



LIVE NATION
ENTERTAINMENT®

2019 ANNUAL
REPORT

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

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

**For the fiscal year ended December 31, 2019,
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
(State of Incorporation)

20-3247759
(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)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, \$.01 Par Value per Share (Includes Preferred Stock Purchase Rights)	LYV	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 No

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

On June 30, 2019, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the Common Stock beneficially held by non-affiliates of the registrant was approximately \$9.3 billion. (For purposes hereof, directors, executive officers and 10% or greater stockholders have been deemed affiliates).

On 2/20/2020, there were 214,531,042 outstanding shares of the registrant's common stock, \$0.01 par value per share, including 3,575,284 shares of unvested restricted and deferred stock awards and excluding 408,024 shares held in treasury.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders, expected to be filed within 120 days of our fiscal year end, are incorporated by reference into Part III.

LIVE NATION ENTERTAINMENT, INC.

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LIVE NATION ENTERTAINMENT, INC.

GLOSSARY OF KEY TERMS

AOCI	Accumulated other comprehensive income (loss)
AOI	Adjusted operating income (loss)
Company	Live Nation Entertainment, Inc. and subsidiaries
FASB	Financial Accounting Standards Board
GAAP	United States Generally Accepted Accounting Principles
Liberty Media	Liberty Media Corporation
Live Nation	Live Nation Entertainment, Inc. and subsidiaries
SEC	United States Securities and Exchange Commission
VIE	Variable interest entity
Ticketmaster	The ticketing business of the Company

PART I

“Live Nation” (which may be referred to as the “Company,” “we,” “us” or “our”) means Live Nation Entertainment, Inc. and its subsidiaries, or one of our segments or subsidiaries, as the context requires.

Special Note About Forward-Looking Statements

Certain statements contained in this Form 10-K (or otherwise made by us or on our behalf from time to time in other reports, filings with the SEC, news releases, conferences, internet postings or otherwise) that are not statements of historical fact constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, notwithstanding that such statements are not specifically identified. Forward-looking statements include, but are not limited to, statements about our financial position, business strategy, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition, the effects of future legislation or regulations and plans and objectives of our management for future operations. We have based our forward-looking statements on our beliefs and assumptions considering the information available to us at the time the statements are made. Use of the words “may,” “should,” “continue,” “plan,” “potential,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “outlook,” “could,” “target,” “project,” “seek,” “predict,” or variations of such words and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those set forth under Item 1A.—Risk Factors as well as other factors described herein or in our quarterly and other reports we file with the SEC (collectively, “cautionary statements”). Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described in any forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. We do not intend to update these forward-looking statements, except as required by applicable law.

ITEM 1. BUSINESS

Our Company

We believe that we are the largest live entertainment company in the world, connecting over 580 million fans across all of our concerts and ticketing platforms in 46 countries during 2019.

We believe we are the largest producer of live music concerts in the world, based on total fans that attend Live Nation events as compared to events of other promoters, connecting nearly 98 million fans to more than 40,000 events for over 5,000 artists in 2019. Live Nation owns, operates, has exclusive booking rights for or has an equity interest in 273 venues, including *House of Blues*[®] music venues and prestigious locations such as *The Fillmore*[®] in San Francisco, the Hollywood Palladium, the Ziggo Dome in Amsterdam, 3Arena in Ireland, Royal Arena in Copenhagen and Spark Arena in New Zealand. We believe we are one of the world’s leading artist management companies based on the number of artists represented. Our artist management companies manage music artists and acts across all music genres. As of December 31, 2019, we had nearly 110 managers providing services to more than 500 artists.

We believe we are the world’s leading live entertainment ticketing sales and marketing company, based on the number of tickets we sell. Ticketmaster provides ticket sales, ticket resale services and marketing and distribution globally through www.ticketmaster.com and www.livenation.com and our other websites, mobile apps, numerous retail outlets and call centers, selling over 485 million tickets in 2019 through our systems. Ticketmaster serves nearly 11,500 clients worldwide across multiple event categories, providing ticketing services for leading arenas, stadiums, festival and concert promoters, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters.

We believe our global footprint is the world’s largest music advertising network for corporate brands and includes one of the world’s leading ecommerce websites, based on a comparison of gross sales of top internet retailers.

Our principal executive offices are located at 9348 Civic Center Drive, Beverly Hills, California 90210 (telephone: 310-867-7000). Our principal website is www.livenationentertainment.com. Live Nation is listed on the New York Stock Exchange, trading under the symbol “LYV.”

Our Strategy

Our strategy is to grow our leadership position in live entertainment, promote more shows, sell more tickets and partner with more sponsors, thereby increasing our revenue, earnings and cash flow. We serve artists, venues and teams to secure content and tickets; we invest in technology to build innovative products which advance our ticketing, advertising and mobile platforms; and we are paid by advertisers that want to connect their brands with our passionate fan base.

Our core businesses surrounding the promotion of live events include ticketing, and sponsorship and advertising. We believe our focus on growing these businesses will increase shareholder value as we continue to enhance our revenue streams and achieve economies of scale with our global platforms. We also continue to strengthen our core operations, further expanding into global markets and optimizing our cost structure. Our strategy is to grow and innovate through the initiatives listed below.

- *Expand our Concert Platform.* We will deliver more shows, grow our fan base and increase our ticket sales by continuing to build our portfolio of concerts globally, expanding our business into additional top global music markets, and further building our presence in existing markets. Through our strong partnership with artist managers, we believe we can continue to expand our concert base by delivering strong and consistent services to our artist managers and their clients.
- *Grow our Revenue per Show.* We will grow our revenue per show across our venues through more effective ticket pricing, broader ticketing distribution and more targeted promotional marketing. We will also grow our onsite fan monetization through improved onsite products, merchandising, and enhanced experiences for our fans.
- *Sell More Tickets and Invest in Product Improvements.* We are focused on selling tickets through a wide set of sales channels, including mobile and online, and leveraging our fan database. We will continue to enhance our API features to reach a broader audience and expand our digital ticketing rollout, strengthening control over distribution for all parties and creating new and unique marketing opportunities. We will grow the volume of secondary tickets sold through a trusted environment for fan ticket exchanges, allowing our fans to have a dependable, secure destination for secondary ticket acquisition for all events. We will continue to invest in our ticketing platforms and develop innovative products to build fan traffic to our sales channels, drive increased ticket sales, and continue to build our client base.
- *Grow Sponsorship and Advertising Partnerships.* We will continue to drive growth in our sponsorship relationships and capture a larger share of the global music sponsorship market. We will focus on expanding existing partnerships and developing new corporate sponsor partners to provide them with targeted strategic programs, accessing our nearly 98 million fans attending our shows each year. We will continue to develop and to scale new products in order to drive onsite revenue.

Our Strengths

We believe we have unique resources that are unmatched in the live entertainment industry.

- *Fans.* During 2019, we connected over 580 million fans to their favorite live event. Our database of fans and their interests provides us with the means to efficiently market our shows to them.
- *Artists.* We have extensive relationships with artists ranging from those just beginning their careers to established superstars. In 2019, we promoted shows or tours for over 5,000 artists globally. In addition, through our artist management companies, we manage more than 500 artists.
- *Online Services and Ticketing.* We own and operate various branded websites, both in the United States and abroad, which are customized to reflect services offered in each jurisdiction. Our primary websites, www.livenation.com and www.ticketmaster.com, together with our other branded ticketing websites, are designed to promote ticket sales for live events. We also have both Live Nation and Ticketmaster mobile apps that our fans can use to access event information and buy tickets.
- *Distribution Network.* We believe that our global distribution network of promoters, venues and festivals provides us with a strong position in the live concert industry. We believe we have one of the largest global networks of live entertainment businesses in the world, with offices in 41 countries worldwide. In addition, we own, operate, have exclusive booking rights for, or have an equity interest in, 273 venues located across 19 countries as of the end of 2019, making us, we believe, the second largest operator of music venues in the world. We also believe that we are one of the largest music festival producers in the world with 111 festivals globally. In addition, we believe that our global ticketing distribution network—which includes one of the largest ecommerce sites and related apps along with nearly 11,500 clients worldwide—makes us the largest ticketing network in the world.

- *Sponsors.* We employ a sales force of over 500 people that worked with nearly 1,200 sponsors during 2019, through a combination of strategic partnerships, local venue-related deals, national agreements and digital campaigns, both in North America and internationally. Our sponsors include some of the most well-recognized national and global brands including Citibank, O₂, American Express, Cisco, Hilton, Red Bull and Anheuser Busch (each of these brands is a registered trademark of the sponsor).

Our History

We were incorporated in Delaware on August 2, 2005 in preparation for the contribution and transfer by Clear Channel Communications, Inc. of substantially all of its entertainment assets and liabilities to us. We completed this separation on December 21, 2005, and became a publicly traded company on the New York Stock Exchange trading under the symbol “LYV.”

On January 25, 2010, we merged with Ticketmaster Entertainment LLC and it became a wholly-owned subsidiary of Live Nation. Effective with the merger, Live Nation, Inc. changed its name to Live Nation Entertainment, Inc.

Our Industry

We operate in the following main industries within the live entertainment business: live music events, music venue operations, the provision of management and other services to artists and athletes, ticketing services and sponsorship and advertising sales.

The live music industry includes concert promotion and/or production of music events or tours. Typically, to initiate live music events or tours, booking agents contract with artists to represent them for defined periods. Booking agents then work with promoters, who will contract with them or with artists directly, to arrange events. Promoters earn revenue primarily from the sale of tickets. Artists are paid by the promoter under one of several different formulas, which may include fixed guarantees and/or a percentage of ticket sales or event profits. In addition, promoters may also reimburse artists for certain costs of production, such as sound and lights. Under guaranteed payment formulas, promoters assume the risks of unprofitable events. Promoters may renegotiate lower guarantees or cancel events because of insufficient ticket sales in order to reduce their losses. Promoters can also reduce the risk of losses by entering into global or national touring agreements with artists and including the right to offset lower performing shows against higher performing shows on the tour in the determination of overall artist fees. Artist managers primarily provide services to music artists to manage their careers. The artist manager negotiates on behalf of the artist and is paid a fee, generally as a percentage of the artist’s earnings.

For music tours, two to nine months typically elapse between initially booking artists and the first performances. Promoters, in conjunction with artists, managers and booking agents, set ticket prices and advertise events. Promoters market events, sell tickets, rent or otherwise provide venues and arrange for local production services, such as stages and equipment.

Venue operators typically contract with promoters to have their venues rented for specific events on specific dates and receive fixed fees or percentages of ticket sales as rental income. In addition, venue operators provide services such as concessions, parking, security, ushering and ticket-taking, and receive some or all of the revenue from concessions, merchandise, parking and premium seating.

Ticketing services include the sale of tickets primarily through online and mobile channels but also through phone, outlet and box office channels. Ticketing companies will contract with venues and/or promoters to sell tickets to events over a period of time, generally three to five years. The ticketing company generally gets paid a fixed fee per ticket sold or a percentage of the total ticket service charges. The ticketing company receives the cash for the ticket sales and related service charges at the time the ticket is sold and periodically remits these receipts to the venue and/or promoter after deducting its fee. Venues will often also sell tickets through a local box office at the venue using the ticketing company’s technology. The ticketing company will generally not earn a fee on these box office tickets.

Ticketing resale services generally refers to the sale of tickets by a holder who originally obtained the tickets from a venue or other entity, or a ticketing services provider selling on behalf of a venue or other entity. Resale tickets are also referred to as secondary tickets. Generally, the ticket resale company is paid a service charge when the ticket is resold and the negotiated ticket value is paid to the holder.

The sponsorship and advertising industry within the live entertainment business involves the sale of international, national, regional and local advertising and promotional programs to a variety of companies to advertise or promote their brand, product or service. These sponsorships typically include venue naming rights, onsite venue signage, online advertisements and exclusive partner rights in various categories such as credit card, beverage, travel and telecommunications, and may include event pre-sales and onsite product activation.

Our Business

Our reportable segments are Concerts, Ticketing and Sponsorship & Advertising.

Concerts. Our Concerts segment principally involves the global promotion of live music events in our owned or operated venues and in rented third-party venues, the operation and management of music venues, the production of music festivals across the world, the creation of associated content and the provision of management and other services to artists. Including intersegment revenue, our Concerts business generated \$9.4 billion, or 81.6%, of our total revenue during 2019. We promoted more than 40,000 live music and other events in 2019, including Metallica, Ariana Grande, Bon Jovi, P!nk and Backstreet Boys and through festivals including Rock in Rio, Austin City Limits, Lollapalooza, Electric Daisy Carnival, Rock Werchter, Reading and Bonnaroo. While our Concerts segment operates year-round, we generally experience higher revenue during the second and third quarters due to the seasonal nature of shows at our outdoor amphitheaters and festivals, which primarily occur from May through October.

As a promoter, we earn revenue primarily from the sale of tickets and pay artists under one of several formulas, including a fixed guaranteed amount and/or a percentage of ticket sales or event profits. For each event we promote, we either use a venue we own or operate, or rent a third-party venue. Revenue is generally impacted by the number of events, volume of ticket sales and ticket prices. Event costs such as artist fees and production expenses are included in direct operating expenses and are typically substantial in relation to the revenue. As a result, significant increases or decreases in promotion revenue do not typically result in comparable changes to operating income.

As a venue operator, we generate revenue primarily from the sale of concessions, parking, premium seating, rental income and ticket rebates or service charges earned on tickets sold through our internal ticketing operations or by third parties under ticketing agreements. In our amphitheaters, the sale of concessions is outsourced and we receive a share of the net revenue from the concessionaire, which is recorded in revenue with limited associated direct operating expenses. Revenue generated from venue operations typically has a higher margin than promotion revenue and therefore typically has a more direct relationship to changes in operating income.

As a festival promoter, we typically book artists, secure festival sites, provide for third-party production services, sell tickets and advertise events to attract fans. We also provide or arrange for third parties to provide operational services as needed such as concessions, merchandising and security. We earn revenue from the sale of tickets and typically pay artists a fixed guaranteed amount. We also earn revenue from the sale of concessions, camping fees and service charges earned on tickets sold. For each event, we either use a festival site we own or rent a third-party festival site. Revenue is generally impacted by the number of events, volume of ticket sales and ticket prices. Event costs such as artist fees and production expenses are included in direct operating expenses and are typically substantial in relation to the revenue. Since the artist fees are typically fixed guarantees for these events, significant increases or decreases in festival promotion revenue will generally result in comparable changes to operating income.

Ticketing. Our Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients and retains a fee, or service charge, for these services. We sell tickets for our events and also for third-party clients across multiple live event categories, providing ticketing services for leading arenas, stadiums, amphitheaters, music clubs, concert promoters, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters. We sell tickets through websites, mobile apps, ticket outlets and telephone call centers. During 2019, we sold 48%, 48%, 3% and 1% of primary tickets through these channels, respectively. Our Ticketing segment also manages our online activities including enhancements to our websites and product offerings. Including intersegment revenue, our Ticketing business generated \$1.5 billion, or 13.4%, of our total revenue during 2019, which excludes the face value of tickets sold and is net of the fees paid to our ticketing clients. Through all of our ticketing services, we sold 220 million tickets in 2019 on which we were paid fees for our services. In addition, approximately 267 million tickets were sold using our Ticketmaster systems, including through season seat packages, our venue clients' box offices, and other channels through which we did not receive a fee. Our ticketing sales are impacted by fluctuations in the availability of events for sale to the public, which may vary depending upon event scheduling by our clients. As ticket sales increase, related ticketing operating income generally increases as well.

We sell tickets on behalf of our clients through our ticketing platforms across the world. We generally enter into written agreements with individual clients to provide primary ticketing services for specified multi-year periods, typically ranging from three to five years. Pursuant to these agreements, clients generally determine and then tell us what tickets will be available for sale, when such tickets will go on sale to the public and what the ticket price will be, sometimes with our guidance and recommendations. Agreements with venue clients in North America and Australia generally grant us exclusive rights to sell tickets for all events presented at the relevant venue for which tickets are made available to the general public. Agreements with promoter clients in other international markets generally grant us the right to an allocation of tickets for events presented by a given promoter at any venue, unless that venue is already covered by an existing exclusive agreement with our ticketing business or another ticketing service provider. Similarly, in such international markets we have venue agreements which provide Ticketmaster an allocation of tickets for all events at those venues. While we generally have the right to sell a substantial portion of our clients' tickets, venue and promoter clients often sell and distribute a portion of their tickets in-house through their box office and season ticket programs. In addition, under many written agreements between promoters and our clients, and generally subject to Ticketmaster approval, the client may allocate certain tickets for artist, promoter, agent and venue use and not make those tickets available for sale by us. Due to these and other permitted third-party ticket distribution channels, we do not always sell all of our clients' tickets, even at venues where we are the exclusive primary ticketing service provider, and the amount of tickets that we sell varies from client to client and from event to event, and also varies as to any given client from year to year.

We currently offer ticket resale services, sometimes referred to as secondary ticketing, principally through our integrated inventory platform, league/team platforms and other platforms internationally. We enter into arrangements with the holders of tickets previously distributed by a venue or other source to post those tickets for sale at a purchase price equal to a new sales price, determined by the ticket holder, plus a service fee to the buyer. The seller in this circumstance receives the new sales price less a seller service fee.

Sponsorship & Advertising. Our Sponsorship & Advertising segment employs a sales force that creates and maintains relationships with sponsors through a combination of strategic, international, national and local opportunities that allow businesses to reach customers through our concert, festival, venue and ticketing assets, including advertising on our websites. We work with our corporate clients to help create marketing programs that support their business goals and connect their brands directly with fans and artists. We also develop, book and produce custom events or programs for our clients' specific brands, which are typically presented exclusively to the clients' consumers. These custom events can involve live music events with talent and media, using both online and traditional outlets. Including intersegment revenue, our Sponsorship & Advertising business generated \$590.3 million, or 5.1%, of our total revenue during 2019. We typically experience higher revenue in the second and third quarters as a large portion of sponsorships are typically associated with our outdoor venues and festivals, which are primarily used in or occur from May through October.

We believe that we have a unique opportunity to connect the music fan to corporate sponsors and therefore seek to optimize this relationship through strategic sponsorship programs. We continue to also pursue the sale of national and local sponsorships, both domestically and internationally, and placement of advertising, including signage, online advertising and promotional programs. Many of our venues have naming rights sponsorship programs. We believe national and international sponsorships allow us to maximize our network of venues and festivals and to arrange multi-venue or multi-festival branding opportunities for advertisers. Our local and venue-focused sponsorships include venue signage, promotional programs, onsite activation, hospitality and tickets, and are derived from a variety of client companies across various industry categories.

