Live Nation Entertainment, Inc.
Form 10-Q
May 10, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012,

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-32601

LIVE NATION ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-3247759**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

9348 Civic Center Drive

Beverly Hills, CA 90210

(Address of principal executive offices, including zip code)

(310) 867-7000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

On May 3, 2012, there were 190,241,133 outstanding shares of the registrant s common stock, $0.01 par value per share, including 3,368,720 shares of unvested restricted stock awards and excluding 96,514 shares held in treasury.

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LIVE NATION ENTERTAINMENT, INC.

GLOSSARY OF KEY TERMS

AMG	Academy Music Holdings Limited Group
AOI	Adjusted operating income (loss)
Azoff Trust	The Azoff Family Trust of 1997, of which Irving Azoff is co-Trustee
BigChampagne	BigChampagne, LLC
Cablevision	Cablevision Systems Corporation
Clear Channel	Clear Channel Communications, Inc.
Company	Live Nation Entertainment, Inc. and subsidiaries
CTS	CTS Eventim AG
FASB	Financial Accounting Standards Board
FLMG	FLMG Holdings Corp., a wholly-owned subsidiary of Live Nation
Front Line	Front Line Management Group, Inc.
GAAP	United States Generally Accepted Accounting Principles
Liberty Media	Liberty Media Corporation
Live Nation	Live Nation Entertainment, Inc., formerly known as Live Nation, Inc., and subsidiaries
Merger	Merger between Live Nation, Inc. and Ticketmaster Entertainment, Inc. announced in February 2009 and consummated in January 2010
Merger Agreement	Agreement and Plan of Merger, dated February 10, 2009 and consummated on January 25, 2010, between Live Nation, Inc. and Ticketmaster Entertainment, Inc.
MSG	The Madison Square Garden Company
SEC	United States Securities and Exchange Commission
Separation	The contribution and transfer by Clear Channel of substantially all of its entertainment assets and liabilities to Live Nation
Serviticket	Serviticket, S.A.
TGLP	Ticketmaster Group Limited Partnership
Ticketmaster	For periods prior to May 6, 2010, Ticketmaster means Ticketmaster Entertainment LLC and its predecessor companies (including without limitation Ticketmaster Entertainment, Inc.); for periods on and after May 6, 2010, Ticketmaster means the Ticketmaster ticketing business of the Company
TicketsNow	TNow Entertainment Group, Inc.
T-Shirt Printers	T-Shirt Printers Pty. Limited
Vector	Vector Management LLC and Vector West LLC

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

LIVE NATION ENTERTAINMENT, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2012 (unaudited)	December 31, 2011 (audited)
	(in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,071,412	$ 844,253
Accounts receivable, less allowance of $15,049 as of March 31, 2012 and $16,986 as of December 31, 2011	421,919	389,346
Prepaid expenses	504,463	316,491
Other current assets	35,015	26,700
Total current assets	2,032,809	1,576,790
Property, plant and equipment		
Land, buildings and improvements	853,059	851,812
Computer equipment and capitalized software	272,088	261,475
Furniture and other equipment	176,447	172,250
Construction in progress	69,013	60,652
	1,370,607	1,346,189
Less accumulated depreciation	655,732	626,053
	714,875	720,136
Intangible assets		
Definite-lived intangible assets, net	846,147	873,712
Indefinite-lived intangible assets	377,465	377,160
Goodwill	1,277,732	1,257,644
Investments in nonconsolidated affiliates	60,118	55,796
Other long-term assets	240,593	226,533
Total assets	$ 5,549,739	$ 5,087,771
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable, client accounts	$ 568,419	$ 473,956
Accounts payable	109,776	87,627
Accrued expenses	549,815	579,566
Deferred revenue	713,989	273,536
Current portion of long-term debt	51,218	52,632
Other current liabilities	19,536	25,236
Total current liabilities	2,012,753	1,492,553
Long-term debt, net	1,662,167	1,663,056
Long-term deferred income taxes	177,433	186,298
Other long-term liabilities	113,068	120,693
Commitments and contingent liabilities (Note 5)		

Redeemable noncontrolling interests	8,824	8,277
Stockholders equity		
Common stock	1,869	1,868
Additional paid-in capital	2,248,130	2,243,587
Accumulated deficit	(814,341)	(745,191)
Cost of shares held in treasury	(475)	(2,787)
Accumulated other comprehensive loss	(11,056)	(36,374)
Total Live Nation Entertainment, Inc. stockholders equity	1,424,127	1,461,103
Noncontrolling interests	151,367	155,791
Total stockholders equity	1,575,494	1,616,894
Total liabilities and stockholders equity	$ 5,549,739	$ 5,087,771

See Notes to Consolidated Financial Statements

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LIVE NATION ENTERTAINMENT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
	(in thousands except share and per share data)	
Revenue	$ 867,997	$ 849,409
Operating expenses:		
Direct operating expenses	538,714	547,124
Selling, general and administrative expenses	268,135	272,969
Depreciation and amortization	79,713	77,481
Loss (gain) on sale of operating assets	(288)	1,295
Corporate expenses	23,217	21,036
Acquisition transaction expenses	1,309	1,665
Operating loss	(42,803)	(72,161)
Interest expense	29,710	29,229
Interest income	(900)	(527)
Equity in earnings of nonconsolidated affiliates	(3,881)	(994)
Other income net	(1,782)	(585)
Loss before income taxes	(65,950)	(99,284)
Income tax expense (benefit)	4,278	(44,942)
Net loss	(70,228)	(54,342)
Net loss attributable to noncontrolling interests	(1,078)	(5,882)
Net loss attributable to Live Nation Entertainment, Inc.	$ (69,150)	$ (48,460)
Basic and diluted net loss per common share attributable to common stockholders of Live Nation Entertainment, Inc.	$ (0.37)	$ (0.27)
Weighted average common shares outstanding:		
Basic and diluted	186,521,520	176,292,809

