

CONSUMERS UNION

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STATEMENT OF

**CONSUMERS UNION & NEW YORK PUBLIC INTEREST RESEARCH GROUP (NYPIRG)
BEFORE THE NYC COUNCIL COMMITTEE ON CONSUMER AFFAIRS**

REGARDING INT. 727-A,

**A LOCAL LAW TO AMEND THE ADMINISTRATIVE CODE OF THE CITY OF NEW
YORK, IN RELATION TO THE SALE OF TICKETS TO INDIVIDUAL CONSUMERS BY
OPERATORS OF THEATER, MUSIC, OR SPORTING EVENTS TAKING PLACE IN NEW
YORK CITY AT PLACES OF ENTERTAINMENT THAT RECEIVE PUBLIC FUNDING
NEW YORK, NEW YORK,**

MAY 8, 2009

Greetings. My name is Charles Bell and I am Programs Manger for Consumers Union, the non-profit publishers of Consumer Reports Magazine. I am presenting this statement on behalf of Consumers Union and the New York Public Interest Research Group (NYPIRG). NYPIRG is the state's largest non-profit, non-partisan student directed consumer protection organization.

We appreciate the opportunity to share our views on this important consumer protection issue, and matter of great interest to the world's sports and live entertainment capital, New York City.

Consumers Union and NYPIRG urge you to enact a strong, comprehensive anti-ticket scalping law for New York City and adopt a resolution calling on the New York State Legislature to restore the strong state anti-ticket scalping law and end its failed experiment with unlimited scalping.

Ticket scalping is a deceptive and unfair business practice that deprives average sports, music and entertainment fans of opportunities to see popular events. Those that pay scalp prices fork over several times the face price, *i.e.*, the price that the producers of the event establish as the cost of admission. The best review of the issue demonstrated through the use of evidence obtained by subpoena that the world of ticket scalping is rife with corruption, bribery and tax evasion.

Standard marketplace theories about supply and demand do not apply in the case of ticket scalping. This is a limited supply monopoly marketplace. Since live sports and entertainment are unique "products" not allowing a competitor to introduce competition (the Yankees and Bruce Springsteen can only be at one event at any given time), allowing scalping only adds costs to the end user. There are no consumer benefits to permitting the unlimited resale price of tickets. Ticket scalpers add no conveniences or efficiencies not available through initial sales.

Moreover, since most—if not all—larger venues are impressed with a public trust by virtue of having been built, maintained and/or subsidized by taxpayers, there is a public imperative to keep admission prices to events held at these locations affordable and to prevent unlimited mark ups by businesses that had no role in planning, underwriting, producing or executing the events. As a matter of public policy, we don't allow higher charges to go to public beaches when the weather is nice, or jack up the price if

you want a spot by the water. Since these venues are not purely private, free market principles of unlimited profit should not be countenanced.

For example, in New York most of the big stadiums and concert venues are either publicly owned or subsidized—the new Yankee Stadium, Citifield, Madison Square Garden, Nassau Coliseum, Albany's Times Union Center, Ralph Wilson Stadium in Erie County—the list goes on.

Ticket Scalping is Anti-Consumer

Recent events with hugely inflated ticket prices for Hannah Montana/Miley Cyrus; the Springsteen ticket sale debacle; the Phish computer crash; revelations that singer Neil Diamond was scalping tickets to his own shows and profiting handsomely from it; and the instantaneous sell out of 82,000 tickets to the U2 show at Giants stadium provide ample evidence of a dysfunctional marketplace in which consumers either lose out or pay astronomical amounts to see their favorite live events.

The keys to the ticket scalping issue include the following.

- Box office corruption. The 1999 New York State Attorney General's report *Why Can't I Get Tickets?* showed that commercial bribery of ticket sellers at major venues was a big part of the problem of ticket diversion to scalpers.
- Ticket holds, comps, set asides, promotional tickets, *etc.*, dramatically reduce the amount of publicly available tickets. Many of these tickets end up on the hands of scalpers.¹ Producers, promoters, artists, venue staff, coaches, athletes, season ticket holders and marketers are among those who get tickets to popular events before they are sold to the public. These tickets end up in the hands of scalpers.
- There is no transparency in the ticket selling process and no tracking of how tickets—and money—changes hands. Promoters do not disclose how many tickets will be made available to the general public. This means consumers have no way to set their expectation about the possibility of obtaining tickets at the face price. There's also no way to know the source of the initial sale/transfer of a ticket, how many times a ticket has changed hands, how much was paid and who has been paid. This means there's no accountability in the chain of distribution and business and tax regulators cannot monitor this marketplace. For example, payments made by scalpers to obtain these tickets are unlikely to be reported as income.
- The public has no reason to trust the way tickets are sold. Immediate sell outs of tens of thousands of tickets coupled with simultaneous sale of choice seats by scalpers, leads consumers to believe the system is corrupt and rigged. And they're right, it is corrupt and rigged.

¹ Ticketmaster CEO Irving Azoff says that 15-20% of tickets, "the vast majority of the best seats" are regularly diverted from public sale. *Where Do All the Best Tix Go?*, Rolling Stone, Steve Knopper, April 16, 2009

- The vertical integration of producers, promoters and resellers has placed an even tighter lid on ticket sales. The merger of these entities and operations is anti-competitive, an unfair restraint of trade and results in further damage to consumers.
- Ticket scalping pits average fans against corporate expense accounts for tickets to popular events. Most fans cannot afford hundreds of dollars for a single ticket to a game or show. The best seats are often purchased by businesses that can write the cost of scalped tickets off as a business expense. In *Why Can't I Get Tickets?*, the New York State Attorney General documented how one Wall Street brokerage firm spent more than \$360,000 in 1994 to buy scalped tickets from one New Jersey ticket scalper. Presumably these choice seats were used to wine, dine and attract new clients, as well as perks or bonuses to employees and board members.
- Ticket scalping drives up the face price of tickets. This occurs as artists, sports teams and other event producers realize that, while they are the creative talent and take the up-front financial risks, scalpers often make significantly more money through resale. Thus, producers raise their prices to capture some of what would otherwise be paid to scalpers in an unregulated market. Most observers believe that is a big part of the reason that the face prices of tickets has gone up substantially in New York in the past two years, which coincides with New York's experiment with unregulated pricing for the resale market.

We think there's a fundamental problem with ticket scalping because average fans are at an extreme disadvantage. Since most if not all larger venues (and likely many smaller ones) are impressed with a public trust, we believe the public has a right to fair ticket pricing and distribution policies. In addition to banning scalping, we also believe that the distribution system needs to be fixed to introduce more competition to the agents, such as Ticketmaster, that sell tickets to popular sporting and entertainment events.

Ticket Scalping Hurts New York City

Fans that spend huge sums of money just to gain admission to popular events have less money to spend on dinner before or after events; on food, beverages and mementoes at the event; and on entertainment post-event once they're in the City. This also deprives the City of tax revenues from these lost sales. And it takes away profit from the New Yorkers who actually produce and participate in the events.

Int. 727-A

This legislation would require venues with more than 3,000 permanent seats to set aside "at least fifteen percent of available ticket for sale at their on-site box office." Box office sales would be limited to four tickets per day per individual consumer and box office tickets would have to have the date and time of the sale printed on the face of the ticket. Moreover, the proposal would not apply to Broadway, off-Broadway shows or other events that have runs of the same show of one week or more. It would not apply to season ticket or subscription sales. The Commissioner of the Department of Consumer Affairs would enforce the law.

This proposal would help restore some fairness to the ticket distribution system. However, it doesn't go far enough to protect consumers of popular entertainment. There's no public policy rationale for

allowing unlimited mark ups of the limited supply of entertainment tickets. New York had an anti-ticket scalping law on the books for 87 years, until the Legislature decided to experiment with suspending the law. The proposal would exempt most if not all Broadway and off-Broadway theaters, either due to their seating capacity or their extended run status, as well as events like Cirque Du Soleil. Most critically, the proposal fails to ban scalping at publicly built, maintained and/or subsidized venues.