Live Nation Venue Details

In the live entertainment industry, venue types generally consist of:

- *Stadiums*—Stadiums are multi-purpose facilities, often housing local sports teams. Stadiums typically have 30,000 or more seats. Although they are the largest venues available for live music, they are not specifically designed for live music.
- *Amphitheaters*—Amphitheaters are generally outdoor venues with between 5,000 and 30,000 seats that are used primarily in the summer season. We believe they are popular because they are designed specifically for concert events, with premium seat packages and better lines of sight and acoustics.
- *Arenas*—Arenas are indoor venues that are used as multi-purpose facilities, often housing local sports teams. Arenas typically have between 5,000 and 20,000 seats. Because they are indoors, they are able to offer amenities that other similar-sized outdoor venues cannot, such as luxury suites and premium club memberships. As a result, we believe they are popular for higher-priced concerts aimed at audiences willing to pay for these amenities.

- *Theaters*—Theaters are indoor venues that are built primarily for music events, but may include theatrical performances. These venues typically have a capacity of between 1,000 and 6,500. Theaters represent less risk to concert promoters because they have lower fixed costs associated with hosting a concert and may provide a more appropriately-sized venue for developing artists and more artists in general. Because these venues have a smaller capacity than an amphitheater or arena, they do not offer as much economic upside on a per show basis. Theaters can also be used year-round.
- *Clubs*—Clubs are indoor venues that are built primarily for music events, but may also include comedy clubs. These venues typically have a capacity of less than 1,000 and often without full fixed seating. Because of their small size, they do not offer as much economic upside, but they also represent less risk to a concert promoter because they have lower fixed costs associated with hosting a concert and also may provide a more appropriately-sized venue for developing artists. Clubs can also be used year-round.
- *Restaurants & Music Halls*—Restaurants & Music Halls are indoor venues that offer customers an integrated live music, entertainment and dining experience. This category includes our *House of Blues*[®] venues whose live music halls are specially designed to provide optimum acoustics and typically can accommodate between 1,000 to 2,000 guests. A full-service restaurant and bar is located adjacent to the live music hall. We believe that the strength of the brand and the quality of the food, service and unique atmosphere in our restaurants attract customers to these venues independently from a live music event and generate a significant amount of repeat business from local customers.
- *Festival Sites*—Festival sites are outdoor locations used primarily in the summer season to stage large single-day or multi-day concert events featuring several artists on multiple stages. Depending on the location, festival site capacities can range from 10,000 to over 100,000 fans per day. We believe they are popular because of the value provided to the fan by packaging several artists together for an event. While festival sites only host a few events each year, they can provide higher operating income because we are able to generate income from many different services provided at the event.
- *Other Venues*—Other venues includes restaurants and exhibition halls that typically are not used for live music events.

The following table summarizes the number of venues by type that we owned, leased, operated, had exclusive booking rights for or had an equity interest in as of December 31, 2019:

Venue Type	Capacity	Owned	Leased	Operated	Exclusive Booking Rights	Equity Interest	Total
Stadium	More than 30,000	—	1	1	—	—	2
Amphitheater	5,000 - 30,000	10	36	4	9	—	59
Arena	5,000 - 20,000	1	10	2	2	1	16
Theater	1,000 - 6,500	7	52	10	20	2	91
Club	Less than 1,000	3	30	1	14	1	49
Restaurants & Music Halls	1,000 - 2,000	2	10	—	—	—	12
Festival Sites *	Varies	5	—	33	—	—	38
Other Venues	Varies	—	4	—	—	2	6
Total venues in operation		28	143	51	45	6	273
Venues currently under construction		—	11	—	—	1	12
Venues not currently in operation		—	2	—	—	—	2
Total venues in operation by location:							
North America		19	102	22	44	5	192
International		9	41	29	1	1	81

* Operated festival sites includes multi-year agreements providing us the right to use public or private land for a defined period of time leading up to and continuing after the festival. We may enter into multiple agreements for a single festival site or use the same site for multiple festivals. We have aggregated the agreements for each festival site and reported them as one festival site.

Competition

Competition in the live entertainment industry is intense. We believe that we compete primarily on the basis of our ability to deliver quality music events, sell tickets and provide enhanced fan and artist experiences. We believe that our primary strengths include:

- the quality of service delivered to our artists, fans, ticketing clients and corporate sponsors;
- our track record and reputation in promoting and producing live music events and tours both domestically and internationally;
- our artist relationships;
- our global footprint;
- the quality of our ticketing software and services;
- our ecommerce site and its extensive database;
- our diverse distribution platform (venues);
- the scope, effectiveness and expertise of our advertising and sponsorship programs; and
- our financial stability.

Although we believe that our products and services currently compete favorably with respect to such factors, we cannot provide any assurance that we can maintain our competitive position against current and potential competitors, especially those with significantly greater brand recognition, or greater financial, marketing, technical and other resources.

In the markets in which we promote music concerts, we face competition from other promoters and venue operators. We believe that barriers to entry into the promotion services business are low and that certain local promoters are increasingly expanding the geographic scope of their operations.

Some of our competitors in the live music promotion industry are Anschutz Entertainment Group, or AEG, Frontier Touring, Another Planet Entertainment, Jam Productions, Ltd. and I.M.P in addition to numerous smaller regional companies and various casinos and venues in North America, Europe, Asia and Australia. AEG operates under a number of different names including AEG Live, Concerts West, Goldenvoice and The Messina Group. Some of our competitors in the live music industry have a stronger presence in certain markets, have access to other sports and entertainment venues and may have greater financial resources in those markets, which may enable them to gain a greater competitive advantage in relation to us.

In markets where we own or operate a venue, we compete with other venues to serve artists likely to perform in that general region. Consequently, touring artists have various alternatives to our venues when scheduling tours. Our main competitors in venue management include ASM Global, The Madison Square Garden Company, The Nederlander Organization and Bowery Presents, in addition to numerous smaller regional companies in North America, Europe and Australia/New Zealand. Some of our competitors in venue management may have more attractive or a greater number of venues in certain markets, and may have greater financial resources in those markets.

The ticketing services industry includes the sale of tickets primarily through online and mobile channels, but also through telephone and ticket outlets. As online and mobile ticket purchases increase, it has made it easier for technology-based companies to offer primary ticketing services and standalone, automated ticketing systems that enable venues to perform their own ticketing services or utilize self-ticketing systems. In the online environment, we compete with other websites, online event sites and ticketing companies to provide event information, sell tickets and provide other online services such as fan clubs and artist websites.

We experience competition from other national, regional and local primary ticketing service providers to secure new venues and to reach fans for events. Resale, or secondary, ticketing services have created more aggressive buying of primary tickets whereby certain brokers are using automated internet “bot” technology to attempt to buy the best tickets when they go on sale, notwithstanding federal and state prohibitions. The internet allows fans and other ticket resellers to reach a vastly larger audience through the aggregation of inventory on resale websites and marketplaces, and provides consumers with more convenient access to tickets for a larger number and greater variety of events.

We also face significant and increasing competition from companies that sell self-ticketing systems, as well as from venues that choose to integrate self-ticketing systems into their existing operations or acquire primary ticketing service providers. Our competitors include primary ticketing companies such as Tickets.com, AXS, Paciolan, Inc., CTS Eventim AG, Eventbrite, eTix, Ticketfly and SeatGeek; secondary ticketing companies such as StubHub, Vivid Seats, TicketNetwork, Viagogo and SeatGeek; and many others, including large technology and ecommerce companies that we understand have recently entered or could enter these markets.

Our main competitors at the local market level for sponsorships and advertising dollars include local sports teams, which often offer state-of-the-art venues, strong brand association and attractive local media packages, as well as festivals, theme parks and other local events. On the national level, our competitors include the major sports leagues that sell sponsorships combined with significant national media packages.

Government Regulations

We are subject to federal, state and local laws, both domestically and internationally, governing matters such as:

- privacy and the protection of personal or sensitive information;
- compliance with the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010 and similar regulations in other countries;
- primary ticketing and ticket resale services;
- construction, renovation and operation of our venues;
- licensing, permitting and zoning, including noise ordinances;
- human health, safety and sanitation requirements;
- the service of food and alcoholic beverages;
- working conditions, labor, minimum wage and hour, citizenship and employment laws;
- compliance with the Americans with Disabilities Act of 1990 (“ADA”), the United Kingdom’s Disability Discrimination Act of 1995 (“DDA”) and similar regulations in other countries;
- hazardous and non-hazardous waste and other environmental protection laws;
- sales and other taxes and withholding of taxes;
- marketing activities via the telephone and online; and
- historic landmark rules.

We believe that we are materially in compliance with these laws.

We are required to comply with federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data, an area that is increasingly subject to legislation and regulations in numerous jurisdictions around the world, including the European Union’s GDPR (as defined and discussed below in Item 1A.—Risk Factors) and the recently-enacted California Consumer Protection Act.

We are required to comply with the laws of the countries in which we operate and also the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act 2010 regarding anti-bribery regulations. These regulations make it illegal for us to pay, promise to pay or receive money or anything of value to, or from, any government or foreign public official for the purpose of directly or indirectly obtaining or retaining business. This ban on illegal payments and bribes also applies to agents or intermediaries who use funds for purposes prohibited by the statute.

From time to time, federal, state, local and international authorities and/or consumers commence investigations, inquiries or litigation with respect to our compliance with applicable consumer protection, advertising, unfair business practice, antitrust (and similar or related laws) and other laws, particularly as related to primary ticketing and ticket resale services.

The regulations relating to our food service operations in our venues are many and complex. A variety of regulations at various governmental levels relating to the handling, preparation and serving of food, the cleanliness of food production facilities and the hygiene of food-handling personnel are enforced primarily at the local public health department level.

We also must comply with applicable licensing laws, as well as state and local service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to certain persons such as an individual who is intoxicated or a minor. If we violate dram shop laws, we may be liable to third parties for the acts of the customer. Although we generally hire outside vendors to provide these services at our larger operated venues and regularly sponsor training programs designed to minimize the likelihood of such a situation, we cannot guarantee that intoxicated or minor customers will not be served or that liability for their acts will not be imposed on us.

We are also required to comply with the ADA, the DDA and certain state statutes and local ordinances that, among other things, require that places of public accommodation, including both existing and newly-constructed venues, be accessible to customers with disabilities. The ADA and the DDA require that venues be constructed to permit persons with disabilities full use of a live entertainment venue. The ADA and the DDA may also require that certain modifications be made to existing venues to make them accessible to customers and employees who are disabled. In order to comply with the ADA, the DDA and other similar ordinances, we may face substantial capital expenditures in the future.

From time to time, governmental bodies have proposed legislation that could have an effect on our business. For example, some legislatures have proposed laws in the past that would impose potential liability on us and other promoters and producers of live music events for entertainment taxes and for incidents that occur at our events, particularly relating to drugs and alcohol. Some jurisdictions have also proposed legislation that would restrict ticketing methods or mandate ticket inventory disclosure.

In addition, we and our venues are subject to extensive environmental laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances, as well as zoning and noise level restrictions which may affect, among other things, the hours of operations of and the type of events we can produce at our venues.

Intellectual Property

We create, own and distribute intellectual property worldwide. It is our practice to protect our trademarks, brands, copyrights, patents and other original and acquired works. We have registered many of our trademarks and patents in the United States and in numerous foreign countries. We believe that our intellectual property has significant value and is important to our brand-building efforts and the marketing of our products and services. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights.

Employees

As of December 31, 2019, we had approximately 10,500 full-time employees, including 6,700 in North America and 3,800 international employees, of which approximately 10,300 were employed in our operations departments and approximately 200 were employed in our corporate group.

Our staffing needs vary significantly throughout the year. Therefore, we also employ seasonal and part-time employees, primarily for our live music venues and festivals. As of December 31, 2019, we employed approximately 15,400 seasonal and part-time employees and during peak seasonal periods, particularly in the summer months, we employed as many as 28,000 seasonal and part-time employees in 2019.

The stagehands at some of our venues and other employees are subject to collective bargaining agreements. Our union agreements typically have a term of three years and thus regularly expire and require negotiation in the course of our business. We believe that we have good relationships with our employees and other unionized labor involved in our events, and there have been no significant work stoppages in the past three years. Upon the expiration of any of our collective bargaining agreements, however, we may be unable to renegotiate on terms favorable to us, and our business operations at one or more of our facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating our collective bargaining agreements. In addition, our business operations at one or more of our facilities may also be interrupted as a result of labor disputes by outside unions attempting to unionize a venue even though we do not have unionized labor at that venue currently. A work stoppage at one or more of our owned or operated venues or at our promoted events could have a material adverse effect on our business, results of operations and financial condition. We cannot predict the effect that a potential work stoppage will have on our results of operations.

Information About Our Executive Officers

Set forth below are the names, ages and current positions of our executive officers and other significant employees as of 2/20/2020.

Name	Age	Position
Michael Rapino	54	President, Chief Executive Officer and Director
Ron Bension	65	President–HOB Entertainment
Joe Berchtold	55	President
Brian Capo	53	Chief Accounting Officer
Arthur Fogel	66	Chairman–Global Music and President–Global Touring
John Hopmans	61	Executive Vice President–Mergers and Acquisitions and Strategic Finance
Amy Howe	47	President–Ticketmaster North America
John Reid	58	President–Europe Concerts
Alan Ridgeway	53	Chairman–Asia Pacific
Bob Roux	62	President–US Concerts
Michael Rowles	54	General Counsel and Secretary
Jared Smith	42	President–Ticketmaster
Russell Wallach	54	President–Sponsorship and Advertising
Kathy Willard	53	Chief Financial Officer
Mark Yovich	45	President–Ticketmaster International

Michael Rapino is our President and Chief Executive Officer and has served in this capacity since August 2005. He has also served on our board of directors since December 2005. Mr. Rapino has worked for us or our predecessors since 1999.

Ron Bension is President of our HOB Entertainment division and has served in this capacity since November 2010. Mr. Bension has worked for us or our predecessors since joining us in January 2010.

Joe Berchtold is our President and has served in this capacity since December 2017. Prior to that, Mr. Berchtold served as our Chief Operating Officer since joining us in April 2011.

Brian Capo is our Chief Accounting Officer and has served in this capacity since joining us in December 2007.

Arthur Fogel is the Chairman of our Global Music group and President of our Global Touring division and has served in these capacities since 2005. Mr. Fogel has worked for us or our predecessors since 1999.

John Hopmans is our Executive Vice President of Mergers and Acquisitions and Strategic Finance and has served in this capacity since joining us in April 2008.

Amy Howe is President of Ticketmaster’s North America division and has served in this capacity since February 2019. Prior to that, Ms. Howe served as Chief Operating Officer of Ticketmaster North America since January 2016. Previously, Ms. Howe served as our Chief Strategy Officer since joining us in April 2014.

John Reid is President of our Europe Concerts division and has served in this capacity since joining us in January 2012.

Alan Ridgeway is Chairman of our Asia Pacific region and has served in this capacity since January 2019. Prior to that, Mr. Ridgeway served as President of our International and Emerging Markets division since November 2011. Mr. Ridgeway has worked for us or our predecessors since 2002.

Bob Roux is President of our US Concerts division and has served in this capacity since October 2010. Mr. Roux has worked for us or our predecessors since 1990.

Michael Rowles is our General Counsel and has served in this capacity since joining us in March 2006 and as our Secretary since May 2007.

Jared Smith is President of Ticketmaster and has served in this capacity since January 2018. Prior to that, Mr. Smith served as President of Ticketmaster’s North America division since May 2013 and has worked for us or our predecessors since 2003.

Russell Wallach is President of our Sponsorship and Advertising division and has served in this capacity since July 2006. Mr. Wallach has worked for us or our predecessors since 1996.

Kathy Willard is our Chief Financial Officer and has served in this capacity since September 2007. Ms. Willard has worked for us or our predecessors since 1998.

Mark Yovich is President of Ticketmaster's International division and has served in this capacity since November 2011. Mr. Yovich has worked for us or our predecessors since 2000.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings with the SEC are also available to the public through the SEC's website at www.sec.gov.

You can find more information about us online at our investor relations website located at www.investors.livenationentertainment.com. Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports are available free of charge on our website as soon as reasonably practicable after we electronically file such material with the SEC. The information posted on or accessible through our website is not incorporated into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

You should carefully consider each of the following risks and all of the other information set forth in this Annual Report. The following risks relate principally to our business and operations, our leverage and our common stock. If any of the risks and uncertainties develop into actual events, this could have a material adverse effect on our business, financial condition or results of operations. In that case, the trading price of our common stock could decline.

Risks Relating to Our Business and Operations

Our business is highly sensitive to public tastes and is dependent on our ability to secure popular artists and other live music events, and we and our ticketing clients may be unable to anticipate or respond to changes in consumer preferences, which may result in decreased demand for our services.

Our business is highly sensitive to rapidly changing public tastes and is dependent on the availability of popular artists and events. Our live entertainment business depends in part on our ability to anticipate the tastes of consumers and to offer events that appeal to them. Since we rely on unrelated parties to create and perform at live music events, any unwillingness to tour or lack of availability of popular artists could limit our ability to generate revenue. In particular, there are a limited number of artists that can headline a major North American or global tour or who can sell out larger venues, including many of our amphitheaters. If those artists do not choose to tour, or if we are unable to secure the rights to their future tours, then our concerts business would be adversely affected. Our artist management business could be adversely affected if the artists it represents do not tour or perform as frequently as anticipated, or if such tours or performances are not as widely attended by fans as anticipated due to changing tastes, general economic conditions or otherwise. Our ticketing business relies on third parties to create and perform live entertainment, sporting and leisure events and to price tickets to such events. Accordingly, our ticketing business' success depends, in part, upon the ability of these third parties to correctly anticipate public demand for particular events, as well as the availability of popular artists, entertainers and teams.