See Notes to Consolidated Financial Statements

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LIVE NATION ENTERTAINMENT, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
	(in thousands)	
Net loss	$ (70,228)	$ (54,342)
Other comprehensive income (loss), net of tax:		
Unrealized loss on cash flow hedges	(5)	(44)
Change in funded status of defined benefit pension plan	-	(24)
Foreign currency translation adjustments	25,323	45,515
Comprehensive loss	(44,910)	(8,895)
Comprehensive loss attributable to noncontrolling interests	(1,078)	(5,882)
Comprehensive loss attributable to Live Nation Entertainment, Inc.	$ (43,832)	$ (3,013)

See Notes to Consolidated Financial Statements

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LIVE NATION ENTERTAINMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended March 31, 2012	2011
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (70,228)	$ (54,342)
Reconciling items:		
Depreciation	28,936	28,947
Amortization	50,777	48,534
Deferred income tax benefit	(3,605)	(31,341)
Amortization of debt issuance costs and discount/premium, net	3,403	3,176
Non-cash compensation expense	8,979	24,707
Unrealized changes in fair value of contingent consideration	157	(4,581)
Loss (gain) on sale of operating assets	(288)	1,295
Equity in earnings of nonconsolidated affiliates	(3,881)	(994)
Other, net	(50)	315
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Increase in accounts receivable	(26,374)	(48,414)
Increase in prepaid expenses	(181,927)	(78,273)
Increase in other assets	(29,215)	(36,744)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	54,787	(22,074)
Increase in deferred revenue	433,301	297,557
Net cash provided by operating activities	264,772	127,768
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections and advances of notes receivable	544	(459)
Distributions from nonconsolidated affiliates	540	340
Investments made in nonconsolidated affiliates	(864)	(486)
Purchases of property, plant and equipment	(28,017)	(18,211)
Proceeds from disposal of operating assets, net of cash divested	5,648	2,684
Cash paid for acquisitions, net of cash acquired	-	(7,289)
Purchases of intangible assets	(10,002)	(107)
Increase in other, net	(19)	(664)
Net cash used in investing activities	(32,170)	(24,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of debt issuance costs	29,587	(756)
Payments on long-term debt	(36,844)	(5,567)
Contributions from noncontrolling interests	130	-
Distributions to and purchases/sales of noncontrolling interests	(3,226)	(48,579)
Proceeds from exercise of stock options	408	1,003
Proceeds from sale of common stock	-	18,836
Payments for deferred and contingent consideration	(10,585)	(10,307)
Net cash used in financing activities	(20,530)	(45,370)
Effect of exchange rate changes on cash and cash equivalents	15,087	36,222
Net increase in cash and cash equivalents	227,159	94,428

Cash and cash equivalents at beginning of period	844,253	892,758
Cash and cash equivalents at end of period	$ 1,071,412	$ 987,186

See Notes to Consolidated Financial Statements

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LIVE NATION ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRESENTATION

Preparation of Interim Financial Statements

The interim consolidated financial statements included in this report are unaudited; however in the opinion of management, they include all normal and recurring accruals and adjustments necessary to present fairly the results of the interim periods shown. Certain financial presentations and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted.

The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s 2011 Annual Report on Form 10-K filed with the SEC on February 24, 2012.

Seasonality

Due to the seasonal nature of shows at outdoor amphitheaters and festivals, which primarily occur May through September, the Company experiences higher revenue for the Concerts segment during the second and third quarters. The Artist Nation segment s revenue is impacted, to a large degree, by the touring schedules of artists it represents. Generally, the Company experiences higher revenue in this segment during the second and third quarters as the period from May through September tends to be a popular time for touring events. The Ticketing segment s sales are impacted by fluctuations in the availability of events for sale to the public, which vary depending upon scheduling by its clients. The Company s seasonality also results in higher balances in cash and cash equivalents, accounts receivable, prepaid expenses, accrued expenses and deferred revenue at different times in the year. Therefore, the results to date are not necessarily indicative of the results expected for the full year.

Recently Adopted Pronouncements

In May 2011, the FASB issued guidance that improves comparability of fair value measurements presented and disclosed in financial statements. This guidance clarifies the application of existing fair value measurement requirements including (1) the application of the highest and best use and valuation premise concepts, (2) measuring the fair value of an instrument classified in a reporting entity s stockholders equity, and (3) quantitative information required for fair value measurements categorized within Level 3. It also requires additional disclosure for Level 3 measurements regarding the sensitivity of the fair value to changes in unobservable inputs and any interrelationships between those inputs. The Company adopted this guidance on January 1, 2012 and the adoption of this guidance did not have a material effect on its financial position or results of operations.

NOTE 2 LONG-LIVED ASSETS

Definite-lived Intangible Assets

The Company has definite-lived intangible assets which are amortized over the shorter of either the lives of the respective agreements or the period of time the assets are expected to contribute to the Company s future cash flows. The amortization is recognized on either a straight-line or expected cash flows basis.