If the City Council intends to require a set aside for box office sale, we would urge that it be a higher percentage of overall tickets sold and that the percentage of seats sold at the box office be representative of all locations and price options for seating at the event. The current language would allow the 15% of seats sold at the box office to all be in the "nosebleed" sections. A prior version of this proposal would have set aside 40% of all seats and also have required stronger disclosures.

Moreover, if the Council goes forward with a set aside proposal, it should contain a strong disclosure requirement: Promoters and venues should publicly state how many tickets will actually be available to the public and the means by which those tickets would be sold. The public deserves information on what tickets will be available so that expectations can be adjusted accordingly.

A Pro Fan, Pro Consumer Anti-Ticket Scalping Platform

Consumers Union and NYPIRG urge the City Council to enact a strong pro-fan, pro-consumer anti-ticket scalping law, consistent with New York's long tradition of banning this unscrupulous trade. This will protect New York City residents, keep more money in the City and send a clear message to the New York State Legislature. We also urge the City Council to adopt a resolution urging the state Legislature to end its failed experiment with unlimited ticket scalping and restore New York's strong consumer protection law.

These are the components of a pro fan, pro consumer anti-ticket scalping law:

- Require that tickets are tracked from "cradle to grave" so that fans, tax departments and other regulators can see each time they changed hands and who profited from the sales.
- Mandate disclosures before or at the time of sale of the number and locations of tickets that will *actually be released* to the general public.
- Provide information on any obstructions or other limitations for particular seats.
- Limit ticket scalping to no more than 25% above the face price of a ticket; including all charges and fees included. This would allow individuals stranded with tickets at the last minute and season ticket holders to recoup the price they paid plus service charges, without gouging consumers.
- Bar producers, promoters and others involved in the primary event from engaging in scalping or otherwise benefitting from the secondary market resales.
- Prohibit scalpers from making transactions in cash.
- Establish a "cooling off" period before secondary sales may take place.
- Require ticket resellers to be regulated by the FTC or state consumer agencies.
- Require that scalpers report to state and federal tax regulators.
- Require ticket resellers to be regulated by consumer protection offices, district attorneys and the Attorney General.
- Provide random and for-cause audit authority to the regulator.
- Prohibit cash transactions by scalpers.

- Ban business tax write-offs for ticket scalping expenses above tickets' face prices.
- Set tough financial penalties for scalping violations and criminal penalties for commercial bribery, unreported transactions or illegal ticket diversion.
- Ban the use of phone banks, "diggers," software, automated phone systems and other devices that are used by scalpers and their agents to gain tremendous advantage in making phone and online ticket purchases and disadvantage average fans.
- Require that fans of consumers be made aware through a separate screen when websites are "clicking through" from a primary seller to a scalper (reseller).
- Require that the regulatory agency produce an annual report on the effects of ticket scalping and its regulation, monitoring and enforcement.
- Have the regulatory agency evaluate various methods to facilitate a crack down on scalping, such as paperless tickets that require IDs to gain entry.

Thank you for this opportunity to share our thoughts on ways to protect fans, consumers, the live entertainment industry, as well as New York City's place as an entertainment capital.



**Department of
Consumer Affairs**

**Statement of Andrew Eiler
Director of Legislative Affairs
NYC Department of Consumer Affairs
before the
City Council Committee
on Consumer Affairs
Intro 727-A**

May 8, 2009

Good afternoon Chairman Comrie and members of the Consumer Affairs Committee. My name is Andrew Eiler, and I am Director of Legislative Affairs for the Department of Consumer Affairs. Commissioner Mintz asked me to thank you for this opportunity to comment on Introductory Number 727-A, a bill that would require certain places of entertainment to hold back for sale at their box offices a proportion of tickets for specially- scheduled events.

This bill clearly seeks to effectuate the laudatory goal of ensuring that the general public would have an opportunity to purchase highly-coveted tickets for limited engagements, at face value, at the box office. It requires that entertainment venues hold back a certain number of tickets from resellers who could otherwise corner the market by making bulk ticket purchases and then charging exorbitant prices for scarce tickets to popular performances or events, like concerts, mega-star performers or play-off games.

To achieve this goal, the bill would require that places of entertainment within New York City, with a permanent seating capacity of over 3,000 persons, set aside at least 15% of tickets that are made available for purchase to special events for sale to individuals at the box office. It would also require that no more than four tickets be sold to each individual and that the ticket have printed on its face the date and time of sale. Intro 727-A also requires that the place of entertainment maintain records of the total number of seats available for sale to individual consumers and the location of the corresponding seats.

The bill would empower the Department of Consumer Affairs to enforce compliance with these provisions by requiring places of entertainment to make the required records available for inspection upon request by the Commissioner, and issue violations accordingly.

While the Department supports the purposes of this bill, we do have significant concerns about our ability to realistically enforce the bill's mandates. One concern is that the Department lacks hearing authority over these violations. Far more troublesome questions include:

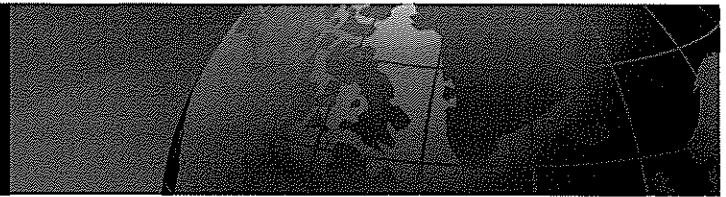
- The bill's requirement that 15% of "tickets *made available for purchase*" be set aside needs clarification. What tickets for each performance are counted as "made available for purchase"? Is there a possibility that less than the full seating capacity of the place of entertainment be made available for purchase? The bill does not specify on what ground tickets could be distributed to ticketholders without being counted as "made available for purchase". This information is necessary to determine whether the place of entertainment is in compliance with the 15% hold- back requirement. If the number of tickets that could be distributed without being counted as "made available for purchase" can vary with each performance, it becomes even more difficult to determine compliance.
- The bill does not specify for how long tickets reserved for individual sales would have to be held back at the on-site box office before they can be sold through

outlets other than the box office. Is one day after they go on sale long enough? Should it be for at least one week? Should it be until the date of the performance?

- The record-keeping requirements in the bill do not enable the Department to assess compliance with the law. The requirement that places of entertainment maintain only records of the total number of tickets available for sale to individual consumers and the location of corresponding seats will not, upon audit, inform the Department whether or not there was compliance.

The Department admires the Chair's efforts to ensure that the public has the opportunity to purchase tickets to special events and performances at the box office and at face value. We also appreciate ticket sellers' legitimate interests in selling their tickets, and while protecting consumers, we don't want to unduly burden the marketplace. We remain entirely open to working with the Committee to try to identify mechanisms by which we might realistically be able to achieve these important goals.

Thank you again for the opportunity to comment on the bill. I will be happy to answer your questions.



Written Statement

May 8, 2009

Members of the Council of the City of New York's Committee on Consumer Affairs, we want to thank you for this opportunity to appear before you today to discuss the ramifications of enacting such legislation as Int. No. 727-A.

We are looking forward to assisting you in developing meaningful policies aimed at correcting some of the inequities existing in the live entertainment ticketing industry. At the heart of Int. No. 727-A is the issue of consumer protection, most notably the need to safeguard tickets for purchase by individual consumers rather than ticket brokers using software to make bulk purchases. It is our position that the presence of the secondary market in the ticketing industry does not encourage this behavior on the part of ticket brokers, and in fact placing the blame on ticket brokers disguises the real issue of transparency. Truly, the secondary market is essential to protecting consumer rights, first, by helping maintain a free and open market that provides competitive pricing, and second, by encouraging increased transparency from the primary ticket distributors to help inform consumers.