In addition, our live entertainment business typically books our live music tours two to nine months in advance of the beginning of the tour and often agrees to pay an artist a fixed guaranteed amount prior to our receiving any revenue. Therefore, if the public is not receptive to the tour, or we or an artist cancel the tour, we may incur a loss for the tour depending on the amount of the fixed guarantee or incurred costs relative to any revenue earned, as well as revenue we could have earned at booked venues. We have cancellation insurance policies in place to cover a portion of our losses if an artist cancels a tour but such policies may not be sufficient and are subject to deductibles. Furthermore, consumer preferences change from time to time, and our failure to anticipate, identify or react to these changes could result in reduced demand for our services, which would adversely affect our business, financial condition and results of operations.

Our business depends on relationships between key promoters, executives, agents, managers, artists and clients and any adverse changes in these relationships could adversely affect our business, financial condition and results of operations.

The live music business is uniquely dependent upon personal relationships, as promoters and executives within live music companies such as ours leverage their existing network of relationships with artists, agents and managers in order to secure the rights to the live music tours and events which are critical to our success. Due to the importance of those industry contacts to our business, the loss of any of our promoters, officers or other key personnel could adversely affect our business. Similarly, the artist management business is dependent upon the highly personalized relationship between a manager and an artist, and the loss of a manager may also result in a loss of the artist represented by the manager, which could adversely affect our business. Although we have entered into long-term agreements with many of those individuals described above to protect our interests in those relationships, we can give no assurance that all or any of these key employees or managers will remain with us or will retain their associations with key business contacts, including music artists, as some agreements between a manager and an artist are not for a fixed period of time and are instead terminable at will.

The success of our ticketing business depends, in significant part, on our ability to maintain and renew relationships with existing clients and to establish new client relationships. We anticipate that, for the foreseeable future, the substantial majority of our Ticketing segment revenue will be derived from both online and mobile sales of tickets. We also expect that revenue from primary ticketing services, which consists primarily of our portion of per ticket convenience charges and per order service fees, will continue to comprise the substantial majority of our Ticketing segment revenue. We cannot provide assurances that we will be able to maintain existing client contracts, or enter into or maintain new client contracts, on acceptable terms, if at all, and the failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Another important component of our success is our ability to maintain existing and to build new relationships with third-party distribution channels, advertisers, sponsors and service providers. Any adverse change in these relationships, including the inability of these parties to fulfill their obligations to our businesses for any reason, could adversely affect our business, financial condition and results of operations.

We face intense competition in the live music and ticketing industries, and we may not be able to maintain or increase our current revenue, which could adversely affect our business, financial condition and results of operations.

Our businesses are in highly competitive industries, and we may not be able to maintain or increase our current revenue due to such competition. The live music industry competes with other forms of entertainment for consumers' discretionary spending and within this industry we compete with other venues to book artists, and, in the markets in which we promote music concerts, we face competition from other promoters and venue operators. Our competitors compete with us for key employees who have relationships with popular music artists and who have a history of being able to book such artists for concerts and tours. These competitors may engage in more extensive development efforts, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential artists. Due to increasing artist influence and competition to attract and maintain artist clients, we may enter into agreements on terms that are less favorable to us, which could negatively impact our financial results. Our competitors may develop services, advertising options or music venues that are equal or superior to those we provide or that achieve greater market acceptance and brand recognition than we achieve. Within the live music industry, our artist management business also competes with numerous other artist management companies and individual managers in the United States alone, both to discover new and emerging artists and to represent established artists. Across the live music industry, it is possible that new competitors may emerge and rapidly acquire significant market share.

Our ticketing business faces significant competition from other national, regional and local primary ticketing service providers to secure new and retain existing clients on a continuous basis. Additionally, we face significant and increasing challenges from companies that sell self-ticketing systems and from clients who choose to self-ticket, through the integration of such systems into their existing operations or the acquisition of primary ticket services providers or by increasing sales through venue box offices and season and subscription sales. We also face competition in the resale of tickets from resale marketplaces and from other ticket resellers with online distribution capabilities. The advent of new technology, particularly as it relates to online ticketing, has amplified this competition. The intense competition that we face in the ticketing industry could cause the volume of our ticketing services business to decline. As we are also a content provider and venue operator we may face direct competition with our prospective or current primary ticketing clients, who primarily include live event content providers. This direct competition with our prospective or current primary ticketing clients could result in a decline in the number of ticketing clients we have and a decline in the volume of our ticketing business, which could adversely affect our business, financial condition and results of operations.

In the secondary ticket sales market, we have restrictions on our business that are not faced by our competitors, which restrictions include those that are self-imposed, imposed as a result of agreements entered into with the Federal Trade Commission (“FTC”), the Attorneys General of several individual states, and various international governing bodies, and statutory. These restrictions include: an obligation to obtain approval from the State of New Jersey as to any material changes to our current linking practices from primary to secondary ticketing sites; a requirement to clearly and conspicuously disclose on any primary ticketing website where a link or redirect to a resale website owned or controlled by us is posted, that the link is directing the user to a resale website and that ticket prices often exceed the ticket’s original price; and a requirement to make certain clear and conspicuous disclosures and in certain instances to create separate listings when a ticket being offered for resale is not “in-hand” as well as a requirement to monitor and enforce the compliance of third parties offering tickets on our websites with such disclosure requirements. While there are certain state laws that now ban such speculative ticket listings, we do not believe our competitors in the secondary ticket sales market are subject to the same restrictions or required to make the same disclosures required of us, though we believe the FTC has reached out to various other secondary ticketing marketplaces to ensure they state that the website is a resale website and prices could exceed face value. As a result, our ability to effectively compete in the secondary ticket sales market may be adversely affected, which could in turn adversely affect our business, financial condition and results of operations.

In connection with our merger with Ticketmaster Entertainment, Inc., we became subject to both a court-imposed final judgment in the United States and a consent agreement with Canadian authorities, pursuant to which we have agreed to abide by certain behavioral remedies that prevent us from engaging in retaliatory business tactics or improper tying arrangements. In addition, we are restricted from engaging in certain business activities that would be lawful for us to undertake absent the final judgment and the consent agreement. Our inability to undertake these business strategies could disadvantage us when we compete against firms that are not restricted by any such order, and we therefore face certain unquantifiable business risks as a result of compliance. (See the risk factor entitled “We recently agreed with the United States Department of Justice to extend and clarify the court-imposed final judgment to which we became subject in connection with the merger of Live Nation, Inc. and Ticketmaster Entertainment LLC, which places certain restrictions and obligations on us which could negatively impact our business” below.)

Other variables related to the competitive environment that could adversely affect our financial performance by, among other things, leading to decreases in overall revenue, the number of sponsors, event attendance, ticket prices and fees or profit margins include:

- an increased level of competition for advertising dollars, which may lead to lower sponsorships as we attempt to retain advertisers or which may cause us to lose advertisers to our competitors offering better programs that we are unable or unwilling to match;
- unfavorable fluctuations in operating costs, including increased guarantees to artists, which we may be unwilling or unable to pass through to our customers via higher ticket prices;
- inability or unwillingness to fund the significant up-front cash requirements associated with our touring and ticketing businesses due to insufficient cash on hand or capacity under our senior secured credit facility, which could result in the loss of key tours to competitors or the inability to secure and retain ticketing clients;
- competitors’ offerings that may include more favorable terms than we do in order to obtain agreements for new venues or ticketing arrangements or to obtain events for the venues they operate;
- technological changes and innovations that we are unable to adopt or are late in adopting that offer more attractive entertainment alternatives than we or other live entertainment providers currently offer, which may lead to a reduction in attendance at live events, a loss of ticket sales or lower ticket fees; and
- other entertainment options available to our audiences that we do not offer.

The success of our ticketing business and other operations depends, in part, on the integrity of our systems and infrastructure, as well as affiliate and third-party computer systems, wifi and other communication systems. System interruption and the lack of integration and redundancy in these systems and infrastructure may have an adverse impact on our business, financial condition and results of operations.

System interruption and the lack of integration and redundancy in the information systems and infrastructure, both of our own ticketing systems and other computer systems and of affiliate and third-party software, wifi and other communications systems service providers on which we rely, may adversely affect our ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. Such interruptions could occur by virtue of natural disaster, malicious actions such as hacking or acts of terrorism or war, or human error. In addition, the loss of some or all of certain key personnel could require us to expend additional resources to continue to maintain our software and systems and could subject us to systems interruptions. The large infrastructure plant that is required to operate our systems requires an ongoing investment of time, money and effort to maintain or refresh hardware and software and to ensure it remains at a level capable of servicing the demand and volume of business that Ticketmaster receives. Failure to do so may result in system instability, degradation in performance, or unfixable security vulnerabilities that could adversely impact both the business and the consumers utilizing our services.

While we have backup systems for certain aspects of our operations, disaster recovery planning by its nature cannot be sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these adverse events were to occur, it could adversely affect our business, financial condition and results of operations.

Data loss or other breaches of our network security could materially harm our business and results of operations, and the processing, storage, use and disclosure of personal or sensitive information could give rise to liabilities and additional costs as a result of governmental regulation, litigation and conflicting legal requirements relating to personal privacy rights.

Due to the nature of our business, we process, store, use, transfer and disclose certain personal or sensitive information about our customers and employees. Penetration of our network or other misappropriation or misuse of personal or sensitive information and data, including credit card information and other personally identifiable information, could cause interruptions in our operations and subject us to increased costs, litigation, inquiries and actions from governmental authorities, and financial or other liabilities. In addition, security breaches, incidents or the inability to protect information could lead to increased incidents of ticketing fraud and counterfeit tickets. Security breaches and incidents could also significantly damage our reputation with consumers, ticketing clients and other third parties, and could result in significant costs related to remediation efforts, such as credit or identity theft monitoring.

Although we have developed systems and processes that are designed to protect customer and employee information and to prevent security breaches or incidents (which could result in data loss or other harm or loss), such measures cannot provide absolute security or certainty. It is possible that advances in computer and hacker capabilities, new variants of malware, the development of new penetration methods and tools, inadvertent violations of company policies or procedures or other developments could result in a compromise of customer or employee information or a breach of the technology and security processes that are used to protect customer and employee information. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems may change frequently and as a result, may be difficult for our business to detect for long periods of time. In addition, despite our best efforts, we may be unable to anticipate these techniques or implement adequate preventative measures. We have expended significant capital and other resources to protect against and remedy such potential security breaches, incidents and their consequences, including the establishment of a dedicated cybersecurity organization within our larger technology environment, and will continue to do so in the future.

We also face risks associated with security breaches and incidents affecting third parties with which we are affiliated or with which we otherwise conduct business. In particular, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture and/or may pose a security risk that could unexpectedly compromise information security. For example, in the second quarter of 2018, we became aware that a third-party customer support product, used in certain jurisdictions outside the U.S., was infected with a malicious code that may have allowed an unauthorized party to skim customers' personal or payment information from their browsers. While we acted promptly to disable the infected third-party product, we continue to review our systems and interface with regulatory authorities as a result of this incident. Consumers are generally concerned with the security and privacy of the internet, and any publicized security problems affecting our businesses and/or third parties may discourage consumers from doing business with us, which could have an adverse effect on our business, financial condition and results of operations.

In addition to the above concerns related to network and data security, the collection, transfer, use, disclosure, security and retention of personal or sensitive information and other user data are governed by existing and evolving federal, state and international laws. We have expended significant capital and other resources to keep abreast of the evolving privacy landscape, including the establishment of a dedicated global privacy organization within our legal team. However, our business could be adversely affected if legislation or regulations are expanded to require changes in business practices or policies (including, for example, practices or policies regarding the collection, transfer, use, disclosure, security, and retention of personal or sensitive information), or if governing jurisdictions interpret or implement legislation or regulations in a manner which negatively affects our business, financial condition and/or results of operations. Due to the changes in the data privacy regulatory environment, we may incur additional costs and challenges to our business that restrict or limit our ability to collect, transfer, use, disclose, secure, or retain personal or sensitive information. These changes in data privacy laws may require us to modify our current or future products, services, programs, practices or policies, which may in turn impact the products and services available to our customers.

Regulators and government enforcement actions worldwide are imposing significant fines against companies for data privacy violations. Our business operations, including our ticketing business, involve the collection, transfer, use, disclosure, security, and disposal of personal or sensitive information in various locations around the world, including the European Union (“E.U.”), where the General Data Protection Regulation (“GDPR”) governs data privacy. The GDPR imposes a minimum set of rules in relation to the processing of E.U. residents’ personal information, which each E.U. Member State was required to transpose into national law (in the United Kingdom (which was a member of the E.U. at the time the GDPR was enacted), for example, the GDPR was given direct effect via the Data Protection Act of 2018). The GDPR therefore does not result in a harmonized system of data privacy laws in the E.U.; national law variations may apply. Failure to comply with the GDPR may result in significant monetary penalties of up to (a) 4% of a company’s worldwide total revenue or (b) €20 million, whichever is higher. We have committed significant capital and personnel resources to ensure, so far as is possible, that we are in compliance with the GDPR; however, there can be no assurances that violations will not occur, particularly given the complexity of the GDPR and related local laws, our business, and the uncertainties that accompany new, comprehensive legislation.

As we expand our operations into new jurisdictions, the costs associated with compliance with applicable local data privacy laws and regulations increases. It is possible that government or industry regulation in these markets will require us to deviate from our standard processes and/or make changes to our products, services and operations, which will increase operational cost and risk.

Our failure or the failure of the various third-party vendors and service providers with which we are affiliated or otherwise conduct business to comply with applicable federal, state or international laws and regulations and/or to comply with our privacy policies and/or or any compromise of security that results in the unauthorized collection, transfer, use or disclosure of personal or sensitive information or other user data may result in negative publicity resulting in reputation or brand damage, may discourage potential users from purchasing tickets or trying our products and services, and may result in proceedings/fines by governmental agencies and/or private litigation brought by consumers; the realization of one or all of the foregoing could adversely affect our business, financial condition and results of operations.

We may be adversely affected by the occurrence of extraordinary events, such as terrorist attacks or disease epidemics.

The occurrence and threat of extraordinary events, such as terrorist attacks, intentional or unintentional mass-casualty incidents, public health concerns such as contagious disease outbreaks, natural disasters or similar events, may deter artists from touring and/or substantially decrease the use of and demand for our services and the attendance at live music events, which may decrease our revenue or expose us to substantial liability. The terrorism and security incidents in the past, military actions in foreign locations, periodic elevated terrorism alerts and fears from publicized contagious disease outbreaks have raised numerous challenging operating factors, including public concerns regarding air travel, military actions and additional national or local catastrophic incidents, causing a nationwide disruption of commercial and leisure activities.

In the event of actual or threatened terrorism events, some artists may refuse to travel or book tours, which could adversely affect our business. Attendance at events may decline due to fears over terrorism and contagious disease outbreaks, which could adversely impact our operating results. There have been terrorist attacks at events that we have promoted or with which we have otherwise been involved, which have resulted in lawsuits questioning, among other things, the adequacy of the security precautions at these events. While we are constantly evaluating the security precautions for our events in an effort to ensure the safety of the public, no security measures can guarantee safety and there can be no assurances that we won’t face liabilities, which could be substantial and materially impact our operating results, in connection with such terrorist attacks at our events. In addition, we hold a large number of events at third-party venues that we do not own or operate. While we do not have direct control over the security at such venues, there can be no guarantees that victims of a terrorism or casualty event at such venues will not seek to impose, or ultimately be successful in imposing, liability on us.

The occurrence or threat of future terrorist attacks, military actions by the United States or others, contagious disease outbreaks, natural disasters such as earthquakes and severe floods or similar events cannot be predicted, and their occurrence can be expected to negatively affect the economies of the United States and other foreign countries where we do business, as well as our operating results. For instance, there are concerns regarding the recent outbreak of the coronavirus in China and its spread to other regions. Not only could such outbreak dissuade fans from attending events with large audiences, it could also impede economic activity in impacted regions or globally, leading to a decline in consumer discretionary spending on things such as concerts and other entertainment, sporting and leisure events. While the ultimate scope and scale of the coronavirus is unknown at this time, our financial condition and results of operations could be negatively and materially impacted if conditions worsen or significant quarantines are put into place.

While we have health and safety programs designed to mitigate the risks that are inherent in the staging of concerts and other events, as well as those associated with extraordinary occurrences or actions that may take place at our events, there can be no assurances that these programs will be sufficient to fully cover every possibility. Despite our best efforts, some occurrences or actions are difficult to foresee and adequately plan for, which could lead to fan, vendor and/or employee harm resulting in fines, penalties, legal costs and reputational risk that could materially and adversely impact our business and results of operations.

We operate in international markets which subject us to risks associated with the legislative, judicial, accounting, regulatory, political and economic risks and conditions specific to such markets, which could adversely affect our business, financial condition and results of operations.

We provide services in various jurisdictions abroad through a number of brands and businesses that we own and operate, as well as through joint ventures, and we expect to continue to expand our international presence. We face, and expect to continue to face, additional risks in the case of our existing and future international operations, including:

- political instability, adverse changes in diplomatic relations and unfavorable economic and business conditions in the markets in which we currently have international operations or into which we may expand, particularly in the case of emerging markets;
- more restrictive or otherwise unfavorable government regulation of the live entertainment and ticketing industries, which could result in increased compliance costs and/or otherwise restrict the manner in which we provide services and the amount of related fees charged for such services;
- limitations on the enforcement of intellectual property rights;
- limitations on the ability of foreign subsidiaries to repatriate profits or otherwise remit earnings;
- adverse tax consequences due both to the complexity of operating across multiple tax regimes as well as changes in, or new interpretations of, international tax treaties and structures;
- expropriations of property and risks of renegotiation or modification of existing agreements with governmental authorities;
- diminished ability to legally enforce our contractual rights in foreign countries;
- limitations on technology infrastructure, which could limit our ability to migrate international operations to a common ticketing system;
- variability in venue security standards and accepted practices;
- lower levels of internet usage, credit card usage and consumer spending in comparison to those in the United States; and
- difficulties in managing operations and adapting to consumer desires due to distance, language and cultural differences, including issues associated with (i) business practices and customs that are common in certain foreign countries but might be prohibited by United States law and our internal policies and procedures, and (ii) management and operational systems and infrastructures, including internal financial control and reporting systems and functions, staffing and managing of foreign operations, which we might not be able to do effectively or cost-efficiently.

