Protection Group
February 25, 2010

The Honorable Representatives Charles Gonzales
203 Cannon House Office Building
Washington, DC 20515-6220

To the Honorable Representative Charles Gonzales:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger in your role in Congress. From my perspective as a hotel operator in Houston, any changes that result from the merger will only have a positive impact on my business and other businesses in the community.

In the time I have operated the Hotel Zaza in Houston, a large portion of my business has come from non-business travelers attending shows at House of Blues. Our hotel is located near House of Blues and is always a convenient place for concertgoers to stay.

From what I have heard about the merger, easy to the concert industry are suggestive of it and believe it will improve ticket quality and increase event attendance. These benefits would do a lot to help in Houston and lead to more events at House of Blues and attendees for Hotel Zaza.

The hotel has always relied heavily on business from concertgoers and in this difficult economic climate, we have already seen a drop in revenue from people coming back on traveling and entertainment. I am supportive of any opportunity to increase demand and overall attendance.

I urge you to defend the merger between Live Nation and Ticketmaster. It has the potential to improve my business, and will likely do the same for other businesses in our community that also rely on the entertainment industry for revenue.

Sincerely,

Steve Christiansen
General Manager
Hotel Zaza
3900 Main St.
Houston, TX 77006
Olympya Entertainment, Inc.
2011 Woodward Avenue,
Detroit, MI 48201

February 23, 2009

The Honorable Representative John Conyers
2441 Rayburn House Office Building
Washington, DC 20515

DELETED VIA EMAIL

To the Honorable Representative John Conyers

I am writing to you in an effort to lend our support for the proposed Live Nation/Ticketmaster merger. From an event producer perspective I believe the changes, which could take place, will not have a negative impact on our operations for either a ticketing or content perspective. The merger can in fact have a positive influence.

I have been involved in Ticketmaster’s operations and systems for over 20 years and found them to be sound operators, and responsive to positive change in the entertainment business. The same holds true in part for Live Nation as promoters and producers of live entertainment in our respective venues. I believe that this proposed business model will make a positive impact on our businesses for music, sport and family entertainment.

This new approach can maximize entertainment services and assist all of our efforts to sustain our business and improve the live entertainment industry.

Best Regards,

[Signature]

R. Dave Wieg
President

RDW/A
February 20, 2009

The Honorable Senator Charles E. Schumer
313 Hart Senate Building
Washington, D.C. 20510

To the Honorable Senator Charles E. Schumer:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As an event promoter in Miami, New York, Chicago, Atlanta, Washington, D.C., and Boston among many others, I believe any changes that result from the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandising, e-commerce and innovative promotions. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help me promote established artists as well as up-and-coming artists. Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.

Thank you,

Gerry A. Fazio
VP Touring

GAF/Us
Bill Rogers, President
BRE Presents, L.L.C.
132 Kings Highway East
Haddonfield, NJ 08033

February 20, 2009

The Honorable Senator Edward E. Kaufman
G-11 Dirksen Senate Office Building
Washington, DC 20510

To the Honorable Senator Edward E. Kaufman:

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As an event promoter in the Philadelphia area, I believe changes that result from the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandise, e-commerce and innovative promotion. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help me promote established artists as well as up-and-coming artists. Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.

Thank you,

Bill Rogers
February 20, 2009

The Honorable Senator Arlen Specter
711 Hart Building
Washington, DC 20510
DELIVERED VIA EMAIL.

To the Honorable Senator Arlen Specter:

I am writing to express my support for the Live Nation Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As an event promoter in the Philadelphia area, I believe that the result of the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my artist. The merger will help me do that. It will reduce pressure on ticket prices by creating new and diverse revenue streams through merchandising, e-commerce and innovative promotion. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help promote established artists as well as up-and-coming artists. Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.