With regard to maintaining an open and free market, the secondary ticketing industry provides an alternative and competitive outlet through which consumers can acquire tickets. In fact, thirty percent (30%) or more of all tickets resold through the secondary market are sold below face value (see Attachment #1). If the market went unchecked, such competitive prices would not be available to consumers, and would remain artificially fixed under the stronghold of the primary sellers. This would leave consumers powerless and vulnerable at the mercy of a small group of entities with the power to manipulate pricing. At present, the primary market not only holds the bulk of the market share, their emphasis on creating exclusive binding contracts is already an imposing restrictive measure on market competition (see Attachment #2). Therefore, any further action that would restrict this competition would result in a severe hindrance of any additional players entering the market, and thus reduce pricing comparison options for the end consumer. Consumers win only if the market remains competitive and diverse; the secondary ticketing industry is essential to maintaining a free market.

With regard to transparency, consumers are entitled to increased information on ticket pricing and distribution in order to make a well-informed decision as to where and how they purchase event tickets. At present, it is but a handful of players—primarily, Ticketmaster—that determine both the volume, release distribution, and pricing through the primary outlets. Without the proper release of information, consumers risk being misinformed as to how tickets become available, thus creating inefficiencies in the purchase and acquisition process, particularly at the time of an event “onsale” (see Attachment #3). In this case, Int. No. 727-A is a step in the right direction, but it could actually extend its protective provisions further by requiring disclosure to not only the commissioner but also the consumer who appears at the box office to purchase tickets. Allowing the consumer to see how many tickets are available to the general public for a live entertainment event would encourage informed decisions on the part of the consumer as to whether or not to make a purchase at that time, as well as give the general public an indication of the actual chances involved in successfully acquiring tickets to a specific live entertainment event. Transparency on the part of the box office to both the commissioner and the general public would facilitate positive consumer transactions within the ticketing industry and dispel the public relations nightmares arising out of “sold-out” live



entertainment events and the inability of the individual consumer to purchase face price tickets at the box office.

In sum, the continued presence of the secondary ticket market is essential for ensuring an open and free market that is favorable to consumers by providing accessible and competitive pricing options, often times below face value. Moreover, this industry has become one of the most competitive industries in the United States, creating more than 15,000 jobs around the country. If secondary market operations should find themselves constrained, thousands of people will find themselves out of work, up to 1,800 in the state of New York alone (see Attachment #1). On the whole, the secondary ticket market is an essential component to market competition and an integral element to providing consumers with alternative ticket acquisition options dictated by pure market price principles, not manipulated by a venue or distributor.

As part of our belief and adherence in market transparency, TicketNetwork stands ready to provide all the key industry information necessary to assist all of you in gaining important knowledge about how the live entertainment and ticketing industries operate in the United States. Again, we appreciate this opportunity to speak before this committee and hope that we can continue working with the Council to develop policies that benefit both the consumer and the live entertainment ticketing industry.

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TicketNetwork Legislation Proposals

Discrimination Proposal:

It shall be illegal for any venue operator, promoter or primary ticketing company to discriminate in terms of pricing, charges or terms for concert artists in comparison to other genres of entertainment artists.

Artist Ticket Distribution Proposal:

Prohibit restrictions on an artist's ability or right to determine ticket resale arrangements.

No restrictions may be placed on any musical performance artist that requires the secondary ticketing distribution method, such as the resale, transfer, or auction of a ticket to that artist's musical performance, to be determined exclusively by the music promoter, artist management agency, or primary ticket seller. A musical performance artist shall retain the ability or right to determine a secondary ticketing distribution method for that artist's performance or block of performances made under a musical performance contract with a music promoter, artist management agency, primary ticket seller, or event venue.

Transparency Proposal:

Require promoters and primary sellers to provide transparency on available inventory before an event goes on sale

It shall be an unlawful practice for any person or group of people, who have access to tickets to an event prior to the tickets' release for sale to the general public, to withhold those tickets from sale to the general public in a total aggregate amount exceeding 5% of all available seating for the event.

Any owner, lessee, operator, or manager of each theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement, or primary ticket seller of any live entertainment event shall release to the public prior to each on-sale date the number and percentage of tickets released to the public; including, (1) the total number and percentage of all tickets available for each event, (2) the number and percentage of tickets held back for each event, (3) the number and percentage of tickets not available for sale to the general public for each event, (4) the number and percentage of tickets released only through package purchases or fan club purchases for each event, and (5) the number and percentage of tickets in the auditorium, theater or venue that are unavailable due to stage design or are otherwise unavailable for purchase to the general public due to maintenance or other issues that prevent the use of seats in the auditorium, theater or venue for each event.



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Contract Restriction Proposal:

Prohibit contracts that restrict a venue's right to sell tickets to anyone who resells tickets through another ticket seller or reseller.

No owner, lessee, operator, or manager of a theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement or primary ticket seller of any live entertainment event shall create restrictive contracts that restrict a venue's, team's, or any other person's ability or right to sell, transfer, resell or auction any ticket or right to a ticket to an event held at the facility and no restrictions may be placed on any person that requires the exclusive resale of a ticket to an event in their facility through a sole source or provider who has a contract with the owner, lessee, operator, or manager of a theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement or primary ticket seller of any live entertainment event.

Consumer Protection Proposals:

(1) Require initial ticket distribution to include tickets at face value with no service charges in at least one location.

Any owner, lessee, operator, manager of a theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement, or primary ticket seller of any live entertainment event shall, in at least one location, provide consumers the right to pick up tickets they have purchased without paying any fee or other service charges from a box office or other location established by the owner, lessee, operator, manager of each theatre, circus, athletic grounds used for an athletic game, or place of public entertainment, or amusement or primary ticket seller.

(2) Mandate that sellers give full refunds minus shipping charges for cancelled events.

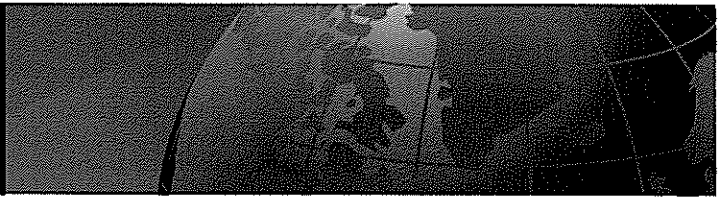
Any admission ticket to any event may be resold or offered for resale if the primary ticket seller, or reseller or Internet auction listing service guarantees a full refund and in fact provides a full refund of the amount paid by the purchaser, if the following occurs:

(i) the ticketed event is cancelled and not rescheduled and the purchaser returns the tickets to the primary ticket seller, reseller or Internet auction listing service; however, reasonable delivery fees need not be refunded if the previously disclosed guarantee specifies that the fees will not be refunded if the event is cancelled;

(ii) the ticket received by the purchaser does not allow the purchaser to enter the ticketed event for reasons that may include, without limitation, that the ticket is counterfeit or that the ticket has been cancelled by the issuer due to non-payment, unless the ticket is cancelled due to an act or omission by such purchaser;

(iii) the ticket fails to conform to its description on the Internet auction listing service; or

(iv) the owner, lessee, operator, or manager of each theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement, or primary ticket seller or



reseller of any live entertainment event willfully fails to send the ticket or tickets to the purchaser.

(3) Prevent event producers from rescinding season ticket rights for people who resell their season tickets.

It is void as against public policy to apply a term or condition on the original sale to the purchaser to limit the terms or conditions of resale, including, but not limited to, a term or condition:

- (I) That restricts resale in a subscription or season ticket package agreement as a condition of purchase;
- (II) That a purchaser must comply with to retain a ticket for the duration of a subscription or season ticket package agreement that limits the rights of the purchaser to resell the ticket;
- (III) That a purchaser must comply with to retain any contractually agreed-upon rights to purchase future subscriptions or season ticket package agreements; or
- (IV) That imposes a sanction on the purchaser if the sale of the ticket is not through a reseller approved by the operator.