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The following table presents the changes in the gross carrying amount and accumulated amortization of definite-lived intangible assets for the three months ended March 31, 2012:

	Revenue-generating contracts	Client / vendor relationships	Non-compete agreements	Venue management and leaseholds	Technology	Trademarks and naming rights	Other	Total
				(in thousands)				
Balance as of December 31, 2011:								
Gross carrying amount	$ 542,426	$ 330,575	$ 171,765	$ 116,772	$ 103,337	$ 24,517	$ 6,426	$ 1,295,818
Accumulated amortization	(170,889)	(66,548)	(93,464)	(39,017)	(31,812)	(16,202)	(4,174)	(422,106)
Net	371,537	264,027	78,301	77,755	71,525	8,315	2,252	873,712
Gross carrying amount								
Acquisitions	8,688	1,837	-	-	(2,586)	-	-	7,939
Foreign exchange	4,976	11	171	1,281	596	306	25	7,366
	13,664	1,848	171	1,281	(1,990)	306	25	15,305
Accumulated amortization:								
Amortization expense	(14,569)	(10,607)	(6,614)	(2,192)	(5,260)	(579)	(112)	(39,933)
Foreign exchange	(2,396)	(7)	146	(312)	(176)	(177)	(15)	(2,937)
	(16,965)	(10,614)	(6,468)	(2,504)	(5,436)	(756)	(127)	(42,870)
Balance as of March 31, 2012:								
Gross carrying amount	556,090	332,423	171,936	118,053	101,347	24,823	6,451	1,311,123
Accumulated amortization	(187,854)	(77,162)	(99,932)	(41,521)	(37,248)	(16,958)	(4,301)	(464,976)
Net	$ 368,236	$ 255,261	$ 72,004	$ 76,532	$ 64,099	$ 7,865	$ 2,150	$ 846,147

During 2012, the Company recorded definite-lived intangible assets totaling $7.9 million, primarily related to revenue-generating contracts associated with the acquisition of the rights to a festival held in Europe.

The 2012 additions to definite-lived intangible assets have weighted average lives as follows:

	Weighted Average Life (years)
Revenue-generating contracts	15
Client/vendor relationships	7
Technology	7
All categories	13

Amortization expense from definite-lived intangible assets for the three months ended March 31, 2012 and 2011 was $39.9 million and $41.0 million, respectively.

For the three months ended March 31, 2012 and 2011, the Company recorded amortization expense related to nonrecoupable ticketing contract advances of $10.8 million and $7.5 million, respectively.

As acquisitions and dispositions occur in the future, amortization expense may vary.

Goodwill

In 2011, the Company s reportable segments were Concerts, Ticketing, Artist Nation, eCommerce and Sponsorship. Beginning in 2012, the Company will no longer present eCommerce as a reportable segment and has changed the name of its Sponsorship segment to Sponsorship & Advertising. This change was made to be consistent with how the four key components of the business are now being managed. The Company has included the business reported in the eCommerce segment in the prior year between the Ticketing and Sponsorship & Advertising segments. As a result of this change, the goodwill previously associated with the eCommerce reporting unit has been reallocated to the reporting units that make up the Ticketing and Sponsorship & Advertising segments utilizing a fair value approach. When reallocating goodwill as part of a reorganization, the Company allocates goodwill based on the relative fair values similar to that used when a portion of a reporting unit is disposed of. The Company believes a common method used to determine the fair value of a business in its industry is a multiple of AOI. For the period presented, the Company reallocated the goodwill associated with the

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eCommerce segment using the relative fair values of the business being allocated to the Ticketing and Sponsorship & Advertising segments as a percentage of the total eCommerce segment AOI. Based on this fair value allocation, the goodwill from eCommerce is being allocated to the Ticketing and Sponsorship & Advertising segments. Goodwill related to specific acquisitions was attributed to the respective new reporting units directly (specific allocation).

The following table presents the changes in the carrying amount of goodwill in each of the Company s segments for the three months ended March 31, 2012:

	Concerts	Ticketing	Artist Nation	eCommerce	Sponsorship & Advertising	Other	Total
				(in thousands)			
Balance as of December 31, 2011							
Goodwill	$ 387,188	$ 577,131	$ 262,158	$ 224,562	$ 76,507	$ 13,037	$ 1,540,583
Accumulated impairment losses	(269,902)	-	-	-	-	(13,037)	(282,939)
	117,286	577,131	262,158	224,562	76,507	-	1,257,644
Recast balances (1):							
Fair Value Approach	-	47,086	-	(214,927)	167,841	-	-
Specific allocation		9,635		(9,635)			-
Recast Balance as of January 1, 2012:							
Goodwill	387,188	633,852	262,158	-	244,348	13,037	1,540,583
Accumulated impairment losses	(269,902)	-	-	-	-	(13,037)	(282,939)
	117,286	633,852	262,158	-	244,348	-	1,257,644
Acquisitions - prior year	-	2,380	(735)	-	-	-	1,645
Foreign exchange	9,324	(751)	(33)	-	9,903	-	18,443
Balance as of March 31, 2012:							
Goodwill	396,512	635,481	261,390	-	254,251	13,037	1,560,671
Accumulated impairment losses	(269,902)	-	-	-	-	(13,037)	(282,939)
	$ 126,610	$ 635,481	$ 261,390	$ -	$ 254,251	$ -	$ 1,277,732

(1) The beginning balance for the eCommerce segment has been recast to allocate goodwill to the Ticketing and Sponsorship & Advertising segments. The total consolidated amount remains unchanged.

Long-lived Asset Disposals

In January 2012, the Company completed the sale of an amphitheater in Ohio. In January 2011, the Company sold its 50% controlling interest in an artist management company.

The table below summarizes the asset and liability values at the time of disposal and the resulting loss or gain recorded.

Divested Asset	Segment	Gain (Loss) on Sale	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
			(in thousands)			
2012 Divestiture						

Ohio Amphitheater	Concerts	$	444	$	-	$	5,400	$	444	$	-
2011 Divestiture											
Artist management company	Artist Nation	$	(1,264)	$	3	$	4,153	$	119	$	-

Certain agreements relating to disposals of businesses provide for future contingent consideration based on the financial performance of the businesses sold. The Company will record additional amounts related to such contingent consideration, with a corresponding adjustment to gain (loss) on sale of operating assets, if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these contingent considerations, if all existing performance targets are met, would not significantly impact the results of operations of the Company. The last contingency period for which the Company has outstanding contingent consideration is for the year ended December 31, 2013.

