

NOTICE OF ACCEPTANCE OF FINAL UNDERTAKINGS

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

Notice of acceptance of final undertakings under section 82 of and Schedule 10 to the Enterprise Act 2002.

Introduction

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

Notice of acceptance of final undertakings

4. On 9 February the CC gave notice of its proposal to accept final undertakings (the undertakings) from LN-Gaiety and Live Nation and provided an opportunity for representations to be made in relation to the undertakings.
5. No representations have been received in response to the notice but the CC has made a minor change to the definition of 'interest' in the undertakings which it does not consider to be material in any respect.
6. On 21 February 2007, LN-Gaiety and Live Nation gave the undertakings to the CC.

7. The CC, under section 82 of the Act, accepts the undertakings a copy of which is set out in the attached annex. The reference has now been finally determined and the undertakings come into force accordingly.

A handwritten signature in black ink, appearing to read 'Diana Guy', with a stylized, cursive script.

DIANA GUY
Group Chairman
22 February 2007

Undertakings given to the Competition Commission by LN-Gaiety Holdings Limited (LN-Gaiety) and Live Nation (Music) UK Limited (Live Nation)

On 21 August 2006, the Office of Fair Trading referred the proposed acquisition of a controlling interest in Academy Music Holdings Limited (Academy) by LN-Gaiety (at the time of the reference and until 25 October 2006 known as Hamsard 2786 Limited) to the Competition Commission (CC) for investigation and report under section 33(1) of the Enterprise Act 2002 (the Act).

On 23 January 2007 the CC published its report: *Hamsard and Academy Music: a report on the proposed acquisition of a controlling interest in Academy Music Holdings Limited by Hamsard 2786 Limited* (the report).

The report concluded that:

- (a) the proposed acquisition would result in the creation of a relevant merger situation;
- (b) the creation of that situation might be expected to lead to a substantial lessening of competition (SLC) as a result of the loss of rivalry between the Hammersmith Apollo and the Brixton Academy, between the Shepherd's Bush Empire and the Astoria, and between the Shepherd's Bush Empire and the Forum;
- (c) the CC should take action to remedy the SLC and the adverse effects flowing from it; and
- (d) undertakings should be required to be given to the CC by LN-Gaiety and Live Nation to give effect to the remedies identified by the CC in paragraphs 7.62 to 7.65 of the report.

LN-Gaiety and Live Nation give the following undertakings to the CC under section 82 of the Act.

1. Interpretation

(1) In these undertakings—

'Academy' means Academy Music Holdings Ltd of 201-211 Stockwell Road, London SW9 9SL (Company number 5141419);

'the Act' means the Enterprise Act 2002;

'Brixton Academy' means the live music venue business of the Brixton Academy at 201-211 Stockwell Road, London SW9 9SL;

'Commencement Date' means the date set out in Clause 2 below;

'Forum' means the live music venue business of The Forum at 9-17 Highgate Road, London NW5 1JY;

'Hammersmith Apollo' means the live music venue business of The Hammersmith Apollo, at 47 Queen Caroline Street, London W6 9QH;

'Interest' means any interest conferring control or material influence over a relevant venue, its management or its operations;

'LN-Gaiety' means LN-Gaiety Holdings Limited (Company number 05322257), whose registered office is 35/36 Grosvenor Street, London W1K 4QX;

'Live Nation' means Live Nation (Music) UK Limited whose registered office is 35/36 Grosvenor Street, London W1K 4QX;

'LN-Gaiety/Live Nation' means LN-Gaiety and Live Nation;

'OFT' means the Office of Fair Trading;

'RJD' means RJD Partners Limited whose registered office is 55 Gracechurch Street, London EC3V 0UF;

'SBE' means the live music venue business of The Shepherds Bush Empire at Rockwood Place, London W12 8TT;

'subsidiary' has the meaning given to it in section 736 of the Companies Act 1985 as amended;

'the relevant venues' means:

(a) either the Brixton Academy or the Hammersmith Apollo, and

(b) either the SBE or the Forum;

and references to 'a relevant venue' or 'the relevant venue' are to one of the relevant venues.

- (2) Except where terms are expressly defined otherwise, the Interpretation Act 1875 shall apply to these undertakings as they would do to an Act of Parliament.

2. Commencement

- (1) The obligations in these Undertakings shall come into force on 21 February 2007.

3. LN-Gaiety/Live Nation's principal undertakings

- (1) LN-Gaiety/Live Nation undertakes that it will not without the prior approval of the CC, directly or indirectly, seek to acquire any interest owned by RJD in Academy and conferring an Interest in the Brixton Academy and/or in the SBE unless and until it has entered in to a legally binding arrangement or arrangements approved by the CC with a purchaser or purchasers approved by the CC for the disposal of the relevant venues.