Nothing in this section shall be deemed to prohibit an operator from prohibiting the resale of a contractual right in a season ticket package agreement that gives the original purchaser a priority or other preference to enter into a subsequent season ticket package agreement with the operator.

A person or entity, including an operator, that regulates admission to an event shall not deny access to the event to a person in possession of a valid ticket to the event, regardless of whether the ticket is subject to a subscription or season ticket package agreement, based solely on the ground that such ticket was resold through a reseller that was not approved by the operator.

Nothing in this section shall be construed to prohibit an operator from maintaining and enforcing policies regarding conduct or behavior at or in connection with the operator's venue. An operator may revoke or restrict season tickets for reasons relating to a violation of venue policies and to the extent the operator may deem necessary for the protection of the safety of patrons or to address fraud or misconduct.

(4) Require promoters and primary sellers to provide transparency on available inventory before an event goes on sale (i.e. % of tickets released publically, % held back, % lost to stage design, etc.) ,

It shall be an unlawful practice for any person or group of people, who have access to tickets to an event prior to the tickets' release for sale to the general public, to withhold those tickets



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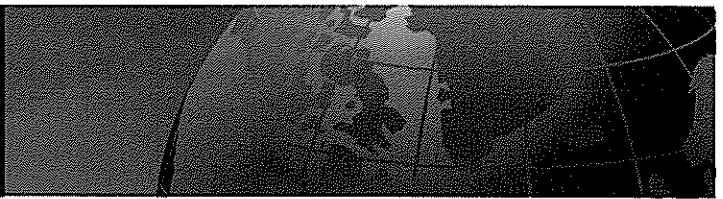
from sale to the general public in a total aggregate amount exceeding 5% of all available seating for the event.

Any owner, lessee, operator, or manager of each theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement, or primary ticket seller of any live entertainment event shall release to the public prior to each on-sale date the number and percentage of tickets released to the public; including, (1) the total number and percentage of all tickets available for each event, (2) the number and percentage of tickets held back for each event, (3) the number and percentage of tickets not available for sale to the general public for each event, (4) the number and percentage of tickets released only through package purchases or fan club purchases for each event, and (5) the number and percentage of tickets in the auditorium, theater or venue that are unavailable due to stage design or are otherwise unavailable for purchase to the general public due to maintenance or other issues that prevent the use of seats in the auditorium, theater or venue for each event.

(5) Work to ensure that consumers are adequately protected from fraud and abuse under the consumer protection laws.

Any ticket reseller or Internet auction listing service must, at a minimum, meet the following requirements to protect consumers from consumer fraud or abuse:

- (i) Maintain regular hours of operation between 9 am and 5 pm or use a customer service center that provides regular hours of operation for a consumer to contact regarding ticket sales;
- (ii) Maintain a business telephone number for consumer inquiries concerning ticket sales;
- (iii) Maintain a dedicated business street address to provide customer access and for mail delivery services related to consumer inquiries;
- (iv) Maintain a business facsimile number for consumer inquiries concerning ticket sales;
- (v) Maintain and regularly check an e-mail address for consumer inquiries concerning ticket sales;
- (vi) Maintain an emergency contact number if the ticket reseller or Internet auction listing service engages in sales within 48 hours of the start time for any ticketed event for which they sell tickets;
- (v) Adopt a code of ethics or belongs to a trade association or organization that advocates consumer protection including, at a minimum:
 - (a) consumer protection guidelines;
 - (b) a compliance standard for the processing of payment card information and the protection and security of a consumer's personally identifiable information;
 - (b) a standard refund policy. In the event a refund is due, the ticket reseller or Internet auction listing service shall provide that refund without charge other than for reasonable delivery and return delivery fees for the return of the tickets; and
 - (c) standards of professional conduct.
- (vi) Adopt a procedure for the binding resolution of consumer complaints by an independent, disinterested third party.



Reseller Protection Proposals:

- (1) Prohibit event producers from voiding, canceling, or restricting tickets from being resold.**
It shall be unlawful for any primary ticket seller to prohibit the resale or offering for resale of an admission ticket to any theatre, circus, athletic game, or public entertainment or amusement .

It shall be prohibited for any operator of a place of entertainment to deny access to a ticket holder who possesses a resold ticket, subscription or season ticket to a performance based solely on the grounds that such ticket has been resold.

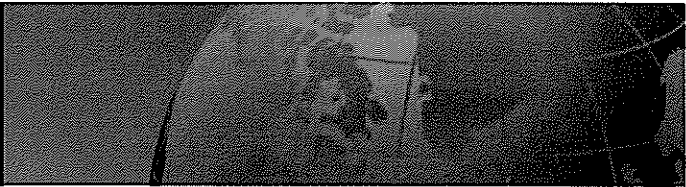
Nothing in this section shall be construed to prohibit an operator from maintaining and enforcing policies regarding conduct or behavior at or in connection with the operator's venue.

- (2) Prohibit contracts that restrict a venue's right to sell tickets to anyone who resells tickets through another ticket seller or reseller.**

No owner, lessee, operator, or manager of a theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement or primary ticket seller of any live entertainment event shall create restrictive contracts that restrict a venue's, team's, or any other person's ability or right to sell, transfer, resell or auction any ticket or right to a ticket to an event held at the facility and no restrictions may be placed on any person that requires the exclusive resale of a ticket to an event in their facility through a sole source or provider who has a contract with the owner, lessee, operator, or manager of a theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement or primary ticket seller of any live entertainment event.

- (3) Require primary sellers to sell tickets, or a percentage thereof, unbundled (i.e. no requirement of parking, fan club memberships or other event-related purchases).**

No owner, lessee, operator, or manager of a theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement or primary ticket seller of any live entertainment event shall restrict the sale of 100% of the tickets to any event solely to (1) fan club members or (2) as part of any bundled package of purchases related or unrelated to the actual ticketed event. Nothing in this section shall prevent any owner, lessee, operator, or manager of a theatre, circus, athletic grounds used for an athletic game, or place of public entertainment or amusement or primary ticket seller of any live entertainment event from selling any luxury suite, premium or club seating or other off manifest seating to any event.



Ticket Resale

Frequently Asked Questions

How many total tickets go unsold in the market?

Approximately 60% of event tickets to live entertainment events in the United States go unsold. According to Live Nation*, 40% of that market share of unsold tickets are to live concert events.

*Testimony of Live Nation CEO Michael Rapino before the Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights on February 24, 2009.

How many tickets are sold below face value?

Thirty percent (30%) or more of all tickets resold through the secondary market are sold below face value.

Can you give an example of an event that sold one-third or more of its tickets below face value?

Oscar DeLaHoya v. Manny Paquiao
MGM Grand * December 6, 2008

Total tickets sold	557	100%
Total sold above face value	352	63.2%
Total sold at or below face value	205	36.8%

How many jobs are created by the secondary ticketing industry?

The secondary ticketing industry in New York creates and sustains **between 1,100 and 1,800 unique or specialized jobs** in the state. Most of these are small businesses built by entrepreneurs who have worked hard to build a large client base that relies on their services.

Can you give examples of how tickets are released prior to an onsale date?

Fan Clubs	Artist and event promoters release tickets to respective fan clubs and guarantee them access to tickets. (See Case Study on Hannah Montana, page 2).
Radio Contests	Radio stations promise tickets to listeners who call the station at specific times in order to be the "winning" caller. These "winners" are promised tickets before the tickets go on sale to the general public. Radio stations also promise tickets to members of that station's Listeners Club.
Online Presales	Access to tickets before the onsale date can at times be provided by the artist or promoter through an online password-protected system. Buyers type the password into the designated space on the website, and then submit their information to have the tickets sent to them. Two popular sites for this are Presale Password and Presale Now.
Promotional Rewards	Credit card companies often offer consumers rewards points and opportunities to purchase special items. For example, American Express offers its cardholders ticket purchase options to various concert and live entertainment events prior to the onsale date.