NOTE 3 DERIVATIVE INSTRUMENTS

The Company primarily uses forward currency contracts and options to reduce its exposure to foreign currency risk associated with short-term artist fee commitments. The Company also enters into forward currency contracts to minimize the risks and/or costs associated with changes in foreign currency rates on forecasted operating income and short-term intercompany loans. At March 31, 2012 and December 31, 2011, the Company had forward currency contracts and options outstanding with notional amounts of $201.1 million and $32.5 million, respectively. These instruments have not been designated as hedging instruments and any change in fair value is reported in earnings during the period of the change. The Company s foreign currency derivative activity, including the related fair values, are not material to any period presented.

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Additionally, the Company has entered into certain interest rate swaps and cap agreements to limit its exposure to variable interest rates, related to portions of the Company s outstanding debt, some of which have been designated as cash flow hedges. At March 31, 2012 and December 31, 2011, the Company had interest rate swaps and cap agreements outstanding with notional amounts of $129.2 million and $131.0 million, respectively. The Company s interest rate swaps and caps activity, including the related fair values, are not material to any period presented.

As of March 31, 2012 and December 31, 2011, there is no ineffective portion or amount excluded from effectiveness testing for derivatives designated as cash flow hedging instruments.

The Company s 2.875% convertible senior notes issued in July 2007 include certain provisions which are bifurcated from the notes and accounted for as derivative instruments. At the date of issuance and as of March 31, 2012 and December 31, 2011, the fair value of these provisions was considered to be de minimis.

The Company does not enter into derivative instruments for speculation or trading purposes and does not anticipate any significant recognition of derivative activity through the income statement in the future related to the instruments currently held. See Note 4 Fair Value Measurements for further discussion and disclosure of the fair values for the Company s derivative instruments.

NOTE 4 FAIR VALUE MEASUREMENTS

The Company currently has various financial instruments carried at fair value, such as marketable securities, derivatives and contingent consideration, but does not currently have nonfinancial assets and nonfinancial liabilities that are required to be measured at fair value on a recurring basis. The Company s financial assets and liabilities are measured using inputs from all levels of the fair value hierarchy as defined in the FASB guidance for fair values. For this categorization, only inputs that are significant to the fair value are considered. The three levels are defined as follows:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.) and inputs that are derived principally from or corroborated by observable market data by correlation or other means (i.e., market corroborated inputs).

Level 3 Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company s own data.

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company s financial assets and liabilities that are required to be measured at fair value on a recurring basis, as of March 31, 2012 and December 31, 2011, which are classified on the balance sheets as cash and cash equivalents, other current assets, other long-term assets, other current liabilities and other long-term liabilities:

	Fair Value Measurements at March 31, 2012				Fair Value Measurements at December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	(in thousands)				*(in thousands)*			
Assets:								
Cash equivalents	$ 228,760	$ -	$ -	$ 228,760	$ 138,537	$ -	$ -	$ 138,537
Forward currency contracts	-	-	-	-	-	355	-	355
Interest rate cap	-	2	-	2	-	7	-	7
Stock options	-	-	1,698	1,698	-	-	1,060	1,060
Total	$ 228,760	$ 2	$ 1,698	$ 230,460	$ 138,537	$ 362	$ 1,060	$ 139,959
Liabilities:								
Interest rate swaps	$ -	$ 2,971	$ -	$ 2,971	$ -	$ 3,037	$ -	$ 3,037

Forward currency contracts	-	1,810	-	1,810	-	-	-	-
Contingent consideration	-	-	7,769	7,769	-	-	8,363	8,363
Total	$ -	$ 4,781	$ 7,769	$ 12,550	$ -	$ 3,037	$ 8,363	$ 11,400

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Cash equivalents consist of money market funds. Fair values for cash equivalents are based on quoted prices in an active market. Fair values for forward currency contracts are based on observable market transactions of spot and forward rates. Fair values for the interest rate swaps and the interest rate cap are based on inputs corroborated by observable market data with similar tenors.

The Company has certain contingent consideration obligations for those acquisitions that occurred after December 31, 2008, which are measured at fair value using Level 3 inputs. The amounts due to the sellers are based on the achievement of agreed-upon financial performance metrics by the acquired companies where the contingent obligation is either earned or not earned. The Company records the liability at the time of the acquisition based on management s best estimates of the future results of the acquired companies compared to the agreed-upon metrics. The most significant estimate involved in the measurement process is the projection of future results of the acquired companies. The Company uses an implied probability method, which is based on one set of projections as its best estimate of future results of the acquired companies and, as a result, the Company does not develop a range of outcomes. By comparing these estimates to the agreed-upon metrics, the Company estimates the amount, if any, anticipated to be paid to the seller at a future date. For obligations payable at a date greater than twelve months from the acquisition date, the Company applies a discount rate to present value the estimated obligations. The discount rate is intended to reflect the risks of ownership, time-value of money and the associated risks of realizing the stream of projected cash flows. Subsequent to the date of acquisition, the Company updates the original valuation to reflect current projections of future results of the acquired companies and the passage of time. Accretion of, and changes in the valuations of contingent consideration are reported in acquisition transaction expenses. At each reporting period, as part of the valuation process for contingent consideration, the applicable division updates the valuation with current projections of future results of the acquired company, which is then reviewed and discussed with corporate management. The current projections of future results utilized by the division are derived from the Company s monthly forecasting process. See Note 5 Commitments and Contingent Liabilities for additional information related to the contingent payments.

The Company has stock options in a company that became publicly-traded in the third quarter of 2011 which are measured at fair value using Level 3 inputs. The stock options were received as consideration in connection with a licensing agreement entered into by a subsidiary of the Company and became fully-vested in the second quarter of 2011. The Company has recorded an asset for these options which is valued using the Black-Scholes option pricing model. The Company utilizes the quoted stock price and the information from the most recently available public filing of the company at the valuation date for assumptions with respect to volatility and dividend yield inputs and utilizes the remaining contractual period of the options as the expected term input and a risk-free rate consistent with that expected term. The Company recorded revenue based on the valuation of the options as of the measurement date, which was the vesting date. At each reporting period, the Company updates the inputs in the model which includes reassessing the volatility assumption used in the model for continuing reasonableness based on availability of more relevant data or changing circumstances or fact-patterns. The changes in the valuation after the measurement date are recorded in other income net.

