



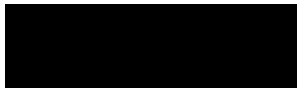
Tulipshare Capital LLC



July 1, 2024

Via Electronic Mail

Live Nation Entertainment, Inc.



Attention: Live Nation Investor Relations, Michael Rapino, Randall Mays

Email: [REDACTED]@livenation.com; [REDACTED]@livenationentertainment.com;
[REDACTED]@livenationentertainment.com

Cc: Marla Ostroff, Trevor Allin - [REDACTED]@ticketmaster.com; [REDACTED]@ticketmaster.com

Re: Investor Request for Dialogue Regarding Ticket Pricing Fee Structure

To Live Nation's Board of Directors,

Though Live Nation's Investor Relations team has provided Tulipshare with publicly available information regarding the company's all-in pricing and ticket fees, we have outstanding concerns that remain unaddressed and questions that remain unanswered.

We first reached out to Live Nation on October 24, 2023, and subsequently on December 12, 2023, highlighting a major gap in Live Nation's disclosures: a clear ticket pricing fee structure. As a long-term shareholder, Tulipshare believes it is crucial for Live Nation to address these pricing issues, both from a business and an ethical perspective, especially given Live Nation's public statements advocating for a nationwide all-in pricing mandate.

In response to our emails, Live Nation's Investor Relations team referred us to the company's commitment to introduce "all-in" pricing across its venues along with its support of the TICKET Act.¹

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<https://www.livenationentertainment.com/2023/06/live-nation-venues-lead-industry-with-new-all-in-pricing-to-make-ticketing-more-transparent-for-consumers/>

While this is certainly an important first step toward complete ticket price transparency, Tulipshare noted in response to the Investor Relations team that our initial email suggested Live Nation consider disclosing upfront to consumers an itemized list of each ticket fee, with a plain language explanation of those fees. Alternatively, at minimum, Tulipshare requested that Live Nation provide investors with a breakdown of how fees are calculated and allocated. Our understanding is that all-in pricing simply allows ticket purchasers to see the total cost of their ticket upfront, inclusive of fees, to avoid being blindsided by hidden fees at check out, and does not provide this itemized list.

Further, Tulipshare responded to Live Nation's email expressing concerns that Live Nation supports the TICKET Act without first implementing the practice themselves. We believe this may send a mixed message to consumers and shareholders of where Live Nation stands on ticket pricing transparency. Indeed, this issue has the potential to erode stakeholders' trust in Live Nation considering companies such as StubHub have publicly criticized Live Nation and Ticketmaster for 1) solely focusing on legislation that is intended to regulate the secondary ticketing market and would likely strengthen Live Nation's position in the industry, and 2) failing to acknowledge its own role in the ever-rising cost of fees for tickets.²

We also suggested in our initial email that Live Nation consider publishing annual reports summarizing revenue from ticketing fees and how these funds are allocated within the Company. This ask is entirely separate from both all-in pricing and the TICKET Act.

Continuing the dialogue, in response to our concerns, Live Nation then provided information concerning the company's ticket fees and the economics behind the live entertainment industry. In Live Nation's statement shared with Tulipshare, Live Nation references the ticket contract bidding process, during which "the venue tells the bidding ticketing companies that it intends to charge certain fees, and the ticketing companies structure their offers accordingly."³ That same statement notes in multiple instances that venues set service charges, and the majority of the service charges go to the venue, and not the ticketing company.

However, in many instances, Live Nation is all at once the venue owner, venue operator, venue manager, artist manager, and ticketing company - essentially the entire live events supply chain. Indeed, Live Nation currently reports that the company is the "global leader in live entertainment," connecting 765 million fans to 50,000 events in 49 countries in 2023 alone.⁴

² <https://variety.com/2023/music/news/stubhub-slams-live-nation-fair-ticketing-act-1235537266/>

³ See <https://www.livenationentertainment.com/2024/03/the-truth-about-ticket-prices/>

⁴ <https://investors.livenationentertainment.com/>

Although Live Nation has made their position clear that Ticketmaster does not deserve the "lion's share of the blame for high ticket prices" as it "has the least influence" over the final ticketing cost, the fact remains that an estimated 70%-80% of major US venues have exclusive contracts with Ticketmaster, so we have included Ticketmaster's Managing Director of North America and their EVP of Business and Commercial Operations in this dialogue.⁵