See Case Study: Hannah Montana (page 2).

Ticketmaster's Control of Ticketing Market

Artist Management

- Manages nearly 200 artists¹
 - The Eagles
 - Journey
 - Gavin Rossdale
 - Bush
 - Jewel
 - Neil Diamond
 - Christina Aguilera
 - Aerosmith
 - Fleetwood Mac

Control Over Venues

- Requires exclusive rights contracts for use of ticketing services²
- Bans 3rd party involvement³
- Mandates venue consent for above face-value prices on tickets sold over TicketExchange

Control Over Pricing

- In 2008, sold more than 141 million tickets⁴
- On TicketExchange, price cannot be below face value⁵
- Assesses several fees for each ticket sold⁶
 - Customer Convenience Charge
 - Handling Charge
 - Seller's Fee (10% of posting price)
 - Posting Fee (\$3.00)
 - Buyer Fee (10% of posting price but can be increased by 10% for "promoter/artist bump")
- Through TicketExchange, sells "Platinum" tickets on behalf of the Artist or event promoter⁷

1. <http://www.ticketmaster.com>

2. Ticketing Concession License, section 2.1 (see attachment 1)

3. Ticketing Concession License, section 1.43 (see attachment 1)

4. <http://www.ticketmaster.com>

5. Ticketmaster TicketExchange information sheet (see attachment 2)

6. Ticketing Concession License, sections 4.1, 4.2 & 4.9 (see attachment 1)

7. <http://ticketmaster.com/ticketexchangehome>

TICKETING CONCESSION LICENSE

THIS TICKETING CONCESSION LICENSE (the "Agreement") is dated as of July 1, 2007, by and between **TICKETMASTER L.L.C.**, a Virginia limited liability company ("Ticketmaster"), and the **GEO. L. SMITH II GEORGIA WORLD CONGRESS CENTER AUTHORITY**, a Georgia authority, located at 285 Andrew Young International Boulevard, NW, Atlanta, Georgia 30313-1591 ("Authority").

WITNESSETH:

In consideration of the mutual promises, covenants and understandings of the parties hereto, it is hereby agreed as follows:

1 DEFINITIONS. As used in this Agreement, the following terms shall have the respective meanings indicated below unless the context shall otherwise require:

1.1 Advertiser. A person to whom the Authority has granted the right to display, in the Stadium area of the Facility, for a stated period of one year or more, advertisement of depictions or descriptions of products or product names or descriptions of services, and of a corporate or trade name, logo, trade or service marks, or copyrighted material which identifies such products or services, which are products or services offered for sale commercially.

1.2 Authority's Website. An Internet website(s) owned, operated and maintained by the Authority, which shall contain links to the Interface Page through which the applicable TM.com Website may be accessed.

1.3 Buyer. A party that purchases a Ticket from a Subscriber via Ticketmaster TeamExchange by paying to Ticketmaster an amount equal to the Posting Price and any fees authorized under this Agreement.

1.4 Buyer Fee. The amounts Ticketmaster charges Buyers to purchase Tickets via Ticketmaster TeamExchange.

1.5 Customer Convenience Charge. The amount authorized under this Agreement which may be charged to a Ticket purchaser by Ticketmaster for the use of the TM System pursuant to Paragraph 4.1.

1.6 Event. Any athletic contest, or exhibition, public entertainment or performance in the Facility sponsored by the Authority or by an Event Sponsor to whom the Authority has granted the right to conduct an Event.

1.7 Event Sponsor. The person to whom the Authority has granted the right to conduct an Event or, where the Authority sponsors an Event, the Authority.

1.8 Event Taxes. Any and all sales, amusement, admissions and other taxes, charges, fees, levies or other assessments measured by reference to a charge per Ticket sold or determined

1.38 Ticketmaster AccessManager. The Ticketmaster AccessManager software which interfaces with the TM System to facilitate certain reporting systems and to provide various enhanced services to the patron admissions process through the use of bar codes or other media printed on Tickets.

1.39 Ticketmaster TicketExchange. The Ticketmaster TicketExchange software which allows Ticket purchasers to post Tickets purchased from Ticketmaster off of Ticketmaster Classic for sale to third parties on the TM.com Website. The term "Internet Sales" shall be deemed to exclude sales via Ticketmaster TicketExchange. The term "Software" as used in the Agreement shall be deemed to include Ticketmaster TicketExchange.

1.40 TicketExchange Buyer Fee. The amount Ticketmaster is authorized under this Agreement to charge Ticket buyers to purchase Tickets via Ticketmaster TicketExchange.

1.41 TicketExchange Fees. The amounts Ticketmaster is authorized under this Agreement to charge buyers and sellers to purchase or sell Tickets via Ticketmaster TicketExchange, which fees may include TicketExchange Buyer Fees, TicketExchange Posting Fees, TicketExchange Seller Fees and TicketExchange Processing Fees.

1.42 TicketExchange Posting Fee. The amount Ticketmaster is authorized under this Agreement to charge sellers to post Tickets for sale on Ticketmaster TicketExchange when such Tickets are sold.

1.43 TicketExchange Posting Price. The price of a Ticket listed for sale on Ticketmaster TicketExchange which shall be equal to at least the purchase price of the Ticket when originally purchased and no more than the amount permitted by applicable law.

1.44 TicketExchange Processing Fee. The amount Ticketmaster charges buyers for the processing of Tickets purchased via Ticketmaster TicketExchange.

1.45 TicketExchange Seller Fee. The amount Ticketmaster is authorized under this Agreement to charge Ticket sellers to sell Tickets via Ticketmaster TicketExchange.

1.46 TicketExchange Seller Proceeds. The proceeds paid to a seller after the sale of Tickets via Ticketmaster TicketExchange which amount shall be equal to the TicketExchange Posting Price of the Tickets sold less the TicketExchange Seller Fees, the TicketExchange Posting Fee and any TicketExchange Taxes assessed against the seller.

1.47 TicketExchange Taxes. Any and all sales, amusement, admissions and other taxes, charges, fees, levies or assessments measured by reference to a charge per Ticket sold via Ticketmaster TicketExchange or determined based upon the purchase price of a Ticket sold via Ticketmaster TicketExchange assessed by federal, state, county, municipal or other governmental or quasi-governmental authorities, other than income taxes related to Ticketmaster TicketExchange transactions.

1.48 TM Charge. The credit card processing system within the TM System that

utilizes the global banking association networks to authorize credit card purchases of Tickets to Events sold by the Authority from the Facility Box Office as permitted under this Agreement.

1.49 TM.com Website. Any Internet websites owned, operated and maintained by Ticketmaster, and any ticketing property, feature, or product acquired by Ticketmaster or its affiliates that may become available subsequent to the date of this Agreement, including, without limitation, any co-branded versions and any version distributed through any broadband distribution platform or through any platform or device including television, broadband and wireless technologies, but not including the Interface Page.

1.50 TM System. The Hardware, Software, Products, related procedures, repair and maintenance services established and maintained by Ticketmaster for the purposes of selling, auditing, and controlling the sale of Tickets for Events.

1.51 Transaction Fees. The amounts Ticketmaster is authorized under this Agreement to charge for Products transactions.

2 GRANT OF CONCESSION; LIMITATIONS; THE AUTHORITY FEE.

2.1 Basic Grant. The Authority hereby grants to Ticketmaster, and Ticketmaster accepts from the Authority and agrees to exercise, the exclusive right during the term of this Agreement to sell, as the Authority's agent, all Tickets for any Event, via any and all means and methods, including, but not limited to, Telephone Sales, Internet Sales and Outlet sales utilizing the TM System.

2.2 Block or Facility Box Office Sales; Group and Season Ticket Sales. Pursuant to the following exceptions to the exclusive right granted in Article 2.1, the Authority retains their right to:

2.2.1 sell Tickets at the Facility Box Office to persons physically present at the Facility Box Office.