The following table summarizes quantitative information about the Company s Level 3 assets and liabilities as of March 31, 2012:

	Valuation Technique	**Unobservable Inputs**	**Range (Weighted Average)** *(in thousands, except percentages)*
Contingent consideration	Discounted cash flow	Projection of future results	$1,359 - $17,879 ($7,721)
		Discount rate	4% - 15% (13%)
		Probability of contract extension (1)	95%
Stock options	Black-Scholes option model	Volatility (2)	40%

(1) Represents the probability of contract extension used in the valuation analysis that the Company has determined market participants would use when valuing certain contingent consideration liabilities which include lease renewals.
(2) Represents the volatility expected to be used by market participants in the absence of historical volatility.

The significant unobservable inputs used in the fair value measurement of the Company s contingent consideration obligations are the projections of future results, discount rates and the probability of a contract extension. Generally, significant increases (decreases) in the projection of future results or the discount rate in isolation would result in a significantly higher (lower) fair value measurement. Significant decreases in the probability of a contract extension would result in a significantly lower fair value measurement. The significant unobservable input used in the fair value measurement of the stock options held by the Company is volatility. Significant increases in the volatility would result in a significantly higher fair value measurement.

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The following table summarizes the changes in fair value of the Company s Level 3 assets and liabilities for the three months ended March 31, 2012:

	Stock Options	Contingent Consideration
	(in thousands)	
Balance as of December 31, 2011	$ 1,060	$ (8,363)
Total gains and losses (realized/unrealized)		
included in earnings	638	(156)
Settlements	-	750
Balance as of March 31, 2012	$ 1,698	$ (7,769)
The amount of total gains and losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets and liabilities still held:		
As of March 31, 2012	$ 638	$ 161

Due to their short maturity, the carrying amounts of accounts receivable, accounts payable and accrued expenses approximated their fair values at March 31, 2012 and December 31, 2011.

The Company s outstanding debt held by third-party financial institutions is carried at cost, adjusted for premiums or discounts. The Company s debt is not publicly-traded and the carrying amounts typically approximate their fair value for the Company s debt that accrues interest at a variable rate, which are considered to be Level 1 inputs. The estimated fair values of the 8.125% senior notes, the 10.75% senior notes and the 2.875% convertible senior notes were $266.6 million, $309.6 million and $207.4 million at March 31, 2012, respectively. The estimated fair values of the 8.125% senior notes, the 10.75% senior notes and the 2.875% convertible senior notes were $243.3 million, $306.4 million and $193.6 million at December 31, 2011, respectively. The estimated fair value of the Company s third-party fixed-rate debt is based on quoted market prices in active markets for same or similar debt, which are considered to be Level 2 inputs. The Company has fixed rate debt held by noncontrolling interest partners with a face value of $24.9 million and $26.0 million at March 31, 2012 and December 31, 2011, respectively. The Company is unable to determine the fair value of this debt.

There were no significant non-recurring fair value measurements recorded for the three months ended March 31, 2012 and 2011.

NOTE 5 COMMITMENTS AND CONTINGENT LIABILITIES

The Company has leases that contain contingent payment requirements for which payments vary depending on revenue, tickets sold or other variables.

Certain agreements relating to acquisitions that occurred prior to the adoption in January 2009 of the new FASB guidance for business combinations provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies. The Company will accrue additional amounts related to such contingent payments, which were part of the business combinations, with a corresponding adjustment to goodwill, if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these contingent payments, if all performance targets are met, would not significantly impact the financial position of the Company. The last contingency period for which the Company has an outstanding contingent earn-out payment is for the period ending December 2017**.**

The Company also has certain contingent obligations related to acquisitions made after the adoption in January 2009 of the FASB guidance for business combinations. In accordance with the current guidance, contingent consideration associated with business combinations must be recorded at its fair value at the time of the acquisition and reflected at current fair value for each subsequent reporting period thereafter until settled. The Company records these fair value changes in its statements of operations as acquisition transaction expenses. The contingent consideration is generally subject to payout following the achievement of future performance targets and some may be payable in 2012. As of March 31, 2012, the Company has accrued $0.7 million in other current liabilities and $7.1 million in other long-term liabilities and, as of December 31, 2011, the Company had accrued $1.5 million in other current liabilities and $6.9 million in other long-term liabilities representing the fair value of these estimated earn-out arrangements. The last contingency period for which the Company has an outstanding contingent earn-out payment is for the period ending December 2017. See Note 4 Fair Value Measurements for further discussion related to the valuation of the earn-out payments.

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In addition, the Company has certain contingent obligations related to acquisitions where the Company does not consolidate the entity, rather accounts for the investee under the equity method of accounting. If, at acquisition, the fair value of the Company s share of net assets exceeds the Company s initial cost, the maximum amount of contingent consideration that could be paid is recorded up to that excess amount. When the contingency is resolved, any difference between the amount recorded and the settlement is recorded as an adjustment to the investment account. The aggregate of contingent payments associated with equity method investments, if all performance targets are met, would not significantly impact the financial position of the Company. As of March 31, 2012 and December 31, 2011 the Company has accrued $3.9 million in other long-term liabilities for each respective period.

Certain agreements relating to acquisitions provide for deferred purchase consideration payments at future dates. A liability is established at the time of the acquisition for these fixed payments. For obligations payable at a date greater than twelve months from the acquisition date, the Company applies a discount rate to present value the obligations. As of December 31, 2011, the Company had accrued $7.1 million in other current liabilities and $2.6 million in other long-term liabilities related to these deferred purchase consideration payments. During the first quarter of 2012, the Company paid the balance of the deferred purchase consideration in full.