As we expand into new markets these risks will be intensified and will have the potential to impact a greater percentage of our business and operating results. Our ability to expand our international operations into new jurisdictions, or further into existing jurisdictions will depend, in significant part, on our ability to identify potential acquisition candidates, joint venture or other partners, and enter into arrangements with these parties on favorable terms, as well as our ability to make continued investments to maintain and grow existing international operations. If the revenue generated by international operations is insufficient to offset expenses incurred in connection with the maintenance and growth of these operations, our business, financial condition and results of operations could be materially and adversely affected. In addition, in an effort to make international operations in one or more given jurisdictions profitable over the long term, significant additional investments that are not profitable over the short term could be required over a prolonged period.

In foreign countries in which we operate, a risk exists that our employees, contractors or agents could, in contravention of our policies, engage in business practices prohibited by applicable United States laws and regulations, such as the United States Foreign Corrupt Practices Act, as well as the laws and regulations of other countries prohibiting corrupt payments to government officials such as the United Kingdom Bribery Act 2010. We maintain policies prohibiting such business practices and have in place global anti-corruption compliance and training programs designed to ensure compliance with these laws and regulations. Nevertheless, the risk remains that one or more of our employees, contractors or agents, including those based in or from countries where practices that violate such United States laws and regulations or the laws and regulations of other countries may be customary, as well as those associated with newly-acquired businesses, will engage in business practices that are prohibited by our policies, circumvent our compliance programs and, by doing so, violate such laws and regulations. Any such violations, even if prohibited by our internal policies, could result in fines, criminal sanctions against us and/or our employees, prohibitions on the conduct of our business and damage to our reputation, which could adversely affect our business, financial condition and results of operations.

In addition, given our substantial operations in the United Kingdom (the “U.K.”) and the E.U., we face risks and uncertainties due to the referendum and approval by voters in the U.K. of an exit from the E.U., commonly referred to as “Brexit.” The U.K. legally left the E.U. on January 31, 2020; however, the U.K. will be in a transition period until December 31, 2020 during which the U.K. will continue to follow the E.U.’s rules and regulations, the U.K. will remain in the single market and the customs union, and the free movement of people will continue. Any new rules on trade, travel, and business for the U.K. and the E.U. will take effect on January 1, 2021.

These risks and uncertainties include those related to: expected continuation of volatility in the exchange rate, which is anticipated to decrease during the transition period and decrease further when a trade deal is signed (see the risk factor captioned “Exchange rates may cause fluctuations in our results of operations that are not related to our operations” below for more discussion of the impact of currency fluctuations on our business); continued uncertainty in the economic environment of the U.K. until the terms of a trade deal are agreed; the impact of the ultimate terms of any new trade deal with the E.U. and any new trading terms with other territories, including the United States, now that the U.K. is free to negotiate its own trading terms with such other territories; the ultimate terms for cross-border movement of workers agreed upon between the U.K. and the E.U.; continued political uncertainty in the U.K., which is now lessened by the Conservative Party’s majority and the legal departure of the U.K. from the E.U.; and continued regulatory uncertainty such as the potential need to find an alternative E.U. data protection/privacy regulator should the U.K.’s current Data Privacy Regulator, the ICO, cease to be recognized by the Data Protection Board made up of the regulators of the remaining E.U. member states (though the ICO could continue to be the regulator within the U.K.).

Given that the form and specific mechanics of any new rules on trade, travel, and business for the U.K. and the E.U. are still in the process of being determined, the full parameters and implications of Brexit are currently unknown; however, these and other factors, if realized, could adversely affect our business, financial condition and results of operations. While members of the U.K. government have recently made public statements recognizing the importance of, and expressing a commitment to, touring (e.g., in January 2020 the U.K.’s Culture Minister Nigel Adams MP said: “Touring is the lifeblood of the industry and we recognise the importance of the continued ease of movement of musicians, equipment and merchandise once we have left the E.U. Visa rules for artists performing in the E.U. will not change until the implementation period ends in December 2020. They are being considered, and we welcome the views of all Hon. Members and the industry on movement within Europe. It is essential that free movement is protected for artists post 2020.”), until such rules and regulations are established, the full impact of Brexit on our company will remain unknowable.

We are subject to extensive governmental regulation, and our failure to comply with these regulations could adversely affect our business, financial condition and results of operations.

Our operations are subject to federal, state and local statutes, rules, regulations, policies and procedures, both domestically and internationally, which are subject to change at any time, governing matters such as:

- privacy laws and protection of personal or sensitive information, as more particularly described above under the risk factor related to our processing, storage, use and disclosure of personal or sensitive information;

- compliance with the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010 and similar regulations in other countries, as more particularly described above under the risk factor related to our international operations;
- primary ticketing and ticket resale services;
- construction, renovation and operation of our venues;
- licensing, permitting and zoning, including noise ordinances;
- human health, safety and sanitation requirements;
- the service of food and alcoholic beverages;
- working conditions, labor, minimum wage and hour, citizenship and employment laws;
- compliance with the ADA and the DDA;
- hazardous and non-hazardous waste and other environmental protection laws;
- sales and other taxes and withholding of taxes;
- marketing activities via the telephone and online; and
- historic landmark rules.

Our failure to comply with these laws and regulations could result in proceedings/fines against us by governmental agencies and private actions brought by consumers, which if material, could adversely affect our business, financial condition and results of operations. While we attempt to conduct our business and operations in a manner that we believe to be in compliance with such laws and regulations, there can be no assurance that a law or regulation will not be interpreted or enforced in a manner contrary to our current understanding of the law or regulation. In addition, the promulgation of new laws, rules and regulations could restrict or unfavorably impact our business, which could decrease demand for services, reduce revenue, increase costs and/or subject us to additional liabilities. For example, some legislatures have proposed laws in the past that would impose potential liability on us and other promoters and producers of live music events for entertainment taxes and for incidents that occur at our events, particularly relating to drugs and alcohol. New legislation could be passed that may negatively impact our business, such as provisions that have recently been proposed in various jurisdictions that would restrict ticketing methods, mandate ticket inventory disclosure and attack current policies governing season tickets for sports teams. Additionally, governmental actions such as the current sanctions by the United States Department of the Treasury's Office of Foreign Assets Control and European regulators on certain Russian individuals and entities, as well as other sanctions elsewhere in the world, could restrict or limit our business activities in certain areas or subject us to sanction for noncompliance, even if inadvertent.

From time to time, federal, state and local authorities and/or consumers commence investigations, inquiries or litigation with respect to our compliance with applicable consumer protection, advertising, unfair business practice, antitrust (and similar or related laws) and other laws. Our businesses have historically cooperated with authorities in connection with these investigations and have satisfactorily resolved each such material investigation, inquiry or litigation. We are currently subject to agreements with the States of New Jersey, Maryland and Illinois and the FTC which govern, and in certain cases place limitations on, our ticketing resale practices. Our competitors in the secondary ticket sales market are not, to our knowledge, bound by such limitations (other than as a result of laws that apply equally to all secondary ticket sellers) and as a result, we may be at a competitive disadvantage. From time to time, other states, Canadian provinces and the federal government have commenced investigations or inquiries regarding the relationship between us and certain of our subsidiaries and other aspects of our ticketing business, including a now-settled suit brought by the Canadian Competition Bureau relating to alleged deceptive marketing practices, as well as other ongoing investigations or inquiries. In addition, we recently agreed with the United States Department of Justice to extend the duration of the consent decree we entered into in connection with our merger with Ticketmaster Entertainment LLC, which places certain restraints on our business (see the risk factor entitled "We recently agreed with the United States Department of Justice to extend and clarify the court-imposed final judgment to which we became subject in connection with the merger of Live Nation, Inc. and Ticketmaster Entertainment LLC, which places certain restrictions and obligations on us which could negatively impact our business" below). We have incurred legal expenses in connection with the defense of governmental investigations and litigation in the past and may be required to incur additional expenses in the future regarding such investigations and litigation. In the case of antitrust (and similar or related) matters, any adverse outcome could limit or prevent us from engaging in the ticketing business generally (or in a particular segment thereof) or subject us to potential damage assessments, all of which could have a material adverse effect on our business, financial condition and results of operations.

Unfavorable outcomes in legal proceedings may adversely affect our business and operating results.

Our results may be affected by the outcome of pending and future litigation. Unfavorable rulings in our legal proceedings may have a negative impact on us that may be greater or smaller depending on the nature of the rulings. In addition, we are currently, and from time to time in the future may be, subject to various other claims, investigations, legal and administrative cases and proceedings (whether civil or criminal) or lawsuits by governmental agencies or private parties, as further described in the immediately preceding risk factor. If the results of these investigations, proceedings or suits are unfavorable to us or if we are unable to successfully defend against third-party lawsuits, we may be required to pay monetary damages or may be subject to fines, penalties, injunctions or other censure that could have a material adverse effect on our business, financial condition and results of operations. Even if we adequately address the issues raised by an investigation or proceeding or successfully defend a third-party lawsuit or counterclaim, we may have to devote significant financial and management resources to address these issues, which could harm our business, financial condition and results of operations.

Our success depends, in significant part, on entertainment, sporting and leisure events and economic and other factors adversely affecting such events could have a material adverse effect on our business, financial condition and results of operations.

A decline in attendance at or reduction in the number of live entertainment, sporting and leisure events may have an adverse effect on our revenue and operating income. In addition, during periods of economic slowdown and recession, many consumers have historically reduced their discretionary spending and advertisers have reduced their advertising expenditures. The impact of economic slowdowns on our business is difficult to predict, but they may result in reductions in ticket sales, sponsorship opportunities and our ability to generate revenue. The risks associated with our businesses may become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in attendance at live entertainment, sporting and leisure events. Many of the factors affecting the number and availability of live entertainment, sporting and leisure events are beyond our control. For instance, certain sports leagues have experienced labor disputes leading to threatened or actual player lockouts. Any such lockouts that result in shortened or canceled seasons would adversely impact our business to the extent that we provide ticketing services to the affected teams both due to the loss of games and ticketing opportunities as well as the possibility of decreased attendance following such a lockout due to adverse fan reaction.

Our business depends on discretionary consumer and corporate spending. Many factors related to corporate spending and discretionary consumer spending, including economic conditions affecting disposable consumer income such as unemployment levels, fuel prices, interest rates, changes in tax rates and tax laws that impact companies or individuals, and inflation can significantly impact our operating results. Business conditions, as well as various industry conditions, including corporate marketing and promotional spending and interest levels, can also significantly impact our operating results. These factors can affect attendance at our events, premium seat sales, sponsorship, advertising and hospitality spending, concession and merchandise sales, as well as the financial results of sponsors of our venues, events and the industry. Negative factors such as challenging economic conditions and public concerns over terrorism and security incidents, particularly when combined, can impact corporate and consumer spending, and one negative factor can impact our results more than another. There can be no assurance that consumer and corporate spending will not be adversely impacted by current economic conditions, or by any future deterioration in economic conditions, thereby possibly impacting our operating results and growth.

Exchange rates may cause fluctuations in our results of operations that are not related to our operations.

Because we own assets overseas and derive revenue from our international operations, we may incur currency translation losses or gains due to changes in the values of foreign currencies relative to the United States Dollar. We cannot predict the effect of exchange rate fluctuations upon future operating results. For the year ended December 31, 2019, our international operations accounted for approximately 34% of our revenue. We cannot predict the future relationship between the United States Dollar and the currencies used by our international businesses, principally the British Pound, Euro, Australian Dollar and Canadian Dollar. We experienced foreign exchange rate operating losses of \$9.8 million and \$1.8 million for the years ended December 31, 2019 and 2018, respectively, and foreign exchange rate operating income of \$7.2 million the year ended December 31, 2017, which impacted our operating income. See Item 7A.—Quantitative and Qualitative Disclosures about Market Risk.

We may enter into future acquisitions and take certain actions in connection with such transactions, including actions taken to comply with antitrust, competition and other regulations, that could affect our business and results of operations; if we are unsuccessful in our future acquisition endeavors, our business could be adversely impacted.

Our future growth rate depends in part on our selective acquisition of additional businesses. A portion of our growth has been attributable to acquisitions. We may be unable to identify other suitable targets for further acquisition or make further acquisitions at favorable prices. If we identify a suitable acquisition candidate, our ability to successfully complete the acquisition would depend on a variety of factors, and may include our ability to obtain financing on acceptable terms and requisite government approvals. In addition, the credit agreement for our senior secured credit facility restricts our ability to make certain acquisitions. In connection with future acquisitions, we could take certain actions that could adversely affect our business, including:

- using a significant portion of our available cash;
- issuing equity securities, which would dilute current stockholders' percentage ownership;
- incurring substantial debt;
- incurring or assuming contingent liabilities, known or unknown;
- incurring amortization expenses related to intangibles; and
- incurring large accounting write-offs or impairments.

In addition, acquisitions involve inherent risks which, if realized, could adversely affect our business and results of operations, including those associated with:

- integrating the operations, financial reporting, technologies and personnel of acquired companies, including establishing and maintaining a system of internal controls appropriate for a public company environment;
- managing geographically dispersed operations;
- the diversion of management's attention from other business concerns;
- the inherent risks in entering markets or lines of business in which we have either limited or no direct experience; and
- the potential loss of key employees, customers and strategic partners of acquired companies.

We are also subject to laws and regulations, including those relating to antitrust at the state, federal and international levels, that could significantly affect our ability to expand our business through acquisitions. For example, the FTC and the Antitrust Division of the United States Department of Justice with respect to our domestic acquisitions, and the European Commission (the antitrust regulator of the E.U.) and the United Kingdom Competition Commission with respect to our European acquisitions, have the authority to challenge our acquisitions on antitrust grounds before or after the acquisitions are completed. Our failure or inability to complete future acquisitions as a result of such laws and regulations, or the imposition of unfavorable terms as a condition to the completion of an acquisition, could have a material adverse effect on our business and results of operations.

We are dependent upon our ability to lease, acquire and develop live music venues, and if we are unable to do so on acceptable terms, or at all, our results of operations could be adversely affected.

Our Concerts and Sponsorship & Advertising segments require access to venues to generate revenue from live music events. For these events, we use venues that we own, but we also operate a number of our live music venues under various agreements which include leases with third parties, ownership through an equity interest or booking agreements, which are agreements where we contract to book the events at a venue for a specific period of time. Our long-term success in the live music business will depend in part on the availability of venues, our ability to lease these venues and our ability to enter into booking agreements upon their expiration. As many of these agreements are with third parties over whom we have little or no control, we may be unable to renew these agreements or enter into new agreements on acceptable terms or at all, and may be unable to obtain favorable agreements with venues. Our ability to renew these agreements or obtain new agreements on favorable terms depends on a number of other factors, many of which are also beyond our control, such as national and local business conditions and competition from other promoters. If the cost of renewing these agreements is too high or the terms of any new agreement with a new venue are unacceptable or incompatible with our existing operations, we may decide to forego these opportunities. There can be no assurance that we will be able to renew these agreements on acceptable terms or at all, or that we will be able to obtain attractive agreements with substitute venues, which could have a material adverse effect on our results of operations.

We may continue to expand our operations through the development of live music venues and the expansion of existing live music venues, which poses a number of risks, including:

- construction of live music venues may result in cost overruns, delays or unanticipated expenses;
- desirable sites for live music venues may be unavailable or costly; and
- the attractiveness of our venue locations may deteriorate over time.

Growth or maintenance of our existing revenue depends in part on consistent investment in our venues. Therefore, we expect to continue to make substantial capital improvements to meet long-term increasing demand, improve value and grow revenue. We frequently have a number of significant capital projects underway. Numerous factors, many of which are beyond our control, may influence the ultimate costs and timing of various capital improvements.

The amount of capital expenditures can vary significantly from year to year. In addition, actual costs could vary materially from our estimates if our assumptions about the quality of materials, equipment or workmanship required or the cost of financing such expenditures were to change. Construction is also subject to governmental permitting processes which, if changed, could materially affect the ultimate cost.

Additionally, the market potential of live music venue sites cannot be precisely determined, and our live music venues may face competition in markets from unexpected sources. Newly constructed live music venues may not perform up to our expectations. We face significant competition for potential live music venue locations and for opportunities to acquire existing live music venues. Because of this competition, we may be unable to add to or maintain the number of our live music venues on terms we consider acceptable.

Our operations are seasonal and our results of operations vary from quarter to quarter and year over year, so our financial performance in certain financial quarters or years may not be indicative of, or comparable to, our financial performance in subsequent financial quarters or years.

We believe our financial results and cash needs will vary greatly from quarter to quarter and year to year depending on, among other things, the timing of tours, tour cancellations, event ticket on-sales, capital expenditures, seasonal and other fluctuations in our operating results, the timing of guaranteed payments and receipt of ticket sales and fees, financing activities, acquisitions and investments and receivables management. Because our results may vary significantly from quarter to quarter and year to year, our financial results for one quarter or year cannot necessarily be compared to another quarter or year and may not be indicative of our future financial performance in subsequent quarters or years. Typically, we experience our lowest financial performance in the first and fourth quarters of the calendar year as our outdoor venues are primarily used, and our festivals primarily occur, during May through October. In addition, the timing of tours of top grossing acts can impact comparability of quarterly results year over year and potentially annual results. The timing of event on-sales by our ticketing clients can also impact this comparability. In addition, the seasonality of our businesses could create cash flow management risks if we do not adequately anticipate and plan for periods of decreased activity, which could negatively impact our ability to execute on our strategy, which in turn could harm our results of operations.

The following table sets forth our operating income (loss) for the last eight fiscal quarters:

Fiscal Quarter Ended	Operating income (loss)
	<i>(in thousands)</i>
March 31, 2018	\$ (6,030)
June 30, 2018	\$ 134,725
September 30, 2018	\$ 234,219
December 31, 2018	\$ (90,378)
March 31, 2019	\$ (23,863)
June 30, 2019	\$ 171,586
September 30, 2019	\$ 260,041
December 31, 2019	\$ (82,920)

There is the risk of personal injuries and accidents in connection with our live music events, which could subject us to personal injury or other claims and increase our expenses, as well as reduce attendance at our live music events, causing a decrease in our revenue.

There are inherent risks involved with producing live music events. As a result, personal injuries and accidents have occurred, and may in the future occur, from time to time, which could subject us to claims and liabilities for personal injuries. Incidents in connection with our live music events at any of our venues or festival sites that we own or rent could also result in claims, reducing operating income or reducing attendance at our events, which could cause a decrease in our revenue. We have been subject to wrongful death claims and are currently subject to other litigation. In addition, while we have security protocols in place at our events, illegal drug use or alcohol consumption at our events could result in negative publicity, adverse consequences (including illness, injury or death) to the persons engaged in such activities or others, and litigation against us. While we maintain insurance policies that provide coverage within limits that are sufficient, in management's judgment, to protect us from material financial loss for personal injuries sustained by persons at our venues or events or accidents in the ordinary course of business, there can be no assurance that such insurance will be adequate at all times and in all circumstances.