- (2) For the purposes of this paragraph a legally binding arrangement does not include:

(a) a sale and leaseback arrangement;

(b) a sub-leasing arrangement; and

(c) any other arrangement under which LN-Gaiety/Live Nation retains an Interest.

- (3) LN-Gaiety/Live Nation undertakes that it will not acquire any Interest in a relevant venue which has been disposed of in accordance with these undertakings, without the prior written consent of the OFT.

4. LN-Gaiety/Live Nation's secondary undertakings

- (1) To the extent required to do so by the purchaser, LN-Gaiety/Live Nation undertakes to include in the disposal of the relevant venues:
 - (a) the staff (if any) at the relevant venues carrying out management and booking functions; and
 - (b) customer and supplier contact lists for the relevant venues.
- (2) To the extent required to do so by the purchaser, LN-Gaiety/Live Nation undertakes to use its reasonable endeavours:
 - (a) with respect to any sponsorship arrangements to which LN-Gaiety/Live Nation is party and which extend to the relevant venues, to procure that the sponsor will offer to enter into a sponsorship arrangement with the purchaser(s) as regards the relevant venues conferring benefits comparable to those arising under the existing sponsorship arrangements; and
 - (b) to facilitate the transfer to the purchaser(s) of customer and supplier contracts.
- (3) LN-Gaiety/Live Nation undertakes that it will only acquire an interest owned by RJD in Academy and conferring an Interest in the Brixton Academy and/or in the SBE, if, in the interim period between the Commencement Date and the date LN-Gaiety/Live Nation disposes of any of the relevant venues pursuant to Clause 3(1) above, that LN-Gaiety/Live Nation has or has procured that:
 - (a) the Hammersmith Apollo and/or the Forum are maintained as going concerns;
 - (b) the Hammersmith Apollo and/or the Forum are operated in the ordinary course of business and in accordance with past practice;
 - (c) there are no increases in rental rates;
 - (d) there are no changes in ownership other than those permitted by these undertakings;
 - (e) the assets employed, together with any ancillary services, are preserved;
 - (f) all reasonable steps are taken to preserve relationships with suppliers, sponsors, customers, employees (subject to LN-Gaiety/Live Nation's normal employment practices); and
 - (g) no steps are taken which would jeopardize, delay or impede the sale of the appropriate venues.
- (4) LN-Gaiety/Live Nation undertakes to comply with such written directions as the CC or the OFT may from time to time give to take such steps within their competence for the purpose of carrying out or securing compliance with these undertakings.

5. The CC's Consent

- (1) LN-Gaiety/Live Nation undertakes to obtain the prior approval and consent of the CC to:
 - (a) any proposed purchaser of a relevant venue; and
 - (b) any proposed legally binding arrangement for the purchase of a relevant venue.

- (2) LN-Gaiety/LN accepts that the CC shall have regard to the criteria set out in paragraphs 7.34 to 7.36 of the report in deciding who is a suitable purchaser.
- (3) LN-Gaiety/Live Nation undertakes that it will not knowingly withhold disclosure of any fact and matter which is relevant to anything which requires the CC's approval or consent and LN-Gaiety/Live Nation undertake to use all reasonable endeavours to make itself aware of any such fact or matter.

6. Provision of information to the CC and OFT

- (1) LN-Gaiety/Live Nation undertakes that it shall promptly provide to the CC such information as the CC may require for the purpose of performing any of its functions under these undertakings or under sections 82, 83 and 94(7) of the Act.
- (2) LN-Gaiety/Live Nation undertakes that it shall promptly provide to the OFT such information as the OFT may require for the purpose of performing any of its functions under these undertakings or under sections 92, 93(6) and 94(6) of the Act.

7. Subsidiaries

- (1) LN-Gaiety/Live Nation undertakes to procure that its subsidiaries comply with these undertakings as if they had been given by those subsidiaries.

8. Termination

- (1) LN-Gaiety/Live Nation accepts that these Undertakings shall be in force until such time as they are varied, released or superseded under the Act.
- (2) LN-Gaiety/Live Nation accepts that the variation, release or supersession of the undertakings shall not affect the validity and enforceability of any rights or obligations that arose prior to such variation, release or supersession.

Signed by duly authorised signatories

FOR AND ON BEHALF OF LIVE NATION (MUSIC) UK LIMITED


 Signature
 S DOUGLAS
 Name
 DIRECTOR
 Title
 21/2/07
 Date

FOR AND ON BEHALF OF LN-GAIETY HOLDINGS LIMITED

..... Signature
S DOUGLAS Name
DIRECTOR Title
2/2/07 Date