2.2.2 sell or resell blocks of Tickets to or by participating institutions in athletic contests or sponsoring organizations for such events for sale or resale to students and alumni.

2.2.3 conduct Group Sales or sell Season/Contract Ticket sales by telephone order, mail order, internet reservation or in-person order.

2.2.4 sell or distribute a reasonable number of House Seats.

2.3 No Third Party Systems or Services. Notwithstanding the above, the Authority shall not directly or indirectly from the Facility Box Office or otherwise (i) use, sponsor, promote, advertise, authorize or permit the use of any Internet website other than the TM.com Website or any equipment or services of any computerized or Internet ticketing company or system other than the TM System (any such website, equipment, services, company or system, a

“Third Party Provider”) in connection with the sale, resale or issuance of Tickets; or (ii) sell or issue Tickets to any person who the Authority believes (or has a reasonable basis to believe) will sell or issue such Tickets using a Third Party Provider.

2.4 Excluded Events. Without the prior consent of the Authority in each case, the grant by the Authority of the exclusive right granted in Article 2.1 does not apply to any of the following Events:

2.4.1 any Falcons Game;

2.4.2 any Special Event;

2.4.3 any Floor Event;

2.4.4 any Event with respect to which the Authority and Ticketmaster agree that this Agreement shall not apply; and

2.4.5 any trade show, convention, seminar, educational forum or similar Event, regardless of whether Tickets are sold or a charge made for admission.

If in connection with any of the foregoing the Authority elects to use the services of Ticketmaster under this Agreement, then Ticketmaster agrees to provide such services as provided in this Agreement. Section 2.3 shall not apply with respect to the Events in this Section 2.4, except it shall apply to Falcons Games or to the Events in this Section for which Ticketmaster provides ticketing services pursuant to this Agreement.

3 TERM OF AGREEMENT.

3.1 Effective Date. This Agreement shall be effective as of July 1, 2006.

3.2 Initial Term. The Initial Term of this Agreement shall be a term of five (5) License Years. The initial License Year shall commence July 1, 2006, and expire on June 30, 2007. Each subsequent twelve-month period ending June 30 shall be a License Year. The Initial Term shall expire June 30, 2011.

3.3 Extension. The term of this Agreement shall be automatically extended for a term of three (3) additional License Years unless either party gives written notice to the other not less than ninety (90) days nor more than one-hundred twenty (120) days prior to the expiration of the Initial Term of its intention not to extend this Agreement. If the term of this Agreement is so extended, the Agreement shall expire June 30, 2014.

4 COMPENSATION TO TICKETMASTER. Ticketmaster shall be entitled to receive the following fees and compensation:

4.1 Customer Convenience Charge. Ticketmaster shall assess a Customer

Convenience Charge against purchasers of Tickets for Tickets to all Events sold by Ticketmaster. The amount of the Customer Convenience Charge for each applicable category of Ticket sale shall initially be as follows:

Concerts & General Events:

Ticket Price of Tickets	Outlets, Internet Sales and Telephone Sales
Under \$7.00	\$3.00
\$7.00 to \$10.00	\$3.50
\$10.01 to \$15.00	\$4.50
\$15.01 to \$19.99	\$5.25
\$20.00 to \$24.99	\$6.00
\$25.00 to \$29.99	\$6.50
\$30.00 to \$40.00	\$6.75
\$40.01 to \$50.00	\$7.25
\$50.01 to \$60.00	\$7.50
\$60.01 to \$70.00	\$7.75
\$70.01 to \$80.00	\$8.75
\$80.01 to \$90.00	\$9.50
\$90.01 to \$100.00	\$9.75
\$100.01 and above	To be mutually determined

Family & Charity Events:

Ticket Price of Tickets	Outlets, Internet Sales and Telephone Sales
Under \$6.01	\$2.50
\$6.01 to \$10.00	\$3.25
\$10.01 to \$14.99	\$3.75
\$15.00 to \$19.99	\$4.75
\$20.00 to \$30.00	\$5.25
\$30.01 and above	See concert chart above

The Customer Convenience Charges at Outlets set forth above reflect a 2.77% cash discount currently in effect for cash purchases at Outlets. With respect to credit card purchases at Outlets, the Customer Convenience Charge set forth above shall be increased by 2.77% of the Ticket Price of the Ticket (with the explicit understanding that this formula for credit card Customer Convenience Charges at Outlets is being used solely for purposes of simplifying the calculation of the applicable charges, however, and that the amounts charged to Ticket purchasers are intended to reflect a discount for cash paid at Outlets; accordingly, Ticket purchasers first will be informed of the applicable credit card Customer Convenience Charge at

Outlets and then of the discount for cash payment, if applicable). The percentage rate set forth above is subject to change in the event that the interbank rates imposed on Ticketmaster are increased. On the first day of the third License Year and on the first day of every other License Year thereafter during the Term, the Customer Convenience Charges set forth above shall be automatically increased by \$0.25 per Ticket. Ticketmaster shall not increase the Customer Convenience Charges except as set forth in this Section.

4.2 Handling Charge. Ticketmaster shall be entitled to assess and receive from customers purchasing Tickets through Telephone Sales and Internet Sales in addition to the Ticket Price and in addition to the Customer Convenience Charge a per order Handling Charge in an amount determined by Ticketmaster but (i) the Handling Charge shall not exceed \$3.60 per order (but Ticketmaster may increase such limit in an amount equal to an increase in first class mail postal rates over the rates in effect on the date of this Agreement rounded up to the nearest \$0.05), and (ii) such Handling Charge and Customer Convenience Charge shall not exceed separately or in the aggregate the amount permitted by law.

4.3 Card Sales. The Authority hereby authorizes Ticketmaster to accept American Express, MasterCard, Visa, Discover and Diner's Club charges (and any other credit card which may hereafter be approved by Ticketmaster at rates set forth herein) in connection sales of Tickets purchased using such credit cards. Ticketmaster agrees to absorb the credit card company charge relative to the Customer Convenience Charge and Handling Charge. The Authority agrees that the credit card company charge relative to the Ticket Price of Tickets sold by Telephone Sales and Internet Sales shall be paid by adjusting the Customer Convenience Charge to include an amount equal to 2.50% of the Ticket Price of all Tickets purchased by such credit cards, provided that the Customer Convenience Charge will be rounded up to the nearest nickel. Such rate is subject to automatic increase due to increases to the interbank rates imposed on Ticketmaster.

4.4 Facility Box Office Pick-Ups. The Authority agrees to issue Tickets sold through Telephone Sales and through Internet Sales for pick-up by the purchaser at the Facility Box Office subject to such restrictions as to days and hours when the Facility Box Office will be open for such purpose and applicable procedures as the Authority may adopt. The Authority shall impose and use best efforts to enforce a policy requiring verification by photo identification (government issued) and the credit card used in the Ticket sales transaction. There shall not be any reduction in compensation due Ticketmaster on account of the Authority's issuance of such Tickets for pick-up by the purchaser. Notwithstanding the above, the Authority shall invoice Ticketmaster for the Authority's services in connection with the issuance of Tickets at the Facility Box office ("Pick-Up Fee"). The Pick-Up Fee shall be the same amount as the Handling Charge received (and not refunded) by Ticketmaster with respect to such Tickets. Ticketmaster shall remit the Pick-Up Fees owed to the Authority promptly after receipt of the Authority's invoice therefor.

4.5 Facility Box Office Sales. The Authority may use the TM System (i) to issue a reasonable number of House Seat Tickets and to effect sales of Tickets at the Facility Box Office through walk-up orders by purchasers at the Facility Box Office, to impose such charges against such purchasers as the Authority may elect and (ii) to issue Tickets from blocks of Tickets, or to

issue Tickets to Group Sales and Season/Contract Ticket sales, issued or sold as described in Paragraphs 2.3.2 and 2.3.3, and to impose such charges against such purchases as the Authority may elect. Ticketmaster shall not be entitled to any compensation with respect to such Tickets issued or sold by the Authority at the Facility Box Office.