Thank you,

[Signature]

Hill Rogers, President
BRE Presents LLC
132 Kings Highway East
Haddonfield, NJ 08033
Winick Productions LLC
250 West 103 Street, Apt. 4C
New York, NY 10025

February 21, 2009

The Honorable Senator Charles E. Schumer
343 Hart Senate Building
Washington, D.C. 20510

DELIVERED VIA EMAIL

To the Honorable Senator Charles E. Schumer:

I’m writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in the Senate. As an event promoter in New York City, I believe any changes that result from the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandising, e-commerce and innovative promotion. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help me promote established artists as well as up-and-coming artists. Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.

Thank you,

Elliot Winick
Winick Productions LLC
Latin Events & M.S.
1719 A East Pecan Pkwy
El Paso, TX 79903

February 20, 2009
The Honorable Representative Charlie Gonzalez
302 Cannon House Office Building
Washington, DC 20515

To the Honorable Representative Charlie Gonzalez:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As an event promoter in TX, I believe any changes that result from the merger will have a positive impact on my business and my community.

As a promoter, my goal is to fill seats for my shows. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandise, e-commerce and innovative promotions. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help grow the concert business as well as up-and-coming artists. Established artists will have an increased economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We need to find a way to fix these problems and the merger presents an opportunity to do that.

Thank you.

[Signature]

Lucio Nogueron
CEO
Richard Lazes Organization  
19401 Old Setten Rd  
Suite 101  
Cornellia, NC  28031  

February 19, 2009  

The Honorable Representative Howard Coble  
2406 Rayburn House Office Building  
Washington, DC 20515-3305  
DELIVERED VIA EMAIL  

To the Honorable Representative Howard Coble:  

I'm writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your vote in Congress. As an event promoter in Charlotte, I believe any changes that result from the merger will have a positive impact on my business and my community.  

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandise, e-commerce and innovative promotion. The more affordable the tickets, the more willing and able fans will be to buy them.  

The deal will help me promote established artists as well as up-and-coming artists. Established artist will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.  

I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a way to fix these problems, and the merger presents an opportunity to do that.  

Thank you,  

Richard Lazes
Feb. 20, 09

The Honorable Senator Charles Grassley
135 Hart Office Building
Washington, DC 20510

DELIVERED VIA EMAIL

RE: Live Nation / Ticketmaster Merger

Senator Grassley:

I am a 59-year-old lifelong Iowa resident and Iowa entertainment promoter for 37 years. Throughout my producing career I have produced shows including Cher, Grateful Dead, Frank Sinatra, Fleetwood Mac, Beach Boys, Bob Seger, Ozzy Osbourne, Del Shannon, Leslie Gore, Willie Nelson, Tom Morello, Bob Dylan, the Iowa Jamboree at the Iowa State 4-H Fairgrounds 1972-89, weekly car races in Webster City, IA, Moscow Circus in Ames, IA, and others. I am a seasoned, well-experienced live entertainment promoter who understands the dynamics involved with combined ticketing and live entertainment.

I'm writing to express my support for the Live Nation / Ticketmaster merger and my hope that you will defend the merger through your Senate role. As an entertainment promoter based in Des Moines, IA, I believe my changes that result from the merger will have a positive impact on my business and community.

As a promoter, my goal is to fill seats for my artists. The merger will help me do that. It will reduce pressure on ticket prices by creating new revenue streams through merchandising, e-commerce and innovative promotion. The more affordable the tickets, the more willing and able fans will be to buy them.

The deal will help me promote established artists as well as up-and-coming artists.

Established artists will have a stronger economic foundation for their work and up-and-coming artists will have new opportunities to gain exposure in small venues and through creative marketing.
I urge you to support the merger. It is one of many innovative approaches to the problems facing our industry. The business model that sustained the industry for decades is broken, and fans and artists have suffered as a result. We have to find a method to fix these problems, and the merger presents an opportunity to do that.

Thank you,
Steve White, dha Music Circuit Presentations, Inc.
The Honorable Senator Amy Klobuchar
302 Hart Senate Office Building
Washington, DC 20510

2/21/09

Dear Senator Klobuchar,

I am Randy Levy, Minnesota resident and owner of Minnesota-based promotion company Rose Presents, Inc. (Rose presents shows in theaters and arenas throughout the Midwest) and largest shareholder of Minnesota-based FACE, Inc. (operators of the Wiffle Fest and 10,000 Lakes Festival in Detroit Lakes, MN). I write in comment of the proposed Live Nation and Ticketmaster merger.