We may fail to adequately protect our intellectual property rights or may be accused of infringing upon intellectual property rights of third parties.

We regard our intellectual property rights, including patents, trademarks and domain names, copyrights, trade secrets and similar intellectual property (as applicable) as critical to our success. We also rely heavily upon software codes, informational databases and other components that make up our products and services.

We have been granted trademark registrations and patents and/or have trademark and patent applications pending with the United States Patent and Trademark Office and/or various foreign authorities for various proprietary trademarks, technologies and other inventions. Any patent or trademark application filed may not result in a patent or trademark registration being issued, or existing or future patents or trademarks may not be adjudicated valid by a court or be afforded adequate protection against competitors. Likewise, the issuance of a patent or trademark registration to us does not mean that its processes, inventions or trademark will not be found to infringe upon rights previously issued to third parties. We rely on a combination of laws and contractual restrictions with employees, customers, suppliers, affiliates and others to establish and protect these proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our intellectual property without authorization which, if discovered, might require legal action to correct. In addition, third parties may independently and lawfully develop substantially similar intellectual properties.

From time to time, we are subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of the intellectual property rights of third parties. Our failure to protect our intellectual property rights in a meaningful manner or challenges to related contractual rights could result in erosion of brand names or other intellectual property and could adversely affect our business, financial condition and results of operations. Therefore, litigation may be necessary in the future to enforce our intellectual property rights, protect trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations.

Costs associated with, and our ability to obtain, adequate insurance could adversely affect our profitability and financial condition.

We currently secure insurance programs to address our various risks with terms, conditions and costs that are appropriate for our business. However, heightened concerns and challenges regarding property, casualty, business interruption and other insurance coverage have resulted from terrorist and related security incidents along with varying weather-related conditions and incidents. Any such events that are of a massive scale causing significant losses to insurance providers could negatively impact the insurance marketplace, and as a result, we may experience increased difficulty obtaining sufficiently high policy limits of coverage at a cost we believe to be reasonable, including coverage for acts of terrorism, cyber attacks, weather-related damage and disruptions and other perils associated with our operations. We have experienced a significant increase in our cost to obtain appropriate insurance over the past several years, though it is difficult to gauge the portion of this increase that is due to conditions in the insurance marketplace generally versus that attributable to our claims history for the mass casualty, cybersecurity and other incidents we have faced. We have a material investment in property and equipment at each of our venues, which are generally located near major cities and which hold events typically attended by a large number of fans. We also have a significant investment in technology, including our ticketing systems. At December 31, 2019, we had property and equipment with a net book value of \$1.1 billion. We cannot guarantee that future increases in insurance costs and difficulties obtaining high policy limits will not adversely impact our profitability, thereby possibly impacting our operating results and growth.

We cannot provide assurance that our insurance policy coverage limits, including insurance coverage for property, casualty, artists, business interruption losses, cyber attacks and acts of terrorism, would be adequate under the circumstances should one or multiple events occur at or near any of our business locations, or that our insurers would have adequate financial resources to sufficiently or fully pay our related claims or damages. We cannot guarantee that adequate coverage limits will be available, offered at a reasonable cost, or offered by insurers with sufficient financial soundness. The occurrence of such an incident or incidents affecting any one or more of our business facilities could have a material adverse effect on our financial position and future results of operations if asset damage and/or company liability were to exceed insurance coverage limits or if an insurer were unable to sufficiently or fully pay our related claims or damages.

We depend upon unionized labor for the provision of some of our services and any work stoppages or labor disturbances could disrupt our business; potential union pension obligations could cause us to incur unplanned liabilities.

The stagehands at some of our venues and other employees are subject to collective bargaining agreements. Our union agreements typically have a term of three years and thus regularly expire and require negotiation in the ordinary course of our business. Upon the expiration of any of our collective bargaining agreements, however, we may be unable to negotiate new collective bargaining agreements on terms favorable to us, and our business operations may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating our collective bargaining agreements. In addition, our business operations at one or more of our facilities may also be interrupted as a result of labor disputes by outside unions attempting to unionize a venue even though we do not have unionized labor at that venue currently. A work stoppage at one or more of our owned or operated venues or at our promoted events could have a material adverse effect on our business, financial condition and results of operations. We cannot predict the effect that a potential work stoppage would have on our business.

We participate in, and make recurrent contributions to, various multiemployer pension plans that cover many of our current and former union employees. Our required recurrent contributions to these plans could unexpectedly increase during the term of a collective bargaining agreement due to ERISA laws that require additional contributions to be made when a pension fund enters into critical status, which may occur for reasons that are beyond our control. In addition, we may be required by law to fulfill our pension withdrawal liability with respect to any multiemployer pension plans from which we may withdraw or partially withdraw. Our potential withdrawal liability will increase if a multiemployer pension plan in which we participate has significant underfunded liabilities. Any unplanned or greater than expected multiemployer pension liabilities could have a material adverse effect on our business, financial condition and results of operations.

Poor weather adversely affects attendance at our live music events, which could negatively impact our financial performance from period to period.

We promote and/or ticket many live music events. Weather conditions surrounding these events affect sales of tickets, concessions and merchandise, among other things. Poor weather conditions can have a material effect on our results of operations particularly because we promote and/or ticket a finite number of events. Increased weather variability due to climate change exacerbates weather-related issues we face. Due to weather conditions, we may be required to cancel or reschedule an event to another available day or a different venue, which would increase our costs for the event and could negatively impact the attendance at the event, as well as concession and merchandise sales. Poor weather can affect current periods as well as successive events in future periods.

We recently agreed with the United States Department of Justice to extend and clarify the court-imposed final judgment to which we became subject in connection with the merger of Live Nation, Inc. and Ticketmaster Entertainment LLC, which places certain restrictions and obligations on us which could negatively impact our business.

In connection with the merger of Live Nation, Inc. and Ticketmaster Entertainment LLC in 2010, we became subject, through July 2020, to a court-imposed final judgment, or the Final Judgment, that places certain restrictions and obligations on us in order to address the issues the United States Department of Justice (the “DOJ”) raised in its antitrust review of the merger. Pursuant to the Final Judgment, we agreed to abide by certain behavioral remedies and to provide periodic reports to the DOJ about our compliance with the Final Judgment. The Final Judgment was due to expire in July 2020; in December 2019, we reached an agreement with the DOJ to clarify certain aspects of the Final Judgment and extend its duration for an additional five and a half years (the “Amended Final Judgment”).

Under the Amended Final Judgment we may not (i) threaten to condition (or actually condition) the provision of Live Nation concerts on a venue choosing Ticketmaster, and (ii) retaliate (i.e., withhold any Live Nation concerts) in response to a venue choosing a ticketing services provider other than Ticketmaster. In addition, pursuant to the Amended Final Judgment, (i) an independent monitor has been appointed to investigate and report on our compliance with the Final Judgment, (ii) we have appointed an internal antitrust compliance officer and will conduct regular internal training to ensure our employees fully comply with the Final Judgment; (iii) we have provided notice to current or potential venue customers of our ticketing services of the Amended Final Judgment; and (iv) we are subject to an automatic penalty of \$1,000,000 for each violation. We have additionally agreed to pay costs and fees for the DOJ’s past investigation and enforcement.

During the duration of the Amended Final Judgment, we are restricted from engaging in certain business activities that, absent the Final Judgment, would be lawful for us to undertake. Our inability to undertake these business strategies could disadvantage us when we compete against firms that are not restricted by any such order. In addition, our business will be under continued and enhanced scrutiny by the DOJ, including by the independent monitor. Our compliance with the Final Judgment therefore creates certain unquantifiable business risks for us.

In connection with the merger we also entered into a consent agreement with the Canadian Competition Commission, or the Canadian Consent Agreement, which has the effect of imposing essentially the same terms as the Final Judgment on our business in Canada. The Canadian Consent Agreement will remain in effect through July 2020. The Canadian Consent Agreement creates similar risks for us, both in terms of creating potential enforcement actions and in limiting us from pursuing certain business practices.

Risks Relating to Our Leverage

We have a large amount of debt and lease obligations that could restrict our operations and impair our financial condition. The agreements governing our senior secured credit facility and certain of our other indebtedness impose restrictions on us that limit the discretion of management in operating our business and that, in turn, could impair our ability to meet our obligations under our debt.

The agreements governing our senior secured credit facility and certain of our other indebtedness include restrictive covenants that, among other things, restrict our ability to:

- incur additional debt;
- pay dividends and make distributions;
- make certain investments;
- repurchase our stock and prepay certain indebtedness;
- create liens;
- enter into transactions with affiliates;
- modify the nature of our business;
- enter into sale-leaseback transactions;
- transfer and sell material assets; and
- merge or consolidate.

In addition, our senior secured credit facility includes other restrictions, including requirements to maintain certain financial ratios. Our failure to comply with the terms and covenants of our indebtedness could lead to a default under the terms of the governing documents, which would entitle the lenders to accelerate the indebtedness and declare all amounts owed due and payable.

As of December 31, 2019, our total indebtedness, excluding unamortized debt discounts and debt issuance costs of \$94.2 million, was \$3.4 billion. Our available borrowing capacity under the revolving portion of our senior secured credit facility at that date was \$416.5 million, with outstanding letters of credit of \$83.5 million. We may also incur significant additional indebtedness in the future.

Our substantial indebtedness could have adverse consequences, including:

- making it more difficult for us to satisfy our obligations;
- increasing our vulnerability to adverse economic, regulatory and industry conditions;
- limiting our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to fund payments on our debt, thereby reducing funds available for operations and other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- making us more vulnerable to increases in interest rates; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

To service our debt and lease obligations and to fund potential acquisitions, artist and ticketing advances and capital expenditures, we will require a significant amount of cash, which depends on many factors beyond our control.

As of December 31, 2019, \$37.8 million of our total indebtedness (excluding interest and unamortized debt discount and debt issuance costs) is due in 2020, \$605.0 million is due in the aggregate in 2021 and 2022, \$603.9 million is due in the aggregate in 2023 and 2024 and \$2.2 billion is due thereafter. In addition, as of December 31, 2019, we had \$2.3 billion in operating lease liabilities, of which \$194.8 million is due in 2020 and \$185.3 million is due in 2021. All long-term debt without a stated maturity date is considered current and is reflected here as due in 2020. See the table in Item 7.—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Firm Commitments.

Our ability to service our debt and lease obligations and to fund potential acquisitions, artist and ticketing advances and capital expenditures will require a significant amount of cash, which depends on many factors beyond our control. Our ability to make payments on and to refinance our debt will also depend on our ability to generate cash in the future. This is, to an extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot provide assurance that our business will generate sufficient cash flow or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. If our future cash flow from operations and other capital resources is insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional equity capital or restructure or refinance all or a portion of our debt on or before maturity. In addition, the terms of our existing debt, including our senior secured credit facility, and other future debt may limit our ability to pursue any of these alternatives.

These measures might also be unsuccessful or inadequate in permitting us to meet scheduled debt service or lease obligations. We may be unable to restructure or refinance our obligations and obtain additional debt or equity financing or sell assets on satisfactory terms or at all. Capital markets have been volatile in the recent past; a downturn could negatively impact our ability to access capital should the need arise. As a result, the inability to meet our debt or lease obligations could cause us to default on those obligations. Any such defaults could materially harm our financial condition and liquidity.

We depend on the cash flows of our subsidiaries in order to satisfy our obligations.

We rely on distributions and loans from our subsidiaries to meet our payment requirements under our obligations. If our subsidiaries are unable to pay dividends or otherwise make payments to us, we may not be able to make debt service payments on our obligations. We conduct substantially all of our operations through our subsidiaries. Our operating cash flows and consequently our ability to service our debt is therefore principally dependent upon our subsidiaries’ earnings and their distributions of those earnings to us and may also be dependent upon loans or other payments of funds to us by those subsidiaries. Our subsidiaries are separate legal entities and may have no obligation, contingent or otherwise, to pay any amount due pursuant to our obligations or to make any funds available for that purpose. Our foreign subsidiaries generate a portion of our operating cash flows. Although we do not intend to repatriate these funds from our foreign subsidiaries in order to satisfy payment requirements in the United States, we would be required to accrue and pay United States state income taxes as well as any applicable foreign withholding or transaction taxes on future repatriations. These taxes could be substantial and could have a material adverse effect on our financial condition and results of operations. In addition, the ability of our subsidiaries to provide funds to us may be subject to restrictions under our senior secured credit facility and may be subject to the terms of such subsidiaries’ future indebtedness, as well as the availability of sufficient surplus funds under applicable law.

Risks Relating to Our Common Stock

Our corporate governance documents, rights agreement and Delaware law may delay, deter or prevent an acquisition of us that stockholders may consider favorable, which could decrease the value of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of the board of directors. These provisions include supermajority voting requirements for stockholders to amend our organizational documents and to remove directors as well as limitations on action by our stockholders by written consent. In addition, the board of directors has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer. Delaware law, for instance, also imposes some restrictions on mergers and other business combinations between any holder of 15% or more of our outstanding common stock and us. Although we believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics and thereby provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with the board of directors, these provisions apply even if the offer may be considered beneficial by some stockholders.

We have also adopted a stockholder rights plan intended to deter hostile or coercive attempts to acquire us. Under the plan, if any person or group acquires, or begins a tender or exchange offer that could result in such person acquiring, 15% or more of our common stock, and in the case of certain Schedule 13G filers, 20% or more of our common stock, and in the case of Liberty Media and certain of its affiliates, more than 35% of our common stock, without approval of the board of directors under specified circumstances, our other stockholders have the right to purchase shares of our common stock, or shares of the acquiring company, at a substantial discount to the public market price. Therefore, the plan makes an acquisition much more costly to a potential acquirer.

In addition, the terms of our senior secured credit facility provide that the lenders can require us to repay all outstanding indebtedness upon a change of control. These provisions make an acquisition more costly to a potential acquirer. See Item 7.—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.

We have no plans to pay dividends on our common stock, which could affect its market price.

We currently intend to retain any future earnings to finance the growth, development and expansion of our business and/or to repay existing indebtedness. Accordingly, we do not intend to declare or pay any dividends on our common stock for the foreseeable future. The declaration, payment and amount of future dividends, if any, will be at the sole discretion of the board of directors after taking into account various factors, including our financial condition, results of operations, cash flow from operations, current and anticipated capital requirements and expansion plans, the income tax laws then in effect and the requirements of Delaware law. In addition, the agreement governing our senior secured credit facility includes restrictions on our ability to pay cash dividends without meeting certain financial ratios and obtaining the consent of the lenders. Accordingly, holders of common stock will not receive cash payments on their investment and the market price may be adversely affected.

Conversion of our convertible notes may dilute the ownership interest of existing stockholders and may affect our per share results and the trading price of our common stock.

The issuance of shares of our common stock upon conversion of our convertible notes may dilute the ownership interests of existing stockholders. Issuances of stock on conversion may also affect our per share results of operations. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock.

We can issue preferred stock without stockholder approval, which could materially adversely affect the rights of common stockholders.

Our certificate of incorporation authorizes us to issue “blank check” preferred stock, the designation, number, voting powers, preferences and rights of which may be fixed or altered from time to time by the board of directors. Our subsidiaries may also issue additional shares of preferred stock. Accordingly, the board of directors has the authority, without stockholder approval, to issue preferred stock with rights that could materially adversely affect the voting power or other rights of the common stockholders or the market value of the common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2019, we own, operate or lease 143 entertainment venues throughout North America and 79 entertainment venues internationally. We have a lease ending June 30, 2030 for our corporate headquarters in Beverly Hills, California, used primarily by our executive group and certain of our domestic operations management staff. We also lease office space and other facilities in 41 countries that support our Concerts, Ticketing and Sponsorship & Advertising segment operations. We believe our venues and facilities are generally well-maintained and in good operating condition and have adequate capacity to meet our current business needs.

Our leases are for varying terms ranging from monthly to multi-year. These leases can typically be for terms of three to 10 years for our office leases and five to 25 years for our venue leases, and many include renewal options. There is no significant concentration of venues under any one lease or subject to negotiation with any one landlord. We believe that an important part of our management activity is to negotiate suitable lease renewals and extensions.

ITEM 3. LEGAL PROCEEDINGS

Information regarding our legal proceedings can be found in Part II—Financial Information—Item 8. Financial Statements and Supplementary Data—Note 7—Commitments and Contingent Liabilities.

PART II—FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock was listed on the New York Stock Exchange under the symbol “LYV” beginning on December 21, 2005. There were 3,249 stockholders of record as of 2/20/2020. This figure does not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies.

Purchase of Equity Securities

The following table provides information regarding repurchases of our common stock during the year ended December 31, 2019.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Program ⁽²⁾	Maximum Fair Value of Shares that May Yet Be Purchased Under the Program ⁽²⁾
January 2019	7,979	\$52.87		
February 2019	12,846	\$54.20		
March 2019	129,479	\$63.32		
April 2019	10,162	\$64.91		
May 2019	4,366	\$64.68		
June 2019	—	—		
July 2019	1,115	\$70.33		
August 2019	1,600	\$72.11		
September 2019	1,843	\$68.06		
October 2019	2,030	\$69.40		
November 2019	38,106	\$66.02		
December 2019	30,282	\$69.96		
	<u>239,808</u>			

⁽¹⁾ Represents shares of common stock that employees surrendered as part of the default option to satisfy withholding taxes in connection with the vesting of restricted stock awards under our stock incentive plan. Pursuant to the terms of our stock plan, such shares revert to available shares under the plan.

⁽²⁾ We do not have a publicly announced program to purchase shares of our common stock. Accordingly, there were no shares purchased as part of a publicly announced program. See footnote (1).

Dividend Policy

From inception and through December 31, 2019, we have not declared or paid any dividends. We presently intend to retain any future earnings to finance the expansion of our business and to make debt repayments as they become due. Therefore, we do not expect to pay any cash dividends in the foreseeable future. Moreover, the terms of our senior secured credit facility limit the amount of funds that we will have available to declare and distribute as dividends on our common stock. Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable laws after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, plans for expansion and contractual restrictions with respect to the payment of dividends.