4.6 No Guarantee of Sales. Neither Ticketmaster nor the Authority guarantee that any minimum or fixed number of Events will be held in the Facility or that any minimum or fixed number of Tickets will be sold through the TM System for any Event and no prior projection, analysis, or representation concerning the number or nature of Events or concerning the number of Tickets has been or shall be relied upon by either party.

4.7 Prohibition Against Dealings with Event Sponsors. Ticketmaster shall not assign to any Event Sponsor any part of Ticketmaster's compensation under this Agreement, or pay to any Event Sponsor any part of the compensation due Ticketmaster under this Agreement, or otherwise rebate or share with any Event Sponsor any part of such compensation, without the prior written consent of the Authority naming the Event Sponsor and the event or events to which such consent applies.

4.8 Ticketmaster AccessManager. Ticketmaster shall provide the Authority with the Ticketmaster AccessManager Hardware listed on Exhibit 1 and the related software thereto for use at the Facility. The Authority agrees to utilize and make Ticketmaster AccessManager available to the public at all times throughout the Term of this Agreement at the door(s) of the Facility for all Events for which Ticketmaster sells Tickets.

4.9 Ticketmaster TicketExchange. Ticketmaster shall enable Ticketmaster TicketExchange for mutually agreed Events in accordance with Ticketmaster's standard timing parameters for Ticketmaster TicketExchange transactions, and Ticketmaster shall provide sellers with the TicketExchange Seller Proceeds in accordance with Ticketmaster's terms and conditions provided on the TM.com Website. If applicable law requires the Authority's consent for sellers to sell Tickets in excess of the original purchase price, then the Authority consents to such sales in excess of the original purchase price of the Ticket and as designated by the seller, regardless of whether such amount is greater than limits that would be applicable without such consent. The Authority may terminate such consent upon five (5) days prior notice to Ticketmaster, provided that such termination will not be applicable to Tickets posted for sale before such termination becomes effective.

4.9.1 TicketExchange Fees. Ticketmaster shall be entitled to assess and receive TicketExchange Fees as authorized under this Agreement against buyers and sellers of Tickets via Ticketmaster TicketExchange. The amounts of the TicketExchange Fees shall initially be as set forth below.

Type of TicketExchange Fee	Amount of TicketExchange Fee
TicketExchange Seller Fee	10% of TicketExchange Posting Price per Ticket

TicketExchange Posting Fee	\$3.00 per order
TicketExchange Buyer Fee	10% of TicketExchange Posting Price per Ticket *
TicketExchange Processing Fee	\$5.00 per Ticket

*For mutually agreed Events, the TicketExchange Buyer Fee will be increased by 10% of the TicketExchange Posting Price increasing the total TicketExchange Buyer Fee to 20% of the TicketExchange Posting Price per Ticket. This 10% increase shall be defined as the "Promoter/Artist Bump".

The TicketExchange Posting Fee and the TicketExchange Processing Fee shall be automatically increased on the first day of each License Year by five percent (5%) of the TicketExchange Posting Fee and TicketExchange Processing Fee in effect during the prior License Year. No other increases to such fees shall be authorized except for those expressly authorized in this Article 4.9.1.

4.9.2 Credit Card Company Fees for Ticketmaster TicketExchange Transactions. The credit card company charges for Ticketmaster TicketExchange transactions shall initially be an amount equal to 3.5% of the TicketExchange Posting Price, TicketExchange Buyer Fee, TicketExchange Processing Fee and TicketExchange Taxes, which credit card company charge shall be deducted from the TicketExchange Fees. The credit card company rate set forth above is subject to automatic increase due to increases in interbank rates imposed on Ticketmaster. Notwithstanding anything to the contrary in the Agreement, Ticketmaster shall be responsible for any Chargebacks assessed by its merchant bank in connection with Ticketmaster TicketExchange transactions.

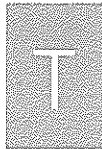
4.9.3 TicketExchange Taxes. Any applicable TicketExchange Taxes assessed against the seller in connection with a TicketExchange transaction shall be paid for by the seller, and any other applicable TicketExchange Taxes required in connection with a TicketExchange transaction shall be paid for by the buyer. Ticketmaster shall be responsible for calculating the TicketExchange Taxes and for remitting the TicketExchange Taxes to the taxing authority.

4.9.4 TicketExchange Fee Royalties. The Authority shall be entitled to receive TicketExchange Fee royalties ("TicketExchange Royalties") from Ticketmaster with respect to each TicketExchange Seller Fee, TicketExchange Posting Fee and TicketExchange Buyer Fee received (and not refunded) by Ticketmaster. The amounts of the TicketExchange Royalties are as set forth below.

<u>Type of TicketExchange Royalty</u>	<u>Amount of TicketExchange Royalty</u>
TicketExchange Seller Fee	10% of TicketExchange Seller Fee
TicketExchange Posting Fee	10% of TicketExchange Posting Fee

Ticketmaster TicketExchange

TRUSTED ONLINE MARKETPLACE FOR FANS TO BUY AND SELL TICKETS



ticketmaster TicketExchange offers fans a legitimate and secure forum for buying and selling tickets online and gives clients a stake in the thriving secondary ticket market. The total integration of TicketExchange with Ticketmaster systems provides you with a seamless solution for boosting revenue and overall fan satisfaction.

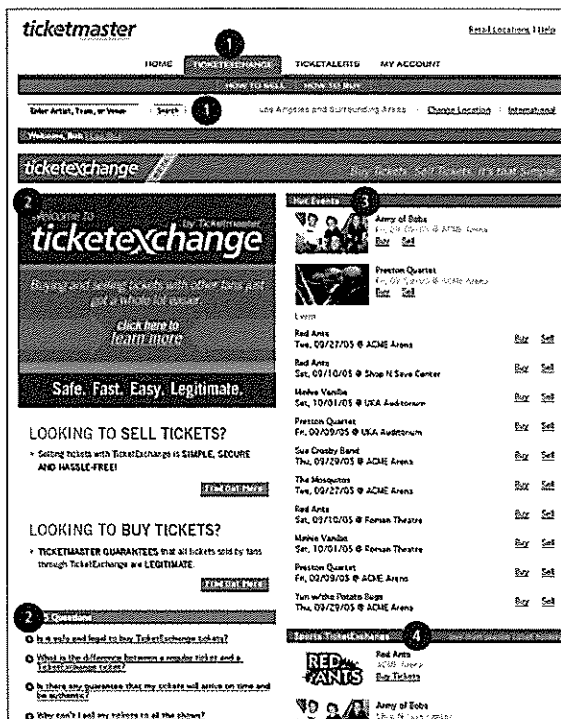
“ TicketExchange has provided a safe and ‘no hassle’ ticket resale method to our season ticket holders for the past three years. Now that TicketExchange will be available for all consumers and events, we are really looking forward to providing the same convenient service to our concert and single ticket buyers.

-Rick Welts, President and Chief Operating Officer, Phoenix Suns

Increase Revenue by Partaking in the Secondary Market

TicketExchange is a safe alternative to less convenient and potentially unreliable brokers and resale sites, providing you with an opportunity to drive significant secondary market activity back to you. TicketExchange maintains the price integrity of your events by preventing ticket postings at less than their onsale value, and enables complete control over which events and ticket types are eligible for resale.