Rose is a small business, as is my related company FACE, Inc. I have competed with Live Nation since its inception and I have used the services of Ticketmaster since their start in the Minnesota marketplace. I have a distinct familiarity with the people who operate both companies and their business practices.

Many people have asked me for my "take" on this proposed merger and how it might affect my business. This included Jon Bream, our music critic and writer from the StarTribune.

As such I said and I now write...What makes the entertainment business healthy is creating and promoting events that fans want to spend their money to see. It matters not who "presents" that event. When an act charges too much for tickets, the fans resist and the tour fails. When a ticket company charges too much for service fees fans either purchase direct from the no fee source at the facility that is holding the event or their complaints are heard by the artist...witness the Bruce Springsteen Ticketmaster dispute of this past month, and amends are made.

At the end of the day, Ticketmaster has always shown a willingness to adjust its fees to accommodate the demands of any particular tour. I also have negotiated reduced fees into my Ticketmaster agreement. Some tours ask for an allotment of tickets for their fan clubs (which Ticketmaster would not profit from). Some facilities that Ticketmaster services ask for higher payment of fees from Ticketmaster (resulting in higher convenience fees to the customer) to increase their internal bottom line. And conversely, tours such as the Warped Tour with extremely low ticket prices, or family shows such as the circus, negotiate reduced convenience fees to accommodate their reduced ticket prices.

I compete openly every day with Live Nation. I compete with AEG. I compete with
Jam Productions and of course, many many other independent promoters. I can't say it is any great joy competing with any giant highly funded company vs my privately funded pockets, but it still seems to work. I get my share of events. I occasionally share events with Live Nation. I lose events to Live Nation. But our business is funny this way. As soon as one company "gets" too much a different tipping point sets in and companies like mine adapt. Soon enough their big model is not necessarily the model every artist wants and the demand for local promoter with local knowledge and local skills rises again. I get my share.

As for the actual merger, let it happen. They will get more efficient at selling tickets as a unified pair. My customers will benefit as they always have by going to the Ticketmaster website and seeing my and others events on sale. It is THE place to shop for event tickets. A merger will not impact this in any way. A merger certainly will not impact what shows Live nation elects to pursue, with or without Ticketmaster.

For those that imply their might be some really "secret" data access that this merger would somehow benefit Live Nation as my competitor, ha! Good luck capturing the mercurial fan and how and where they decide to spend.

Let them merge and grow their business model. If it works, efficiency will result, new ideas will prosper and fan costs will remain in line. If it does not, the short sellers will have a field day and soon come they will be looking for a way to untangle their corporate dreams turned nightmare.

Randi Levy
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Richard Lees
Richard Lees Organization
15401 Old Jettos Rd
Suite 101
 Cornelius, NC 28031

February 19, 2009

The Honorable Representative Melvin Watt
2304 Rayburn House Office Building
Washington, DC 20515-3312
DELIVERED VIA EMAIL

To the Honorable Representative Melvin Watt:

I am writing to express my support for the Live Nation/Ticketmaster merger and my hope that you will defend the merger through your role in Congress. As the owner of NC Music Factory, a live music venue in Charlotte, I believe any changes that result from the merger will have a positive impact on my business and my community.

My relationships with Live Nation and Ticketmaster have always been good. They have offered some of the most affordable options for shows at my venue, boosting the bottom line for my business. The merger presents an opportunity for me to improve relationships with both Live Nation and Ticketmaster.

I do not think the deal will result in higher ticket prices for the simple reason that fans wouldn’t stand for it. Like me, Live Nation and Ticketmaster want to fill seats. Gouging fans doesn’t fill seats.