Recent Sales of Unregistered Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

The Selected Financial Data should be read in conjunction with Item 7.—Management’s Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	<i>(in thousands except per share data)</i>				
Results of Operations Data ⁽¹⁾:					
Revenue	\$ 11,547,969	\$ 10,787,800	\$ 9,687,222	\$ 7,826,336	\$ 6,776,584
Operating income ⁽²⁾	\$ 324,844	\$ 272,536	\$ 91,397	\$ 194,940	\$ 131,372
Income (loss) before income taxes ⁽²⁾	\$ 185,104	\$ 131,105	\$ (9,380)	\$ 48,326	6,353
Net income (loss) attributable to common stockholders of Live Nation ⁽³⁾	\$ 69,889	\$ 60,249	\$ (6,015)	\$ 2,942	\$ (32,508)
Basic and diluted net loss available to common stockholders of Live Nation	\$ (4,882)	\$ (17,651)	\$ (97,646)	\$ (47,010)	\$ (65,687)
Basic and diluted net loss per common share available to common stockholders of Live Nation ⁽⁴⁾	\$ (0.02)	\$ (0.09)	\$ (0.48)	\$ (0.23)	\$ (0.33)
Cash dividends per share	\$ —	\$ —	\$ —	\$ —	\$ —

	As of December 31,				
	2019	2018	2017	2016	2015
	<i>(in thousands)</i>				
Balance Sheet Data ⁽¹⁾:					
Total assets ⁽⁵⁾	\$ 10,975,615	\$ 8,496,886	\$ 7,504,263	\$ 6,764,266	\$ 6,156,241
Long-term debt, net (including current maturities)	\$ 3,309,057	\$ 2,815,020	\$ 2,299,959	\$ 2,313,053	\$ 2,045,014
Redeemable noncontrolling interests	\$ 449,498	\$ 329,355	\$ 244,727	\$ 347,068	\$ 263,715

⁽¹⁾ Acquisitions and dispositions along with changes in foreign exchange rates can significantly impact the comparability of the historical consolidated financial data reflected in this schedule of Selected Financial Data.

⁽²⁾ The year ended December 31, 2017 includes the accrual of a \$110.0 million legal settlement entered into in January 2018. In addition, the years ended December 31, 2018 and 2017, include \$10.5 million and \$20.0 million, respectively, of goodwill impairments recorded in conjunction with our annual impairment tests.

⁽³⁾ The year ended December 31, 2017 includes the accrual of a \$110.0 million legal settlement entered into in January 2018, and a \$55.7 million income tax benefit from the 2017 United States tax reform change. See Item 8. Financial Statements and Supplementary Data—Note 9—Income Taxes for further discussion of the 2017 tax reform change. In addition, the years ended December 31, 2018 and 2017, include \$10.5 million and \$20.0 million, respectively, of goodwill impairments recorded in conjunction with our annual impairment tests.

⁽⁴⁾ The year ended December 31, 2018 includes a loss of \$0.05 per common share, on a basic and diluted basis, from the impact of the goodwill impairment. The year ended December 31, 2017 includes a loss of \$0.36 per common share from the impact of the legal settlement and goodwill impairment offset by the tax benefit from the 2017 tax reform change.

⁽⁵⁾ Total assets as of December 31, 2019 includes operating lease assets of \$1.4 billion as a result of our adoption of the new lease accounting guidance on January 1, 2019. See Item 8. Financial Statements and Supplementary Data—Note 1—The Company and Summary of Significant Accounting Policies for further discussion of the impacts of the new lease guidance.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with the audited consolidated financial statements and notes to the financial statements included elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed under Item 1A.—Risk Factors and other sections in this Annual Report.

The following discussion of our financial condition and results of operations generally discusses 2019 and 2018 items along with year-over-year comparisons between these two years. Discussion of 2017 items and year-over-year comparisons between 2018 and 2017 can be found in Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2018 Annual Report on Form 10-K.

Executive Overview

Live Nation continued to see strong demand for live events in 2019, powering the concerts center of our business flywheel. The execution of our key strategic initiatives is elevating the live experience through our Concerts, Ticketing and Sponsorship & Advertising businesses to maximize benefits to the fans, to the many artists, teams and corporate sponsors we work with, and to our stockholders.

As the leading global live event and ticketing company, we believe that we are well-positioned to provide the best service to artists, teams, fans and venues and therefore drive growth across all our businesses. We believe that by leveraging our leadership position in the entertainment industry to reach fans through the live concert experience, we will sell more tickets and uniquely engage more advertising partners. By advancing innovation in ticketing technology, we will continue to improve the fan experience by offering increased and more diversified, secure choices in an expanded ticketing marketplace. This gives us a compelling opportunity to grow our fan base and our results.

Our total revenue for the year was \$11.5 billion, an increase of \$0.8 billion, or 7%, on a reported basis, or \$0.9 billion, or 9%, on a constant currency basis as compared to last year. The increase was largely driven by our Concerts segment due to more events, fans, and onsite revenue. We had record attendance at our concerts again in 2019. Ticketing increased as well, with strong growth in international ticket sales as well as the continued expansion of our resale business. Fee-bearing ticket sales also hit a record high in 2019. Sponsorship & Advertising again delivered strong growth over the prior year due in part to our first year with the Rock in Rio festival, as well as adding marquee brands as partners around the globe. Our operating results improved this year, compared to 2018, due to improved business performance.

Our Concerts segment drove most of our revenue growth this year, generating \$9.4 billion of revenue, an increase of \$0.7 billion, or 8%, on a reported basis, or \$0.8 billion, a 9% increase without the impact of changes in foreign exchange rates. This higher revenue was due to additional arena activity in the United States, more stadium shows in Europe, expanded theater and club activity worldwide, and adding new markets to our festival footprint. Some of the biggest tours in 2019 featured Metallica, Ariana Grande, Backstreet Boys, Jonas Brothers, and Post Malone. Overall, Concerts attendance grew by 4.9 million to nearly 98 million fans, a record for the Company and an increase of 5% over the prior year. The growth of our amphitheater onsite business continued in 2019, with a focus on increased food and beverage offerings, premium parking, and other upsell programs. These initiatives helped grow our ancillary revenue per fan at our amphitheaters by \$2.50 in 2019. We have continued to focus on platinum and premium ticket opportunities for fans and improving the sell-through on our best seats. We will continue to look for expansion opportunities, both domestically and internationally, as well as ways to market our events more effectively, in order to continue to expand our fan base and geographic reach and thereby sell more tickets and onsite products.

Our Ticketing segment revenue for 2019 increased by \$15.6 million, or 1%, on a reported basis as compared to last year, or \$35.4 million, a 2% increase, without the impact of changes in foreign exchange rates. We sold 220 million fee-bearing tickets worldwide in 2019, a 2.4 million ticket increase over last year. During 2019, we grew ticketing-related revenue streams, implemented tools to reduce costly fraudulent activity, and reduced our cost of customer acquisition. All these factors helped improve operating income for the segment as well as margins for the year. Our digital ticketing initiative continues to accelerate: we have installed our Presence system in over 700 venues in North America through the end of 2019, with approximately 121 million fans entering venues via the platform. App installations increased by 18% during the year, creating additional marketing opportunities for our company and driving conversion from search and discovery to purchase. On the mobile front, approximately 48% of our total tickets were sold via mobile and tablet devices in 2019, and our total mobile ticket sales increased by 13% year-over-year. This is a key component of our rollout of SafeTix which benefits our fans, our artists, and our clients. We will continue to implement new features to drive further expansion of mobile ticket transactions and invest in initiatives aimed at improving the ticket search, purchase and transfer process. As a result, we expect to continue to attract more ticket buyers and enhance the overall fan and venue/artist client experience.

Our Sponsorship & Advertising segment revenue for the year was up \$86.3 million, or 17%, on a reported basis as compared to last year, or \$98.6 million, or 20%, without the impact of changes in foreign exchange rates. Higher revenue largely resulted from new clients and increased festival sponsorship, including the Rock in Rio event in Brazil that occurs every two years. In 2019, we increased our strategic sponsors globally, and grew revenue from these partners by double-digits. The investment we have made over the past few years in premium inventory products including viewing decks, VIP clubs and social moments are generating sponsorship growth at our owned and operated venues. Renewals of our key existing clients were on plan and we saw growth from expanding into new categories such as consumer retail, automotive, and consumer packaged goods. Operating income improved by double-digits as a result of the strong operational results.

We believe that our extensive onsite and online reach, global venue distribution network, artist relationships, ticketing operations and live entertainment content are the keys to securing long-term sponsorship agreements with major brands, and we plan to expand and enhance these assets while extending further into new markets internationally.

Recent Events

In July 2019, we entered into agreements to acquire an aggregate 51% interest in OCESA Entretenimiento, S.A. de C.V. and certain other related subsidiaries of Corporación Interamericana de Entretenimiento, S.A.B. de C.V. (“CIE”). We made our initial concentration notice filings with the regulatory authorities in Mexico in late August and are in the process of responding to their requests for additional information in connection with their review of our filings. CIE shareholders approved the acquisition in September 2019. The acquisition is anticipated to close in the first half of 2020.

Segment Overview

Our reportable segments are Concerts, Ticketing and Sponsorship & Advertising.

Concerts

Our Concerts segment principally involves the global promotion of live music events in our owned or operated venues and in rented third-party venues, the operation and management of music venues, the production of music festivals across the world, the creation of associated content and the provision of management and other services to artists. While our Concerts segment operates year-round, we experience higher revenue during the second and third quarters due to the seasonal nature of shows at our outdoor amphitheaters and festivals, which primarily occur from May through October. Revenue and related costs for events are generally deferred and recognized when the event occurs. All advertising costs incurred during the year for shows in future years are expensed at the end of the year.

Concerts direct operating expenses include artist fees, event production costs, show-related marketing and advertising expenses, along with other costs.

To judge the health of our Concerts segment, we primarily monitor the number of confirmed events and fan attendance in our network of owned or operated and third-party venues, talent fees, average paid attendance, market ticket pricing, advance ticket sales and the number of major artist clients under management. In addition, at our owned or operated venues and festivals, we monitor ancillary revenue per fan and premium ticket sales. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

Ticketing

Our Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients and retains a portion of the service charges as our fee. Gross transaction value (“GTV”) represents the total amount of the transaction related to a ticket sale and includes the face value of the ticket as well as the service charge. Service charges are generally based on a percentage of the face value or a fixed fee. We sell tickets through websites, mobile apps, ticket outlets and telephone call centers. Our ticketing sales are impacted by fluctuations in the availability of events for sale to the public, which may vary depending upon scheduling by our clients. We also offer ticket resale services, sometimes referred to as secondary ticketing, principally through our integrated inventory platform, league/team platforms and other platforms internationally. Our Ticketing segment manages our online activities including enhancements to our ticketing websites and product offerings. Through our websites, we sell tickets to our own events as well as tickets for our clients and provide event information. Revenue related to ticketing service charges is recognized when the ticket is sold for our third-party clients. For our own events, where our concert promoters control ticketing, revenue is deferred and recognized when the event occurs.

To judge the health of our Ticketing segment, we primarily review the GTV and the number of tickets sold through our ticketing operations, the number of clients renewed or added and the average royalty rate paid to clients who use our ticketing services. In addition, we review the number of visits to our websites, cost of customer acquisition, the purchase conversion rate, the overall number of customers in our database, the number and percentage of tickets sold via mobile and the number of app installs. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

Sponsorship & Advertising

Our Sponsorship & Advertising segment employs a sales force that creates and maintains relationships with sponsors through a combination of strategic, international, national and local opportunities that allow businesses to reach customers through our concert, festival, venue and ticketing assets, including advertising on our websites. We drive increased advertising scale to further monetize our concerts platform through rich media offerings including advertising associated with live streaming and music-related content. We work with our corporate clients to help create marketing programs that support their business goals and connect their brands directly with fans and artists. We also develop, book and produce custom events or programs for our clients’ specific brands, which are typically experienced exclusively by the clients’ consumers. These custom events can involve live music events with talent and media, using both online and traditional outlets. We typically experience higher revenue in the second and third quarters, as a large portion of sponsorships are associated with shows at our outdoor amphitheaters and festivals, which primarily occur from May through October.

To judge the health of our Sponsorship & Advertising segment, we primarily review the revenue generated through sponsorship arrangements and online advertising, and the percentage of expected revenue under contract. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

Key Operating Metrics

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands except estimated events)</i>		
Concerts ⁽¹⁾			
Estimated events:			
North America	28,426	24,186	19,933
International	11,830	10,810	9,659
Total estimated events	40,256	34,996	29,592
Estimated fans:			
North America	62,695	61,159	54,868
International	34,967	31,607	31,363
Total estimated fans	97,662	92,766	86,231
Ticketing ⁽²⁾			
Number of fee-bearing tickets sold	219,838	217,441	205,703
Number of non-fee-bearing tickets sold	266,750	265,034	267,713
Total tickets sold	486,588	482,475	473,416

⁽¹⁾ Events generally represent a single performance by an artist. Fans generally represent the number of people who attend an event. Festivals are counted as one event in the quarter in which the festival begins, but the number of fans is based on the days the fans were present at the festival and thus can be reported across multiple quarters. Events and fan attendance metrics are estimated each quarter.

⁽²⁾ The fee-bearing tickets estimated above include primary and secondary tickets that are sold using our Ticketmaster systems or that we issue through affiliates. This metric includes primary tickets sold during the year regardless of event timing, except for our own events where our concert promoters control ticketing which are reported when the events occur. The non-fee-bearing tickets estimated above include primary tickets sold using our Ticketmaster systems, through season seat packages and our venue clients' box offices, along with tickets sold on our "do it yourself" platform.

Non-GAAP Measures

The following table sets forth the reconciliation of AOI to operating income (loss):

	Operating income (loss)	Stock- based compensation expense	Loss (gain) on disposal of operating assets	Depreciation and amortization	Amortization of non- recoupable ticketing contract advances	Acquisition expenses	AOI
	<i>(in thousands)</i>						
2019							
Concerts	\$ (53,463)	\$ 12,935	\$ (2,490)	\$ 239,682	\$ —	\$ 45,659	\$ 242,323
Ticketing	231,958	6,268	116	156,894	85,844	1,276	482,356
Sponsorship & Advertising	330,270	2,744	—	33,084	—	—	366,098
Other and Eliminations	(1,114)	—	—	364	(5,542)	—	(6,292)
Corporate	(182,807)	26,838	1	13,967	—	26	(141,975)
Total	\$ 324,844	\$ 48,785	\$ (2,373)	\$ 443,991	\$ 80,302	\$ 46,961	\$ 942,510
2018							
Concerts	\$ (36,205)	\$ 12,203	\$ 10,361	\$ 206,772	\$ —	\$ 32,851	\$ 225,982
Ticketing	201,914	4,753	7	143,551	85,110	1,177	436,512
Sponsorship & Advertising	283,153	1,665	2	30,779	—	—	315,599
Other and Eliminations	(18,311)	—	—	817	(5,023)	—	(22,517)
Corporate	(158,015)	26,961	(1)	4,610	—	13	(126,432)
Total	\$ 272,536	\$ 45,582	\$ 10,369	\$ 386,529	\$ 80,087	\$ 34,041	\$ 829,144
2017							
Concerts	\$ (93,589)	\$ 18,872	\$ (1,056)	\$ 226,315	\$ —	\$ 34,461	\$ 185,003
Ticketing	90,905	4,117	49	112,727	88,050	2,011	297,859
Sponsorship & Advertising	251,486	1,375	—	27,669	—	—	280,530
Other and Eliminations	(17,338)	—	—	433	(4,716)	—	(21,621)
Corporate	(140,067)	18,391	38	5,057	—	(47)	(116,628)
Total	\$ 91,397	\$ 42,755	\$ (969)	\$ 372,201	\$ 83,334	\$ 36,425	\$ 625,143

Adjusted Operating Income (Loss)

AOI is a non-GAAP financial measure that we define as operating income (loss) before certain stock-based compensation expense, loss (gain) on disposal of operating assets, depreciation and amortization (including goodwill impairment), amortization of non-recoupable ticketing contract advances and acquisition expenses (including transaction costs, changes in the fair value of accrued acquisition-related contingent consideration obligations, and acquisition-related severance and compensation). We use AOI to evaluate the performance of our operating segments. We believe that information about AOI assists investors by allowing them to evaluate changes in the operating results of our portfolio of businesses separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results. AOI is not calculated or presented in accordance with GAAP. A limitation of the use of AOI as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in our business. Accordingly, AOI should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss), and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, AOI as presented herein may not be comparable to similarly titled measures of other companies.

AOI Margin

AOI margin is a non-GAAP financial measure that we calculate by dividing AOI by revenue. We use AOI margin to evaluate the performance of our operating segments. We believe that information about AOI margin assists investors by allowing them to evaluate changes in the operating results of our portfolio of businesses separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results. AOI margin is not calculated or presented in accordance with GAAP. A limitation of the use of AOI margin as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in our business. Accordingly, AOI margin should be considered in addition to, and not as a substitute for, operating income (loss) margin, and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, AOI margin as presented herein may not be comparable to similarly titled measures of other companies.

Constant Currency

Constant currency is a non-GAAP financial measure. We calculate currency impacts as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior period's currency exchange rates. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations.

Segment Operating Results

Concerts

Our Concerts segment operating results were, and discussions of significant variances are, as follows:

	Year Ended December 31,			% Change 2019 vs 2018	% Change 2018 vs 2017
	2019	2018	2017		
	<i>(in thousands)</i>				
Revenue	\$ 9,428,094	\$ 8,770,031	\$ 7,892,076	8%	11%
Direct operating expenses	7,857,437	7,340,757	6,641,071	7%	11%
Selling, general and administrative expenses	1,386,928	1,248,346	1,119,335	11%	12%
Depreciation and amortization	239,682	196,272	206,315	16%	(5)%
Goodwill impairment	—	10,500	20,000	*	*
Loss (gain) on disposal of operating assets	(2,490)	10,361	(1,056)	*	*
Operating loss	<u>\$ (53,463)</u>	<u>\$ (36,205)</u>	<u>\$ (93,589)</u>	(48)%	61%
Operating margin	(0.6)%	(0.4)%	(1.2)%		
AOI **	\$ 242,323	\$ 225,982	\$ 185,003	7%	22%
AOI margin **	2.6 %	2.6 %	2.3 %		

* Percentages are not meaningful.