CTS Arbitration

Live Nation Worldwide, Inc. (Live Nation Worldwide), and CTS were parties to an agreement (the CTS Agreement), pursuant to which CTS was to develop and Live Nation Worldwide licensed or agreed to use ticketing software or ticketing platforms. Under the agreement, CTS was to develop software to be licensed to Live Nation Worldwide to provide ticketing services in the United States and Canada. The CTS Agreement also generally required Live Nation Worldwide to use CTS s ticketing platforms in certain European countries so long as CTS s existing platforms were appropriately modified to meet local market conditions. In June 2010, Live Nation Worldwide terminated the CTS Agreement because CTS materially breached the agreement by failing to deliver a North American ticketing system that met the contractual requirements of being a world class ticketing system . . . that fits the needs of the North American market, and by failing to deliver a ticketing system for the United Kingdom and other European countries that fit the needs of those markets as required by the CTS Agreement.

For North America, had CTS performed on the CTS Agreement, it would have been generally entitled to receive, during the then 10-year term of the CTS Agreement, a per ticket license fee upon the sale of certain tickets that Live Nation Worldwide or any of certain of its subsidiaries (collectively, the Live Nation Worldwide entities) controlled and had the right to distribute by virtue of certain promotion and venue management relations. This per ticket fee for events in North America was payable to CTS regardless of whether the Live Nation Worldwide entities chose to use the CTS ticketing platform, Ticketmaster s ticketing platform or another ticketing platform for the sale of such controlled tickets. For events in certain European countries, not including the United Kingdom, Live Nation Worldwide generally was required, during a 10-year term, to exclusively book on the CTS ticketing platform all tickets that the Live Nation Worldwide entities had the right to distribute (or, to the extent other ticketing platforms were used, Live Nation Worldwide was generally required to pay to CTS the same fee that would have been payable had the CTS platform been used). For events in the United Kingdom, Live Nation Worldwide was required, for a 10-year term, to (i) book on the CTS ticketing platform all tickets controlled by Live Nation Worldwide entities that are not allocated by Live Nation Worldwide for sale through other sales channels and (ii) to offer for sale on the CTS UK website a portion of the tickets controlled by the Live Nation Worldwide entities. Finally, the CTS Agreement obligated Live Nation Worldwide and CTS to negotiate a set of noncompete agreements that, subject to legal restrictions, could have precluded Live Nation Worldwide from offering primary market ticketing services to third parties in certain European countries during the term of the CTS Agreement.

In April 2010, CTS filed a request for arbitration with the International Court of Arbitration of the International Chamber of Commerce (ICC), pursuant to the CTS Agreement. In its request for arbitration, CTS asserts, among other things, that (i) the terms of the CTS Agreement, including the North America per ticket license fee, European exclusivity obligations and United Kingdom distribution obligations described above, apply to tickets sold and distributed by Ticketmaster, (ii) Ticketmaster s sales and distribution of tickets following the completion of the Merger have resulted in various breaches of Live Nation Worldwide s obligations under the CTS Agreement, (iii) Live Nation has failed to allocate the proper number of tickets to CTS s system in the United Kingdom and (iv) the Merger and the Company s subsequent actions have breached the implied covenant of good faith and fair dealing. In its request for arbitration, CTS seeks relief in the form of a declaration that Live Nation and Live Nation Worldwide are in breach of the CTS Agreement and the implied covenant of good faith and fair dealing, specific performance of Live Nation Worldwide s obligations under the CTS Agreement, and unspecified damages resulting from such breaches. In March 2011, CTS provided further specifications on its claims and purported damages, including a claim for royalties that would have been paid over the contemplated 10-year term of the CTS Agreement and on Ticketmaster-controlled tickets (as well as tickets controlled by Live Nation Worldwide or any of certain of its subsidiaries).

In May 2010, the Company responded to CTS s request for arbitration and filed counterclaims asserting that CTS breached the CTS Agreement by failing to provide ticketing platforms that met the standard required by the CTS Agreement for the North American and European markets. The Company is seeking relief primarily in the form of damages and a declaration that the Company validly terminated the CTS Agreement based on CTS s material breaches. The Company denies that CTS is entitled to collect damages for royalties that would have been paid over the full 10-year term of the CTS Agreement or on Ticketmaster-controlled tickets. The matter has been assigned to an arbitrator, and hearings were conducted in the summer and fall of 2011. A decision from the arbitrator is currently expected during the summer of 2012. While the Company does not believe that a loss is probable of occurring at this time, if the arbitrator rules against us on any or all claims, the amounts at stake could be substantial. Considerable uncertainty remains regarding the validity of the claims and damages asserted against the Company. As a result, the Company is currently unable to estimate the possible loss or range of loss for this matter. The Company intends to continue to vigorously defend the action.