Live Nation and Ticketmaster have been accused not only of anticompetitive behavior but are also being examined as a possible monopoly, as Live Nation not only owns the world's largest ticketing company but also promotes tours and festivals, owns venues, and has a major artist-management division.⁶ American Economic Liberties Project reports that Live Nation operates the majority (64%) of the top-grossing amphitheaters in the United States and Ticketmaster is the sole ticketing provider for 82% of these amphitheaters.⁷ Thus, there is a lack of meaningful competition in venue operations and ticketing for concerts at US-based amphitheaters.

If we walk through a fee calculation applying Live Nation's example percentages to, for example, a \$100 face value ticket, it's apparent that Live Nation and Ticketmaster not only retain, but set a majority of these fees:

- Face value of ticket = \$100
 - 30% fees = \$30
 - Venue (operated by Live Nation) receives two-thirds of the service charge = \$20
 - Plus facility fee (to Live Nation)
 - Primary ticketing company (Ticketmaster) receives a 5-7% fee= \$5-7
 - Costs to cover/guaranteed payments to the venue to win the contract = \$3-5 (to Live Nation)
 - Remaining profit to primary ticket company (Ticketmaster) = \$2 (2% of face value ticket price)

According to Live Nation's explanation, this means the primary ticketing company's profit per ticket is closer to 2% of the average ticket price, or \$2 for a \$100 ticket.⁸ However, a majority of the time, the

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<https://www.livenationentertainment.com/2024/03/the-truth-about-ticket-prices/#:~:text=What%20roles%20do%20they%20play,the%20least%20influence%20over%20prices;>

<https://thehustle.co/the-sneaky-economics-of-ticketmaster>

⁶ <https://variety.com/2023/music/news/stubhub-slams-live-nation-fair-ticketing-act-1235537266/>

⁷ <https://www.economicliberties.us/our-work/the-depth-of-live-nations-dominance/>

⁸ <https://www.livenationentertainment.com/2024/03/the-truth-about-ticket-prices/>



contract bidding process occurring between venues and ticketing companies is apparently happening between Live Nation and Ticketmaster. In instances such as those, turning back to the example above, Live Nation would actually receive \$25-\$27 of the \$30 fee, plus, in many cases, a facility fee, rather than \$2 as Live Nation's explanation would suggest.

Thus, not only are close to 100% of the fees described above going to Live Nation and Ticketmaster, but, according to Live Nation, the fees are set by the venues.⁹ Which, if we look at the top-grossing amphitheaters in the US, means 64% of the time those fees are set by Live Nation.¹⁰

Live Nation claims, "the narrative that Ticketmaster fees are responsible for high ticket prices makes no sense." That would be true, if the claims were that Ticketmaster alone is setting fees. However, it is apparent these fees come from Ticketmaster and Live Nation working together as the venue owner, venue operator, artist manager, and ticketing company all at once.

Senator Amy Klobuchar (D-MN), Chairwoman of the Subcommittee on Competition Policy, Antitrust, and Consumer Rights, penned a letter in 2022 to Live Nation's CEO, Michael Rapino, expressing concerns over the company's lack of competition in the music industry as "Live Nation and Ticketmaster dominate the live entertainment supply chain with powerful positions in primary ticketing, secondary ticketing, concert promotion, artist management, tour sponsorships, and event venue operation."¹¹ She also argued in the letter that "Ticketmaster's power in the primary ticket market insulates it from the competitive pressures that typically push companies to innovate and improve their services" - ultimately meaning that despite "dramatic service failures," "...consumers are the ones that pay the price."¹² Moreover, Senator Klobuchar wrote in another letter to CEO Rapino in October 2023 that Live Nation's "all-in pricing filter" should be switched-on by default as it is "still too difficult" for users to turn on the filter that's "buried within a tab that gives no indication that it contains" the option in the first place.¹³

Live Nation's response to the senator's 2023 letter is concerning to investors from a reputational perspective as it shows a lack of alignment between the company's public statements and its policies and practices. Live