I believe the combined resources of the new company will help attract customers, which would benefit me and other local businesses with ties to my facility and the music industry. I also expect the new company to pursue innovations that make it easier for fans to get tickets (on cell phones, for example), and to take steps to prevent the sale of fake tickets.

I urge you to support the merger. I strive to give my customers value for their money and working with the combined company will allow me to do so to an even greater extent. It will improve my ability to operate efficiently as a small venue owner, and will also benefit concerts and others in the community.

Thank you,

Richard Lees
Dear [Name],

I am writing this letter to you today in hopes of gaining your support for the merger of Live Nation and Ticketmaster.

I have a unique perspective on this deal because as of right now, I am an unsigned artist. I don't have a record deal and I need to do everything I can to get a following and a fan base on my own. My music is my passion and I am eager to have my music heard by more than just my friends and family. I am always on the lookout for an opportunity to make that dream a reality. With the changing times of the music industry, it is becoming increasingly difficult to make a living off of music alone.

Recent sales on the two biggest corporate artists for their tour because of ticketing in the industry and a perceived shift among a popularity/social business model. Many may not be the best way for artists to support not only themselves, but also our families and the hundreds of thousands of people that support their tours. If it wasn't for the support of Live Nation, including superstars at high levels of the company taking the time to work with and assist us on a personal and consistent level (not to mention booking us at House of Blues and other live venues), our opportunities to grow and make progress in this difficult industry could be severely hampered. Live Nation was willing and able to establish a robust line of communication with us, without asking for anything in return, and without receiving any compensation as a result. This type of involvement with an artist at our level is unprecedented.

I would like to have an opportunity to tour and share my music with potential fans around the world. The merger of Live Nation/Ticketmaster will help make my dream a reality through providing me with the same global marketing tools, merchandising support, and innovative ways, and expanding my access to a wider range of venues.

This merger isn't just about those lucky few who have already made it. It's about artists like me, the next generation of classic artists such as Hoobastank. I know that the combined company will be committed to keeping up with artists like me and growing our fan base.

I look forward to the day that I can sell out shows at large venues and lock out into the audience and see my fans. I know that together, Live Nation and Ticketmaster can be a part of making my dream a reality.

I sincerely hope that you consider artists like me when you decide if you want to support this merger.

Sincerely,

[Signature]

[Name]

Los Angeles, CA.
February 20, 2006

The Honorable Herb Kohl
Chairman
U.S. Senate Committee on the Judiciary
Subcommittee on Antitrust, Competition Policy and Consumer Rights
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
U.S. Senate Committee on the Judiciary
Subcommittee on Antitrust, Competition Policy and Consumer Rights
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patrick Leahy
Chairman
U.S. Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Arlen Specter
Ranking Member
U.S. Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Kohl & Leahy and Ranking Members Hatch & Specter:

The merger as proposed before you on the surface may seem to be too much power in the hands of the few, and I can understand the need for Congress to review this matter. Here I would hope that my 30 years in the recording and touring business will allow me some useful authority on these issues, and would help shed some light for you on some of the nuances that perhaps could easily get missed.

"The system" that was once the modern record business, essentially ushered in with the meteoric rise of the Beatles, is now helplessly broken. And by almost every account available cannot be repaired. Personally I would add to that a healthy 'good riddance', as the old system far too often took advantage of the
Artists now find a heavy shift of emphasis to the live performance side, and this is where this merger finds its merit. The combination of these companies creates powerful tools for an independent artist to reach their fans in new and unprecedented ways, all the while realizing the power where it belongs. In today’s ever-changing world, the ability for artists to connect to their fans and stay connected is critical for the health of our industry. Without sustainable, consistent economic models upon which to make key decisions, it is both the music and the fans that suffer.

In short, we have a broken system. This is a new model that puts power into the hands of the artist, creating a dynamic synergy that will inspire great works and attract healthy competition. The proposed merger you have before you helps create those opportunities by boldly addressing the complexity of the existing musical and economic landscapes.

Sincerely,

[Signature]

Billy Corgan
The Smashing Pumpkins