** See “—Non-GAAP Measures” above for the definition and reconciliation of AOI and AOI margin.

Revenue

Concerts revenue increased \$658.1 million during the year ended December 31, 2019 as compared to the prior year. Excluding the decrease of \$154.5 million related to currency impacts, revenue increased \$812.6 million, or 9%, primarily due to more shows in our North America arenas, international stadiums and theaters and clubs globally, higher average ticket prices in our North America theaters, higher festival activity and more shows sold to third-party promoters in markets where we do not have a local promoter presence. These increases were partially offset by fewer shows in our North America stadiums, international arenas and North America amphitheaters. Concerts had incremental revenue of \$269.0 million during 2019, primarily from the acquisitions of concert and festival promotion businesses.

Operating results

The decline in operating results for Concerts for the year ended December 31, 2019 were primarily driven by higher compensation costs associated with salary increases and headcount growth along with increased depreciation and amortization associated with recent enhancements to certain venues and \$21.2 million of impairment charges recorded during 2019 partially offset by improved overall operating results from our events. The impairment charges recorded in 2019 were primarily associated with revenue-generating contract intangible assets as it was determined that the estimated undiscounted cash flows associated with the respective intangible assets were less than their carrying value. There were no significant impairments of intangible assets recorded during 2018. In 2018, we recorded a \$10.5 million goodwill impairment related to our Artist Services (non-management) business in connection with our annual impairment test. There was no goodwill impairment recorded in 2019. Included in selling, general and administrative expenses for the year ended December 31, 2019 is \$91.5 million of expenses related to new acquisitions and new venues in the Concerts segment.

Ticketing

Our Ticketing segment operating results were, and discussions of significant variances are, as follows:

	Year Ended December 31,			% Change 2019 vs 2018	% Change 2018 vs 2017
	2019	2018	2017		
	<i>(in thousands)</i>				
Revenue	\$1,545,189	\$1,529,566	\$1,346,510	1%	14%
Direct operating expenses	514,169	549,265	460,881	(6)%	19%
Selling, general and administrative expenses	642,052	634,829	681,948	1%	(7)%
Depreciation and amortization	156,894	143,551	112,727	9%	27%
Loss on disposal of operating assets	116	7	49	*	*
Operating income	<u>\$ 231,958</u>	<u>\$ 201,914</u>	<u>\$ 90,905</u>	15%	*
Operating margin	15.0 %	13.2 %	6.8 %		
AOI **	\$ 482,356	\$ 436,512	\$ 297,859	11%	47%
AOI margin **	31.2 %	28.5 %	22.1 %		

* Percentages are not meaningful.

** See “—Non-GAAP Measures” above for the definition and reconciliation of AOI and AOI margin.

Revenue

Ticketing revenue increased \$15.6 million during the year ended December 31, 2019 as compared to the prior year. Excluding the decrease of \$19.8 million related to currency impacts, revenue increased \$35.4 million, or 2%, primarily due to increased international primary ticket fees, driven by higher volume for concerts and sporting events, along with higher North America resale volume and increased ancillary revenue. These increases were partially offset by lower North America ticket volume driven by fewer concert events on sale in the first half of 2019, which was partially driven by more onsales for 2019 events in the fourth quarter of 2018.

Operating results

Ticketing operating income increased for the year ended December 31, 2019 primarily due to improved operating results from the increased ticketing activity discussed above along with lower customer acquisition costs and credit card related costs partially offset by increased depreciation and amortization associated with technology enhancements.

Sponsorship & Advertising

Our Sponsorship & Advertising segment operating results were, and discussions of significant variances are, as follows:

	Year Ended December 31,			% Change 2019 vs 2018	% Change 2018 vs 2017
	2019	2018	2017		
	<i>(in thousands)</i>				
Revenue	\$ 590,274	\$ 503,968	\$ 445,148	17%	13%
Direct operating expenses	114,326	92,494	78,725	24%	17%
Selling, general and administrative expenses	112,594	97,540	87,268	15%	12%
Depreciation and amortization	33,084	30,779	27,669	7%	11%
Loss on sale of operating assets	—	2	—	*	*
Operating income	<u>\$ 330,270</u>	<u>\$ 283,153</u>	<u>\$ 251,486</u>	17%	13%
Operating margin	56.0 %	56.2 %	56.5 %		
AOI **	\$ 366,098	\$ 315,599	\$ 280,530	16%	13%
AOI margin **	62.0 %	62.6 %	63.0 %		

* Percentages are not meaningful.

** See “—Non-GAAP Measures” above for the definition and reconciliation of AOI and AOI margin.

Revenue

Sponsorship & Advertising revenue increased \$86.3 million during the year ended December 31, 2019 as compared to the prior year. Excluding the decrease of \$12.3 million related to currency impacts, revenue increased \$98.6 million, or 20%, primarily due to growth in our national sponsorship programs in North America along with increased sponsorship for our festivals and other venues. Sponsorship & Advertising had incremental revenue of \$36.2 million during 2019 primarily from the acquisitions of concert and festival promotion businesses.

Operating results

The increased operating income for the year ended December 31, 2019 was primarily driven by the higher sponsorship activity discussed above partially offset by higher fulfillment costs on certain sponsorship programs and increased compensation expense driven by headcount growth.

Consolidated Results of Operations

	Year Ended December 31,					% Change		%
	2019			2018	2017	2019 vs 2018		Change
	As Reported	Currency Impacts	Constant Currency** (in thousands)	As Reported	As Reported	As Reported	Constant Currency	As Reported
Revenue	\$11,547,969	\$ 186,582	\$11,734,551	\$10,787,800	\$9,687,222	7%	9%	11%
Operating expenses:								
Direct operating expenses	8,467,182	139,426	8,606,608	7,967,932	7,181,898	6%	8%	11%
Selling, general and administrative expenses	2,145,486	31,658	2,177,144	1,997,028	1,907,723	7%	9%	5%
Depreciation and amortization	443,991	5,653	449,644	386,529	372,201	15%	16%	4%
Loss (gain) on disposal of operating assets	(2,373)	66	(2,307)	10,369	(969)	*	*	*
Corporate expenses	168,839	27	168,866	153,406	134,972	10%	10%	14%
Operating income	324,844	<u>\$ 9,752</u>	<u>\$ 334,596</u>	272,536	91,397	19%	23%	*
Operating margin	2.8 %		2.9 %	2.5 %	0.9 %			
Interest expense	157,521			140,976	107,770			
Interest income	(14,406)			(8,961)	(5,717)			
Equity in earnings of nonconsolidated affiliates	(5,457)			(2,747)	(1,161)			
Other expense (income), net	2,082			12,163	(115)			
Income (loss) before income taxes	185,104			131,105	(9,380)			
Income tax expense (benefit)	66,892			40,765	(17,154)			
Net income	118,212			90,340	7,774			
Net income attributable to noncontrolling interests	48,323			30,091	13,789			
Net income (loss) attributable to common stockholders of Live Nation	<u>\$ 69,889</u>			<u>\$ 60,249</u>	<u>\$ (6,015)</u>			

* Percentages are not meaningful.

** See “—Non-GAAP Measures” above for definition of constant currency.

Corporate

Corporate expenses increased \$15.4 million, or 10%, during the year ended December 31, 2019 as compared to the prior year primarily due to increased compensation expense driven by headcount growth and incentive compensation as a result of the increased operating results.

Interest expense

Interest expense increased \$16.5 million, or 12%, during the year ended December 31, 2019 as compared to the prior year primarily due to additional interest costs from the 4.75% senior notes issued in October 2019 along with the 5.625% senior notes and the 2.5% convertible senior notes issued in March 2018.

Our debt balances, excluding unamortized debt discounts and issuance costs, were \$3.4 billion and \$2.9 billion as of December 31, 2019 and 2018, respectively.

Other expense (income), net

Other expense (income), net was expense of \$12.2 million for the year ended December 31, 2018 and includes net foreign exchange rate gains of \$11.6 million. The net foreign exchange rate gains and losses result primarily from revaluation of certain foreign currency denominated net assets held internationally.

Income taxes

For the year ended December 31, 2019, we had a net tax expense of \$66.9 million on income before income taxes of \$185.1 million compared to a net tax expense of \$40.8 million on income before income taxes of \$131.1 million for 2018. In 2019, the net income tax expense consisted of a \$5.3 million tax expense related to United States federal income taxes, \$55.5 million tax expense related to foreign entities and \$6.1 million tax expense related to state and local income taxes. The net increase in tax expense of \$26.1 million is due primarily to higher pre-tax earnings in taxable jurisdictions.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests increased \$18.2 million during the year ended December 31, 2019 as compared to the prior year primarily from earnings associated with the acquisition of a festival promotion business located in Brazil that had been accounted for as an equity investment and improved operating results from certain artist management businesses located in the United States. These increases were partially offset by the portion of the intangible impairment attributable to noncontrolling interests. See “—Concerts” segment above for further discussion.

Liquidity and Capital Resources

Our cash is centrally managed on a worldwide basis. Our primary short-term liquidity needs are to fund general working capital requirements, capital expenditures and debt service requirements while our long-term liquidity needs are primarily related to acquisitions and debt repayment. Our primary sources of funds for our short-term liquidity needs will be cash flows from operations and borrowings under our senior secured credit facility, while our long-term sources of funds will be from cash flows from operations, long-term bank borrowings and other debt or equity financings. We may from time to time engage in open market purchases of our outstanding debt securities or redeem or otherwise repay such debt.

Our balance sheet reflects cash and cash equivalents of \$2.5 billion at December 31, 2019 and \$2.4 billion at December 31, 2018. Included in the December 31, 2019 and 2018 cash and cash equivalents balance is \$837.7 million and \$859.1 million, respectively, of cash received that includes the face value of tickets sold on behalf of our ticketing clients and their share of service charges, which we refer to as client cash. We generally do not utilize client cash for our own financing or investing activities as the amounts are payable to our clients on a regular basis. Our foreign subsidiaries held approximately \$933.7 million in cash and cash equivalents, excluding client cash, at December 31, 2019. We generally do not repatriate these funds, but if we did, we would need to accrue and pay United States state income taxes as well as any applicable foreign withholding or transaction taxes on future repatriations. We may from time to time enter into borrowings under our revolving credit facility. If the original maturity of these borrowings is 90 days or less, we present the borrowings and subsequent repayments on a net basis in the statement of cash flows to better represent our financing activities. Our balance sheet reflects total net debt of \$3.3 billion and \$2.8 billion at December 31, 2019 and 2018, respectively. Our weighted-average cost of debt, excluding the unamortized debt discounts and debt issuance costs on our term loans and notes, was 4.2% at December 31, 2019.

Our cash and cash equivalents are held in accounts managed by third-party financial institutions and consist of cash in our operating accounts and invested cash. Cash held in interest-bearing operating accounts in many cases exceeds the Federal Deposit Insurance Corporation insurance limits. The invested cash is in interest-bearing funds consisting primarily of bank deposits and money market funds. While we monitor cash and cash equivalents balances in our operating accounts on a regular basis and adjust the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, we have experienced no loss or lack of access to our cash and cash equivalents; however, we can provide no assurances that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

For our Concerts segment, we generally receive cash related to ticket revenue at our owned or operated venues and festivals in advance of the event, which is recorded in deferred revenue until the event occurs. With the exception of some upfront costs and artist deposits, which are recorded in prepaid expenses until the event occurs, we pay the majority of event-related expenses at or after the event.

We view our available cash as cash and cash equivalents, less ticketing-related client cash, less event-related deferred revenue, less accrued expenses due to artists and cash collected on behalf of others, plus event-related prepaid expenses. This is essentially our cash available to, among other things, repay debt balances, make acquisitions and finance capital expenditures.

Our intra-year cash fluctuations are impacted by the seasonality of our various businesses. Examples of seasonal effects include our Concerts segment, which reports the majority of its revenue in the second and third quarters. Cash inflows and outflows depend on the timing of event-related payments but the majority of the inflows generally occur prior to the event. See “—Seasonality” below. We believe that we have sufficient financial flexibility to fund these fluctuations and to access the global capital markets on satisfactory terms and in adequate amounts, although there can be no assurance that this will be the case, and capital could be less accessible and/or more costly depending on economic conditions at the time. We expect cash flows from operations and borrowings under our senior secured credit facility, along with other financing alternatives, to satisfy working capital requirements, capital expenditures and debt service requirements for at least the succeeding year.

We may need to incur additional debt or issue equity to make other strategic acquisitions or investments. There can be no assurance that such financing will be available to us on acceptable terms or at all. We may make significant acquisitions in the near term, subject to limitations imposed by our financing agreements and market conditions.

The lenders under our revolving loans consist of banks and other third-party financial institutions. While we currently have no indications or expectations that such lenders will be unable to fund their commitments as required, we can provide no assurances that future funding availability will not be impacted by adverse conditions in the financial markets. Should an individual lender default on its obligations, the remaining lenders would not be required to fund the shortfall, resulting in a reduction in the total amount available to us for future borrowings, but would remain obligated to fund their own commitments.

Sources of Cash

Senior Secured Credit Facility

In October 2019, we amended our senior secured credit facility. The amended senior secured credit facility provides for (i) a five-year \$400 million delayed draw term loan A facility, (ii) a seven-year \$950 million term loan B facility and (iii) a five-year \$500 million revolving credit facility. The delayed draw term loan A facility is available to be drawn for the first two years following the amendment. In addition, subject to certain conditions, we have the right to increase such facilities by an amount equal to the sum of (x) \$985 million, (y) the aggregate principal amount of voluntary prepayments of the delayed draw term loan A and term loan B and permanent reductions of the revolving credit facility commitments, in each case, other than from proceeds of long-term indebtedness, and (z) additional amounts so long as the senior secured leverage ratio calculated on a pro-forma basis (as defined in the agreement) is no greater than 3.75x. The revolving credit facility provides for borrowings up to \$500 million with sublimits of up to (i) \$150 million for the issuance of letters of credit, (ii) \$50 million for swingline loans, (iii) \$300 million for borrowings in Euros or British Pounds and (iv) \$100 million for borrowings in those or one or more other approved currencies. The amended senior secured credit facility is secured by a first priority lien on substantially all of our tangible and intangible personal property and our domestic subsidiaries that are guarantors, and by a pledge of substantially all of the shares of stock, partnership interests and limited liability company interests of our direct and indirect domestic subsidiaries and 65% of each class of capital stock of any first-tier foreign subsidiaries, subject to certain exceptions.

The interest rates per annum applicable to revolving credit facility loans and the delayed draw term loan A under the amended senior secured credit facility are, at our option, equal to either Eurodollar plus 1.75% or a base rate plus 0.75%, subject to stepdowns based on our net leverage ratio. The interest rates per annum applicable to the term loan B are, at our option, equal to either Eurodollar plus 1.75% or a base rate plus 0.75%. We are required to pay a commitment fee of 0.35% per year on the undrawn portion available under the revolving credit facility and delayed draw term loan A, subject to a stepdown based on our net leverage ratio, and variable fees on outstanding letters of credit.

For the term loan A, we are required to make quarterly payments at a rate ranging from 0.625% of the original principal amount during the first three years to 1.25% during the last two years with the balance due at maturity in October 2024. For the term loan B, we are required to make quarterly payments of \$2.4 million with the balance due at maturity in October 2026. We are also required to make mandatory prepayments of the loans under the amended credit agreement, subject to specified exceptions, from excess cash flow and with the proceeds of asset sales, debt issuances and specified other events.

During the year ended December 31, 2019, we made principal payments totaling \$170.4 million primarily to repay the outstanding principal balance of our term loan A in connection with the October 2019 amendment. At December 31, 2019, the outstanding balances on these term loans, excluding discounts and debt issuance costs, were \$947.6 million. There were no borrowings under the revolving credit facility as of December 31, 2019. Based on our outstanding letters of credit of \$83.5 million, \$416.5 million was available for future borrowings.

4.75% Senior Notes

In October 2019, we issued \$950 million principal amount of 4.75% senior notes due 2027. Interest on the notes is payable semi-annually in cash in arrears on April 15 and October 15 of each year beginning on April 15, 2020, and will mature on October 15, 2027. We may redeem some or all of the notes, at any time prior to October 15, 2022, at a price equal to 100% of the aggregate principal amount, plus any accrued and unpaid interest to the date of redemption, plus a 'make-whole' premium. We may redeem up to 35% of the aggregate principal amount of the notes from the proceeds of certain equity offerings prior to October 15, 2022, at a price equal to 104.750% of the aggregate principal amount, plus accrued and unpaid interest thereon, if any, to the date of redemption. In addition, on or after October 15, 2022, we may redeem some or all of the notes at any time at redemption prices starting at 103.563% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

4.875% Senior Notes

At December 31, 2019, we had \$575 million principal amount of 4.875% senior notes due 2024. Interest on the notes is payable semiannually in cash in arrears on May 1 and November 1 of each year, and the notes will mature in November 2024. In addition, on or after November 1, 2019, we may redeem some or all of the notes at any time at the redemption prices that start at 103.656% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

5.625% Senior Notes

At December 31, 2019, we had \$300 million principal amount of 5.625% senior notes due 2026. Interest on the notes is payable semiannually in cash in arrears on March 15 and September 15 and the notes will mature in March 2026. We may redeem some or all of the notes at any time prior to March 15, 2021 at a price equal to 100% of the principal amount, plus any accrued and unpaid interest to the date of redemption, plus a 'make-whole' premium. We may redeem up to 35% of the aggregate principal amount of the notes from proceeds of certain equity offerings prior to March 15, 2021, at a price equal to 105.625% of the aggregate principal amount being redeemed, plus any accrued and unpaid interest thereon to the date of redemption. In addition, on or after March 15, 2021, we may redeem some or all of the notes at any time at redemption prices that start at 104.219% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus any accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

2.5% Convertible Senior Notes Due 2023

At December 31, 2019, we had \$550 million principal amount of 2.5% convertible senior notes due 2023. The notes pay interest semiannually in arrears on March 15 and September 15 at a rate of 2.5% per annum. The notes will mature in March 2023, and may not be redeemed by us prior to the maturity date. The notes will be convertible, under certain circumstances, until December 15, 2022, and on or after such date without condition, at an initial conversion rate of 14.7005 shares of our common stock per \$1,000 principal amount of notes, subject to adjustment, which represents a 54.4% conversion premium based on the last reported sale price of our common stock of \$44.05 on March 19, 2018 prior to issuing the debt. Upon conversion, the notes may be settled in shares of common stock or, at our election, cash or a combination of cash and shares of common stock. Assuming we fully settled the notes in shares, the maximum number of shares that could be issued to satisfy the conversion is currently 8.1 million.