⁹ <https://www.livenationentertainment.com/2024/03/the-truth-about-ticket-prices/>

¹⁰ https://www.economicliberties.us/wp-content/uploads/2023/06/052023_AELP_Ticketmaster_PolicyBrief.pdf

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<https://www.klobuchar.senate.gov/public/index.cfm/2022/11/following-ticketmaster-service-failure-klobuchar-calls-out-lack-of-competition-in-ticketing-industry#:~:text=event%20venue%20operation.-,Ticketmaster's%20power%20in%20he%20primary%20ticket%20market%20insulates%20it%20from,ones%20that%20pay%20the%20price.>

¹² *Id.*

¹³

<https://www.klobuchar.senate.gov/public/index.cfm/2023/10/klobuchar-requests-pricing-transparency-update-from-live-nation-ticketmaster>



Nation believes that they have fulfilled their pricing promise because their pledge to disclose the full price of tickets only applied to events held at venues Live Nation operates and did not extend to venues the company does not control. However, Senator Klobuchar maintains that Live Nation and Ticketmaster have not fulfilled their promise to “lead the industry with new all-in pricing,” and she has subsequently introduced the “Unlock Ticketing Markets Act,” a bill that would empower the Federal Trade Commission (FTC) with the authority to challenge contracts ticketing platforms enter into with venue. Thus, Live Nation faces legal and regulatory risk by failing to proactively disclose clear breakdowns in fee schemes irrespective of whether the company is in control of the venues.

In President Biden’s 2023 State of the Union Address, he specifically targeted the growing issue of hidden fees known as “junk fees” or “drip pricing,”¹⁴ and, in his State of the Union Address this year, he stated that “[t]oo many corporations raise their prices to pad their profits charging [consumers] more and more for less and less...” which is “...why [the Administration is] cracking down on corporations that engage in price gouging or deceptive pricing.”¹⁵ This clear executive focus on corporate pricing issues has forecasted the ripple effect that we now see in U.S. legislation. In efforts to protect consumers and foster fair competition, at least six states have introduced bills that target junk fees or drip pricing, while the FTC has proposed a regulation that would require businesses to include all of their fees in the original listed price.

This growing focus and scrutiny on fees and related pricing practices have spurred legal experts to caution corporations to prepare for the regulatory risks that likely lie ahead. For instance, the law firm Latham & Watkins warned that

“[t]he increase in legislative and rulemaking activity in this area suggests that additional enforcement against how businesses advertise their prices and disclose fees could be on the horizon... Coupled with consumer protection enforcement and rulemaking initiatives around ‘dark patterns,’ these new legal authorities and regulatory announcements counsel caution in the manner in which businesses craft their pricing and disclosures surrounding fees.”¹⁶

¹⁴ <https://www.whitehouse.gov/state-of-the-union-2023/>

¹⁵

<https://www.whitehouse.gov/briefing-room/speeches-remarks/2024/03/07/remarks-of-president-joe-biden-state-of-the-union-address-as-prepared-for-delivery-2/>

¹⁶

<https://www.lexisnexis.com/community/insights/legal/capitol-journal/b/state-net/posts/state-lawmakers-take-aim-at-junk-fees>



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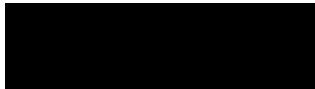


In summary, Live Nation’s current ticket fee structure leaves the company exposed to a host of reputational, regulatory, and anticompetitive risks, including: public criticism of the company, the “Unlock Ticketing Markets Act,” and proposed FTC and state legislation.

As a long-term investor, Tulipshare is hopeful that Live Nation will be responsive to our concerns regarding the potential reputational, regulatory, and anticompetitive risks stemming from its ticket fee structure. Tulipshare will take the dialogue and feedback provided by Live Nation into consideration when preparing for the 2025 proxy season.

We expect a substantive response to our investor engagement requests no later than **Monday, July 15th**. If Live Nation is unable to provide a meaningful response in writing by this date, we would like to request a meeting via teleconference to discuss this matter.

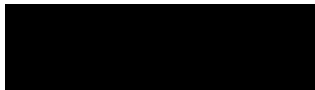
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