Live Concert Antitrust Litigation

The Company was a defendant in a lawsuit filed by Malinda Heerwagen in June 2002 in the United States District Court. The plaintiff, on behalf of a putative class consisting of certain concert ticket purchasers, alleged that anti-competitive practices for concert promotion services by the Company nationwide caused artificially high ticket prices. In August 2003, the District Court ruled in the Company s favor, denying the plaintiff s class certification motion. The plaintiff appealed to the United States Court of Appeals. In January 2006, the Court of Appeals affirmed, and the plaintiff then dismissed her action that same month. Subsequently, twenty-two putative class actions were filed by different named plaintiffs in various United States District Courts throughout the country, making claims substantially similar to those made in the *Heerwagen* action, except that the geographic markets alleged are regional, statewide or more local in nature, and the members of the putative classes are limited to individuals who purchased tickets to concerts in the relevant geographic markets alleged. The plaintiffs seek unspecified compensatory, punitive and treble damages, declaratory and injunctive relief and costs of suit, including attorneys fees. The Company has filed its answers in some of these actions and has denied liability. In April 2006, granting the Company s motion, the Judicial Panel on Multidistrict Litigation transferred these actions to the United States District Court for the Central District of California for coordinated pre-trial proceedings. In June 2007, the District Court conducted a hearing on the plaintiffs motion for class certification, and also that month the Court entered an order to stay all proceedings pending the Court s ruling on class certification. In October 2007, the Court granted the plaintiffs motion and certified classes in the Chicago, New England, New York/New Jersey, Colorado and Southern California regional markets. In November 2007, the Court extended its stay of all proceedings pending further developments in the United States Court of Appeals for the Ninth Circuit. In February 2008, the Company filed with the District Court a Motion for Reconsideration of its October 2007 class certification order. In October 2010, the District Court denied the Company s Motion for Reconsideration and lifted the stay of all proceedings. In February 2011, the Company filed with the District Court a Motion for Partial Summary Judgment Regarding Statute of Limitations. In April 2011, the District Court granted the Company s Motion for Partial Summary Judgment. In November 2011, the Company filed with the District Court its Motion for Class Decertification, Motion to Exclude Testimony of the plaintiffs expert witness, and Motions for Summary Judgment in the actions pertaining to the Colorado and Southern California regional markets.

In March 2012, the District Court issued an Order (the Colorado/Southern California Order) granting the Company s Motions for Summary Judgment and also granting in part its Motion to Exclude Testimony. The trial for the action involving the Southern California regional market that had been scheduled to commence in April 2012 has been taken off the calendar. On April 26, 2012, the District Court denied the plaintiffs request for a stay of proceedings pending their appeal of the Colorado/Southern California Order, and instead ordered the Company to file, by May 29, 2012, its Motions for Summary Judgment in the other twenty actions. A hearing is set for July 2, 2012. While the Colorado/Southern California Order related specifically to the cases in those two markets, the Company believes that the decisions and results reflected therein should ultimately be applied to the remaining twenty actions. As a result, the Company does not believe that a loss is probable of occurring at this time; however, if any or all of the remaining cases proceed to trial and plaintiffs are awarded damages, the amount of any such award could be substantial. Considerable uncertainty remains regarding the validity of the claims and damages asserted against it, particularly in light of the decisions reflected in the Colorado/Southern California Order. As a result, the Company is currently unable to estimate the possible loss or range of loss for this matter. The Company intends to continue to vigorously defend all claims in all of the remaining actions.

Ticketing Fees Consumer Class Action Litigation

In October 2003, a putative representative action was filed in the Superior Court of California challenging Ticketmaster s charges to online customers for shipping fees and alleging that its failure to disclose on its website that the charges contain a profit component is unlawful. The complaint asserted a claim for violation of California s Unfair Competition Law (UCL), and sought restitution or disgorgement of the difference between (i) the total shipping fees charged by Ticketmaster in connection with online ticket sales during the applicable period, and (ii) the amount that Ticketmaster actually paid to the shipper for delivery of those tickets. In August 2005, the plaintiffs filed a first amended complaint, then pleading the case as a putative class action and adding the claim that Ticketmaster s website disclosures in respect of its ticket order processing fees constitute false advertising in violation of California s False Advertising Law. On this new claim, the amended complaint seeks restitution or disgorgement of the entire amount of order processing fees charged by Ticketmaster during the applicable period. In April 2009, the Court granted the plaintiffs motion for leave to file a second amended complaint adding new claims that (a) Ticketmaster s order processing fees are unconscionable under the UCL, and (b) Ticketmaster s alleged business practices further violate the California Consumer Legal Remedies Act.

Plaintiffs later filed a third amended complaint, to which Ticketmaster filed a demurrer in July 2009. The Court overruled Ticketmaster s demurrer in October 2009.

The plaintiffs filed a class certification motion in August 2009, which Ticketmaster opposed. In February 2010, the Court granted certification of a class on the first and second causes of action, which allege that Ticketmaster misrepresents/omits the fact of a profit component in Ticketmaster s shipping and order processing fees. The class would consist of California consumers who purchased tickets through Ticketmaster s website from 1999 to present. The Court denied certification of a class on the third and fourth causes of action, which allege that Ticketmaster s shipping and order processing fees are unconscionably high. In March 2010, Ticketmaster filed a Petition for Writ of Mandate with the California Court of Appeal, and plaintiffs also filed a motion for reconsideration of the Superior Court s class certification order. In April 2010, the Superior Court denied plaintiffs Motion for Reconsideration of the Court s class certification order, and the Court of Appeal denied Ticketmaster s Petition for Writ of Mandate. In June 2010, the Court of Appeal granted the plaintiffs Petition for Writ of Mandate and ordered the Superior Court to vacate its February 2010 order denying plaintiffs motion to certify a national class and enter a new order granting plaintiffs motion to certify a nationwide class on the first and second claims. In September 2010, Ticketmaster filed its Motion for Summary Judgment on all causes of action in the Superior Court, and that same month plaintiffs filed their Motion for Summary Adjudication of various affirmative defenses asserted by Ticketmaster. In November 2010, Ticketmaster filed their Motion to Decertify Class.

In December 2010, the parties entered into a binding term sheet that provided for the settlement of the litigation and the resolution of all claims therein. The settlement was memorialized in a long-form agreement in April 2011. In June 2011, after a hearing on the plaintiffs Motion for Preliminary Approval of the settlement, the Court declined to approve the settlement reached by the parties in its then-current form. Litigation continued, and on September 2, 2011, the Court granted in part and denied in part Ticketmaster s Motion for Summary Judgment. The parties reached a new settlement on September 2, 2011 and subsequently entered into a long-form agreement. The plaintiffs filed a Motion for Preliminary Approval of the new settlement on September 27, 2011. In October 2011, the Court preliminarily approved the new settlement. Ticketmaster has notified all class members of the settlement, and a hearing on final approval of the settlement is scheduled for May 2012. Ticketmaster and its parent, Live Nation, have not acknowledged any violations of law or liability in connection with the matter, but agreed to the settlement in order to eliminate the uncertainties and expense of further protracted litigation.