- **Ensure higher attendance and per capita spending** by putting fans into potentially unoccupied seats
- **Capture last-minute revenue** by allowing fans to buy on TicketExchange up until the night before the event
- **Expand your marketing database** by easily obtaining valuable buyer data in real time
- **Establish repeat primary market buyers** by providing buyers with a safe and convenient way to sell tickets they cannot use

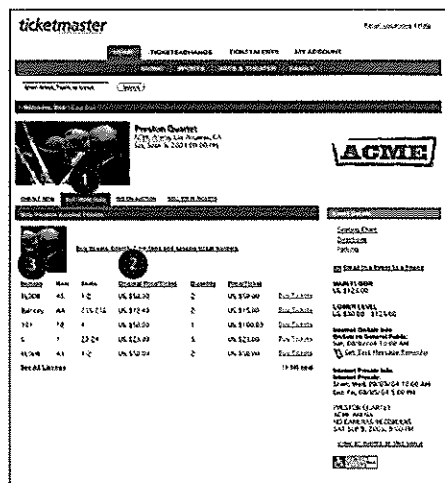


- 1 Buyers and sellers can access TicketExchange on ticketmaster.com by clicking on the tab or by using the standard search and browse feature
- 2 Flash tutorials and detailed FAQs provide instructions to consumers on how to buy and sell tickets
- 3 The “Hot Events” section displays the current high-demand events
- 4 Link to tickets posted by season ticket holders

Increase Fan Safety and Convenience

Since only Ticketmaster tickets may be posted on TicketExchange, buyers are guaranteed authenticity and exact seat locations. When a ticket is sold, the original barcode is cancelled and a new one is issued, eliminating the possibility of counterfeiting. TicketFast® enables immediate email delivery of purchased tickets, saving your customers the time and trouble of coordinating transactions. If preferred, UPS is also available as a delivery option.

TicketExchange also uses built-in pricing regulations based on the locations of the seller and the event in order to ensure compliance with state laws that set the maximum allowable resale price per ticket.



- 1 "Buy From Fans" tab displays tickets posted for sale by fans
- 2 Original ticket price displayed to provide cost transparency to buyers and encourage sellers to price fairly
- 3 TicketExchange buyers are guaranteed exact seat location

Benefit from an Integrated Solution and Local Support

TicketExchange is fully integrated with ticketmaster.com, reinforcing the Event Detail Page as the online destination for fans to buy tickets and encouraging them to check available primary market inventory first. All ticket activity is also tracked in customer's My Account, including past purchases and sales.

- Enable immediate email ticket delivery with ticketFast
- Verify ticket authenticity via AccessManager's barcoding technology
- Track performance with built-in reporting capabilities
- Receive hands-on support from local, regional and national specialists

Frequently Asked Questions

What makes TicketExchange different from other secondary market options and why should I participate?

TicketExchange is the only resale solution that can assure ticket legitimacy and exact seat location for your customers. Additionally, unlike other secondary market options, it is the only product on the market that drives consumers to both your primary and secondary market inventory on one trusted site, encouraging users to check primary market tickets first.

Will TicketExchange impact my primary ticket sales?

Ticketmaster's independent research reveals that buyers turn to the secondary market only when they can't find the tickets they want in the primary market. TicketExchange enables you to capture some of the sales revenue from this select group of buyers, who will otherwise go elsewhere to find their tickets.

FEATURES

For the Client

- Integrated compliance with state laws
- Ticketmaster's standard reporting capabilities
- Buyer database capture for targeted marketing
- Customizable event resale controls
- Marketing support

For the Consumer

- Safe and secure ticket resale forum
- Guaranteed legitimate ticket with exact seat location via barcode technology
- Convenience of My Account to manage all ticket activity
- Access to listings directly from the Event Detail Page on ticketmaster.com
- Delivery via ticketFast or UPS

SALES CONTACT

For more information on TicketExchange send an email to:
productsales@ticketmaster.com
 or contact your local Ticketmaster representative.

The Truth Behind Concert Sell-Outs

During the Hannah Montana/Miley Cyrus concert tour in 2007, several venues were declared “sold out”. As a result of an agreement reached between Missouri Attorney General Jay Nixon and Ticketmaster, an additional 1,042 General Admission (GA) seats/tickets that were not previously made available, were placed on sale by Ticketmaster. The following chart illustrates how seats are distributed during the ticket sales cycle, the “actual” number of seats that are available to the general public, and how additional seats/ tickets have become available through the primary market after the event has been declared “sold out”.

Case Study

Hannah Montana/Miley Cyrus Concert

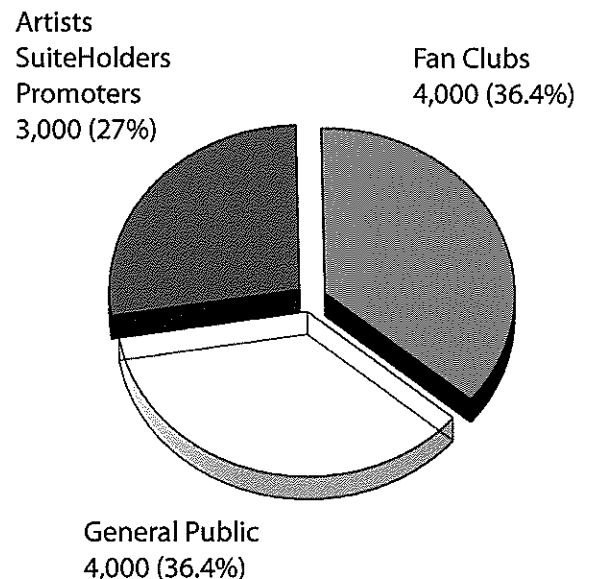
Sprint Center, Kansas City, Missouri

December 3, 2007 – Seat Details

Ticket Release Distribution

Total Seating Capacity at Venue	18,500	100% (total)
Seats lost to stage design/other	7,500	40.5%
Total Concert Seats	11,000	100% (subtotal)
Artists/Suite holders/Promoters	3,000	27.3%*
Ticketmaster	8,000	72.7%*
(a) Fan clubs	4,000	36.4%*
(b) General Public	4,000	36.4%*

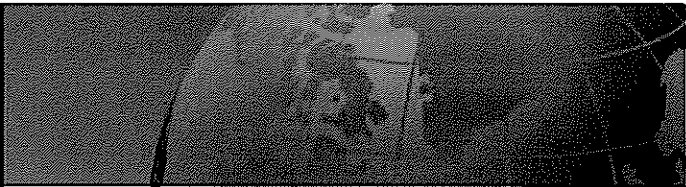
*= percentage (%) figure based on 11,000 subtotal



Sources:

www.KansasCity.com

<http://www.buddytv.com/articles/hannah-montana/city-council-investigates-hann-11428.aspx>



Jobs Created by Secondary Ticketing Industry in the United States

Industry estimates show that the average broker firm employs 3-5 people. The following data is based on registered brokers on the TicketNetwork Exchange.

State	# Jobs Created by Secondary Ticketing Industry
Alaska	3-5
Alabama	45-75
Arkansas	9-15
Arizona	159-265
California	1383-2305
Colorado	108-180
Connecticut	300-500
District of Columbia	3-5
Delaware	36-60
Florida	648-1080
Georgia	258-430
Hawaii	3-5
Iowa	15-25
Illinois	717-1195
Indiana	135-225
Kansas	36-60
Kentucky	39-65
Louisiana	30-50
Massachusetts	495-825
Maryland	150-250
Maine	21-35
Michigan	171-285
Minnesota	99-165
Missouri	126-210
Mississippi	15-25

State	# Jobs Created by Secondary Ticketing Industry
Montana	3-5
North Carolina	186-310
North Dakota	0-0
Nebraska	60-100
New Hampshire	87-145
New Jersey	618-1030
New Mexico	6-10
Nevada	207-345
New York	1131-1885
Ohio	273-455
Oklahoma	24-40
Oregon	51-85
Pennsylvania	300-500
Rhode Island	30-50
South Carolina	54-90
South Dakota	3-5
Tennessee	105-175
Texas	663-1105
Utah	48-80
Virginia	174-290
Vermont	12-20
Washington	102-170
Wisconsin	90-150
West Virginia	9-15
Wyoming	0-0