As of March 31, 2012, the Company has accrued $35.5 million, its best estimate of the probable costs associated with the settlement referred to above. This liability includes an estimated redemption rate. Any difference between the Company s estimated redemption rate and the actual redemption rate it experiences will impact the final settlement amount; however, the Company does not expect this difference to be material.

Canadian Consumer Class Action Litigation Relating to TicketsNow

In February 2009, five putative consumer class action complaints were filed in various provinces of Canada against TicketsNow, Ticketmaster, Ticketmaster Canada Ltd. and Premium Inventory, Inc. All of the cases allege essentially the same set of facts and causes of action. Each plaintiff purports to represent a class consisting of all persons who purchased a ticket from Ticketmaster, Ticketmaster Canada Ltd. or TicketsNow from February 2007 to present and alleges that Ticketmaster conspired to divert a large number of tickets for resale through the TicketsNow website at prices higher than face value. The plaintiffs characterize these actions as being in violation of Ontario s Ticket Speculation Act, the Amusement Act of Manitoba, the Amusement Act of Alberta or the Quebec Consumer Protection Act. The Ontario case contains the additional allegation that Ticketmaster s and TicketsNow s service fees run afoul of anti-scalping laws. Each lawsuit seeks compensatory and punitive damages on behalf of the class.

In February 2012, the parties entered into a settlement agreement that would, if approved by the courts, resolve all of the resale market claims. The court approval process for the proposed settlement has been commenced, with pre-approvals having been afforded in all provinces in which the actions are pending. The process is expected to take several months, with final approval hearings in all provinces scheduled for the summer of 2012.

As of March 31, 2012, the Company has accrued its best estimate of the probable costs associated with the resale market claims of this matter, the full amount of which was funded by an escrow established in connection with Ticketmaster s 2008 acquisition of TicketsNow.

While it is reasonably possible that a loss related to the primary market claims of this matter could be incurred by the Company in a future period, the Company does not believe that a loss is probable of occurring at this time. Considerable uncertainty remains regarding the validity of the claims and damages asserted against the Company. As a result, the Company is currently unable to estimate the possible loss or range of loss for the primary market claims of this matter. The Company intends to continue to vigorously defend all claims in all of the actions.

Other Litigation

From time to time, the Company is involved in other legal proceedings arising in the ordinary course of its business, including proceedings and claims based upon violations of antitrust laws and tortious interference, which could cause the

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Company to incur significant expenses. The Company has also been the subject of personal injury and wrongful death claims relating to accidents at its venues in connection with its operations. As required, the Company has accrued its estimate of the probable settlement or other losses for the resolution of any outstanding claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, including, in some cases, estimated redemption rates for the settlement offered, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company s assumptions or the effectiveness of its strategies related to these proceedings. In addition, under the Company s agreements with Clear Channel, it has assumed and will indemnify Clear Channel for liabilities related to its business for which they are a party in the defense.

As of March 31, 2012, the Company has accrued $41.6 million for the specific cases discussed above as its best estimate of the probable costs of legal settlement, including $35.5 million for the Ticketing Fees Consumer Class Action litigation settlement.

NOTE 6 CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Agreements with Liberty Media

In connection with the Merger Agreement, in February 2009 the Company entered into a stockholder agreement with Liberty Media and Liberty USA Holdings, LLC (the Liberty Stockholder Agreement) regarding certain corporate governance rights, designation rights and registration rights with respect to the Company s common stock to be received by Liberty Media in the Merger. The Liberty Stockholder Agreement became effective upon consummation of the Merger. Among other things, subject to certain restrictions and limitations set forth in the Liberty Stockholder Agreement, Liberty Media has exercised its right to nominate two directors to serve on the Company s board of directors. The Liberty Stockholder Agreement also contains provisions relating to limitations on the ownership of the Company s equity securities by Liberty Media and its affiliates following the Merger and on transfers of the Company s equity securities and rights and obligations under the Liberty Stockholder Agreement following the Merger.

In February 2011, the Company entered into a subscription agreement with Liberty Media. Pursuant to the subscription agreement, in February and June 2011, the Company sold to Liberty Media 1.8 million and 5.5 million shares, respectively, of the Company s common stock for aggregate cash consideration of $18.8 million and $57.7 million, respectively.

Transactions Involving Directors

The Company has a non-employee director as of March 31, 2012 on its board of directors that is also a director and executive officer of Clear Channel. This director receives directors fees, stock options and restricted stock awards as do other non-employee members of the Company s board of directors. Additionally, as of March 31, 2012, the Company has an employee director that is also a director of Clear Channel. From time to time, the Company purchases advertising from Clear Channel and its subsidiaries in the ordinary course of business.

The Company has a non-employee director as of March 31, 2012 on its board of directors that is also a director and executive officer of MSG and Cablevision. This director receives directors fees, stock options and restricted stock awards as do other non-employee members of the Company s board of directors. From time to time, the Company promotes events at venues owned and/or operated by MSG and pays rental fees and co-promote fees to MSG and its subsidiaries. In addition, the Company provides ticketing services for venues and sports franchises owned and/or operated by MSG and pays royalty fees to MSG and its subsidiaries. The Company also receives transaction fees from MSG and its subsidiaries for tickets MSG sells using the Company s ticketing software. Finally, the Company purchases advertising from Cablevision and its subsidiaries from time to time. All of these transactions are entered into in the ordinary course of business.

The following table sets forth expenses incurred and revenue earned from the transactions noted above:

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	Three Months Ended March 31,
	2012