If we experience a fundamental change, as defined in the indenture governing the notes, the holders of the notes may require us to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus any accrued and unpaid interest.

2.0% Convertible Senior Notes Due 2025

In February 2020, we issued \$400 million principal amount of 2.0% convertible senior notes due 2025. The proceeds were used to pay estimated fees of \$6.5 million, leaving approximately \$393.5 million for general corporate purposes, including acquisitions.

Interest on the notes is payable semiannually in arrears on February 15 and August 15, beginning August 15, 2020, at a rate of 2.0% per annum. The notes will mature on February 15, 2025. The notes will be convertible, under certain circumstances, until November 15, 2024, and on or after such date without condition, at an initial conversion rate of 9.4469 shares of our common stock per \$1,000 principal amount of notes, subject to adjustment, which represents a 50.0% conversion premium based on the last reported sale price for our common stock of \$70.57 on January 29, 2020 prior to issuing the debt. Upon conversion, the notes may be settled in shares of common stock or, at our election, cash or a combination of cash and shares of common stock. Assuming we fully settled the notes in shares, the maximum number of shares that could be issued to satisfy the conversion is currently 3.8 million.

We may redeem for cash all or a portion of the notes, at our option, on or after February 21, 2023 and before the 41st scheduled trading day before the maturity date, if the sales price of our common stock reaches specified targets as defined in the indenture governing the notes. The redemption price will equal 100% of the principal amount of the notes plus accrued interest, if any.

If we experience a fundamental change, as defined in the indenture governing the notes, the holders of the 2.0% convertible senior notes due 2025 may require us to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any.

Extinguishment of Debt

In October 2019, we issued \$950 million principal amount of 4.75% senior notes due 2027 and further amended our senior secured credit facility, including the draw down of \$950 million principal amount under the new term loan B facility. The proceeds were used to repay the \$1.1 billion principal balance outstanding on the term loans A and B under our then existing senior secured credit facility, to repay the entire \$250 million principal amount of the 5.375% senior notes due 2022, to repay the related redemption premium of \$3.4 million on the senior notes and accrued interest and fees of \$30.8 million, leaving \$527.5 million for general corporate purposes, including acquisitions. We recorded a \$4.5 million loss on extinguishment of debt related to this refinancing.

In March 2018, we issued \$300 million principal amount of 5.625% senior notes due 2026 and \$550 million principal amount of 2.5% convertible senior notes due 2023 and amended our senior secured credit facility to reduce the applicable interest rate for the term loan B. Total gross proceeds of \$850.0 million from the issuance of the notes were used to repay \$246.3 million of the outstanding principal amount of our 2.5% convertible senior notes due 2019, the related repurchase premium of \$90.4 million on those convertible senior notes and accrued interest and fees of \$20.8 million, leaving \$492.5 million in additional cash available for general corporate purposes. We recorded a \$2.5 million loss on extinguishment of debt related to this refinancing.

Debt Covenants

Our senior secured credit facility contains a number of restrictions that, among other things, require us to satisfy a financial covenant and restrict our and our subsidiaries' ability to incur additional debt, make certain investments and acquisitions, repurchase our stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of our business, enter into sale-leaseback transactions, transfer and sell material assets, merge or consolidate, and pay dividends and make distributions (with the exception of subsidiary dividends or distributions to the parent company or other subsidiaries on at least a pro-rata basis with any noncontrolling interest partners). Non-compliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the credit facility becoming immediately due and payable. The senior secured credit facility agreement has one covenant, measured quarterly, that relates to net leverage. The consolidated net leverage covenant requires us to maintain a ratio of consolidated total net debt to consolidated EBITDA (both as defined in the credit agreement) of 5.75x over the trailing four consecutive quarters through September 30, 2020. The consolidated total leverage ratio will reduce to 5.50x on December 31, 2020 and 5.25x on December 31, 2021.

The indentures governing our 4.75% senior notes, 4.875% senior notes, and 5.625% senior notes contain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to incur certain additional indebtedness and issue preferred stock, make certain distributions, investments and other restricted payments, sell certain assets, agree to any restrictions on the ability of restricted subsidiaries to make payments to us, merge, consolidate or sell all of our assets, create certain liens, and engage in transactions with affiliates on terms that are not on an arms-length basis. Certain covenants, including those pertaining to incurrence of indebtedness, restricted payments, asset sales, mergers, and transactions with affiliates will be suspended during any period in which the notes are rated investment grade by both rating agencies and no default or event of default under the indenture has occurred and is continuing. All of these notes contain two incurrence-based

financial covenants, as defined, requiring a minimum fixed charge coverage ratio of 2.0x and a maximum secured indebtedness leverage ratio of 3.5x.

Some of our other subsidiary indebtedness includes restrictions on entering into various transactions, such as acquisitions and disposals, and prohibits payment of ordinary dividends. They also have financial covenants including minimum consolidated EBITDA to consolidated net interest payable, minimum consolidated cash flow to consolidated debt service and maximum consolidated debt to consolidated EBITDA, all as defined in the applicable debt agreements.

As of December 31, 2019, we believe we were in compliance with all of our debt covenants related to our senior secured credit facility and our corporate senior notes and convertible senior notes. We expect to remain in compliance with all of these debt covenants throughout 2020.

Uses of Cash

Acquisitions

When we make acquisitions, the acquired entity may have cash at the time of acquisition. All amounts related to the use of cash for acquisitions discussed in this section are presented net of any cash acquired. During 2019, we used \$235.1 million of cash primarily for the acquisitions of venue management and concert promotion businesses located in Canada, Belgium and the United States. As of the date of acquisition, the acquired businesses had a total of \$74.7 million of cash on their balance sheets, primarily related to deferred revenue for future events.

During 2018, we used \$120.2 million of cash primarily for the payment of contingent consideration related to an acquisition in Europe that occurred prior to the current accounting guidance for business combinations along with the acquisitions of various concert promotion and artist management businesses that are all located in the United States. As of the date of acquisition, the acquired businesses had a total of \$19.3 million of cash on their balance sheets, primarily related to deferred revenue for future events.

Purchases and Sales of Noncontrolling Interests, net

In 2018, we used \$159.6 million of cash primarily for the final payment due in connection with the 2017 acquisition of the remaining interest in a concert and festival promotion business located in the United States.

Capital Expenditures

Venue and ticketing operations are capital intensive businesses, requiring continual investment in our existing venues and ticketing systems in order to address audience and artist expectations, technological industry advances and various federal, state and/or local regulations.

We categorize capital outlays between maintenance capital expenditures and revenue generating capital expenditures. Maintenance capital expenditures are associated with the renewal and improvement of existing venues and technology systems, web development and administrative offices. Revenue generating capital expenditures generally relate to the construction of new venues, major renovations to existing buildings or buildings that are being added to our venue network, the development of new ticketing tools and technology enhancements. Revenue generating capital expenditures can also include smaller projects whose purpose is to increase revenue and/or improve operating income. Capital expenditures typically increase during periods when our venues are not in operation since that is the time that such improvements can be completed.

Our capital expenditures, including accruals for amounts incurred but not yet paid for but net of expenditures funded by outside parties such as landlords or replacements funded by insurance proceeds, consisted of the following:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Maintenance capital expenditures	\$ 150,896	\$ 135,022	\$ 113,595
Revenue generating capital expenditures	164,708	115,667	113,756
Total capital expenditures	<u>\$ 315,604</u>	<u>\$ 250,689</u>	<u>\$ 227,351</u>

Maintenance capital expenditures for 2019 increased from the prior year primarily due to leasehold improvements of certain office facilities and venue-related projects.

Revenue generating capital expenditures for 2019 increased from the prior year primarily due to enhancements at our North America amphitheatres and higher investment in technology-related projects.

For the years ended December 31, 2019, 2018 and 2017, \$22.0 million, \$11.6 million and \$20.5 million, respectively, of insurance proceeds and landlord reimbursements have been excluded from capital expenditures in the table above.

We currently expect capital expenditures to be approximately \$375 million for the year ending December 31, 2020.

Contractual Obligations and Commitments

Firm Commitments

In addition to the scheduled maturities on our debt and operating lease liabilities, we have future cash obligations under various types of contracts. We lease office space, certain equipment and many of the venues used in our concert operations under long-term operating leases. Some of our lease agreements contain renewal options and annual rental escalation clauses (generally tied to the consumer price index), as well as provisions for our payment of utilities and maintenance. We also have minimum payments associated with non-cancelable contracts related to our operations, such as artist guarantees and client ticketing agreements. As part of our ongoing capital projects, we will enter into construction-related commitments for future capital expenditure work. The scheduled maturities discussed below represent contractual obligations as of December 31, 2019 and thus do not represent all expected expenditures for those periods.

The scheduled maturities of our outstanding long-term debt (excluding unamortized debt discounts and issuance costs), scheduled maturities of operating lease liabilities, minimum payments under other non-cancelable contracts, capital expenditure commitments and expected payments of contingent and deferred consideration liabilities as of December 31, 2019 are as follows:

	Payments Due by Period				
	Total	2020	2021-2022	2023-2024	2025 and thereafter
	<i>(in thousands)</i>				
Long-term debt obligations, including current maturities: ⁽¹⁾					
Term loans and revolving credit facility	\$ 947,625	\$ 9,500	\$ 19,000	\$ 19,000	\$ 900,125
4.75% senior notes	950,000	—	—	—	950,000
4.875% senior notes	575,000	—	—	575,000	—
5.625% senior notes	300,000	—	—	—	300,000
2.5% convertible senior notes due 2023 ⁽²⁾	550,000	—	550,000	—	—
Other long-term debt	80,642	28,295	36,038	9,932	6,377
Estimated interest payments ⁽³⁾	861,888	141,183	277,417	242,463	200,825
Operating lease liabilities	2,271,626	194,811	366,138	339,905	1,370,772
Non-cancelable contracts	2,285,441	1,191,773	764,170	209,490	120,008
Capital expenditures	56,423	21,520	5,396	2,005	27,502
Contingent and deferred consideration	81,144	13,165	57,359	6,518	4,102
Uncertain income tax positions ⁽⁴⁾	—	—	—	—	—
Total	\$ 8,959,789	\$ 1,600,247	\$ 2,075,518	\$ 1,404,313	\$ 3,879,711

⁽¹⁾ Does not include \$400 million principal amount of 2.0% convertible senior notes due 2025 issued in February 2020.

⁽²⁾ On or after December 15, 2022, holders may convert their 2.5% convertible senior notes.

⁽³⁾ Does not include interest on the delayed draw term loan A or revolving credit facility as the balances were zero as of December 31, 2019.

⁽⁴⁾ Does not include \$1.7 million of uncertain tax positions due to the unpredictable timing of the future payments.

Guarantees of Third-Party Obligations

As of December 31, 2019 and 2018, we guaranteed the debt of third parties of approximately \$16.5 million and \$15.6 million, respectively, primarily related to maximum credit limits on employee and tour-related credit cards, obligations of a nonconsolidated affiliate and obligations under a venue management agreement.

Cash Flows

	Year Ended December 31,		
	2019	2018	2017
Cash provided by (used in):			
Operating activities	\$ 469,783	\$ 941,586	\$ 623,522
Investing activities	\$ (691,000)	\$ (496,909)	\$ (327,586)
Financing activities	\$ 328,889	\$ 188,784	\$ (127,083)

Operating Activities

Cash provided by operating activities decreased \$471.8 million for the year ended December 31, 2019 as compared to the prior year. During 2019, our accounts payable and accrued expenses decreased as compared to increasing in 2018 based on the timing of payments and the increase in cash received for future events was lower in 2019 as compared to the same period of the prior year. These decreases were partially offset by higher net cash-related income in 2019.

Investing Activities

Cash used in investing activities increased \$194.1 million for the year ended December 31, 2019 as compared to the prior year primarily due to higher acquisition payments, and higher purchases of property, plant and equipment. See “—Uses of Cash” above for further discussion.

Financing Activities

Cash provided by financing activities increased \$140.1 million for the year ended December 31, 2019 as compared to the prior year primarily due to a decrease in purchases of noncontrolling interests and higher net proceeds from the refinancing of debt in October 2019 as compared to the refinancing in March 2018.

Seasonality

Our Concerts and Sponsorship & Advertising segments typically experience higher operating income in the second and third quarters as our outdoor venues and festivals are primarily used in or occur from May through October. In addition, the timing of when tickets are sold and the tours of top-grossing acts can impact comparability of quarterly results year over year, although annual results may not be impacted. Our Ticketing segment revenue is impacted by fluctuations in the availability of events for sale to the public, which vary depending upon scheduling by our clients.

Cash flows from our Concerts segment typically have a slightly different seasonality as payments are often made for artist performance fees and production costs for tours in advance of the date the related event tickets go on sale. These artist fees and production costs are expensed when the event occurs. Once tickets for an event go on sale, we generally begin to receive payments from ticket sales at our owned or operated venues and festivals in advance of when the event occurs. We record these ticket sales as revenue when the event occurs.

We expect these trends to continue in the future. See Item 1A.—Risk Factors—“Our operations are seasonal and our results of operations vary from quarter to quarter and year over year, so our financial performance in certain financial quarters or years may not be indicative of, or comparable to, our financial performance in subsequent financial quarters or years.”

Market Risk

We are exposed to market risks arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates.

Foreign Currency Risk

We have operations in countries throughout the world. The financial results of our foreign operations are measured in their local currencies. Our foreign subsidiaries also carry certain net assets or liabilities that are denominated in a currency other than that subsidiary's functional currency. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we have operations. Currently, we do not have significant operations in any hyper-inflationary countries. Our foreign operations reported operating income of \$187.9 million for the year ended December 31, 2019. We estimate that a 10% change in the value of the United States dollar relative to foreign currencies would change our operating income for the year ended December 31, 2019 by \$18.8 million. As of December 31, 2019, our most significant foreign exchange exposure included the Euro, British Pound, Australian Dollar and Canadian Dollar. This analysis does not consider the implication such currency fluctuations could have on the overall economic conditions of the United States or other foreign countries in which we operate or on the results of operations of our foreign entities. In addition, the reported carrying value of our assets and liabilities, including the total cash and cash equivalents held by our foreign operations, will also be affected by changes in foreign currency exchange rates.

We primarily use forward currency contracts, in addition to options, to reduce our exposure to foreign currency risk associated with short-term artist fee commitments. We also may enter into forward currency contracts to minimize the risks and/or costs associated with changes in foreign currency rates on forecasted operating income. At December 31, 2019, we had forward currency contracts outstanding with a notional amount of \$66.3 million.

Interest Rate Risk

Our market risk is also affected by changes in interest rates. We had \$3.4 billion of total debt, excluding unamortized debt discounts and issuance costs, outstanding as of December 31, 2019. Of the total amount, we had \$2.4 billion of fixed-rate debt and \$1.0 billion of floating-rate debt.

Based on the amount of our floating-rate debt as of December 31, 2019, each 25-basis point increase or decrease in interest rates would increase or decrease our annual interest expense and cash outlay by approximately \$2.5 million. This potential increase or decrease is based on the simplified assumption that the level of floating-rate debt remains constant with an immediate across-the-board increase or decrease as of December 31, 2019 with no subsequent change in rates for the remainder of the period.

In January 2020, we entered into an interest rate swap agreement that is designated as a cash flow hedge for accounting purposes to effectively convert a portion of our floating-rate debt to a fixed-rate basis. The swap agreement expires in October 2026, has a notional amount of \$500.0 million and ensures that a portion of our floating-rate debt does not exceed 3.397%.

Recent Accounting Pronouncements

Information regarding recently issued and adopted accounting pronouncements can be found in Item 8.—Financial Statements and Supplementary Data—Note 1—The Company and Summary of Significant Accounting Policies.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates that are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of revenue and expenses that are not readily apparent from other sources. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such difference could be material. Management believes that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. The following narrative describes these critical accounting estimates, the judgments and assumptions and the effect if actual results differ from these assumptions where applicable.

Consolidation

Typically we consolidate entities in which we own more than 50% of the voting common stock and control operations and also VIEs for which we are the primary beneficiary. Investments in nonconsolidated affiliates in which we own more than 20% of the voting common stock or otherwise exercise significant influence over operating and financial policies, but not control of the nonconsolidated affiliate, are accounted for using the equity method of accounting. Investments in nonconsolidated affiliates in which we own less than 20% of the voting common stock and do not exercise significant influence over operating and financial policies are accounted for at fair value unless the investment does not have a readily determinable fair value in which case the investment is accounted for at cost less any impairment. Intercompany accounts among the consolidated businesses have been eliminated in consolidation. Net income (loss) attributable to noncontrolling interests is reflected in the statements of operations for consolidated affiliates.

Business Combinations

We account for our business combinations under the acquisition method of accounting. Identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree are recognized and measured as of the acquisition date at fair value. Additionally, contingent consideration is recorded at fair value on the acquisition date and classified as a liability. Goodwill is recognized to the extent by which the aggregate of the acquisition-date fair value of the consideration transferred and any noncontrolling interest in the acquiree exceeds the recognized basis of the identifiable assets acquired, net of assumed liabilities. Determining the fair value of assets acquired, liabilities assumed and noncontrolling interest requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates and asset lives among other items.

Property, Plant and Equipment

We test for possible impairment of property, plant and equipment whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projections of, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which could indicate that the carrying amount of the asset may not be recoverable. If indicators exist, we compare the estimated undiscounted future cash flows related to the assets to the carrying amount of those assets. If the carrying value is greater than the estimated undiscounted future cash flows, the cost basis of the asset is reduced to reflect the current fair value. We use various assumptions in determining the current fair value of these assets, including future expected cash flows and discount rates, as well as future salvage values and other fair value measures. Our impairment loss calculations require us to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

Intangibles

We test for possible impairment of definite-lived intangible assets whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projections of, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which could indicate that the carrying amount of the asset may not be recoverable.

We test for possible impairment of indefinite-lived intangible assets on at least an annual basis. Based on facts and circumstances, we perform either a qualitative or a quantitative assessment for impairment. If a qualitative assessment is performed, and the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired, we perform the quantitative impairment test by comparing the fair value with the carrying amount.

When performing quantitative assessments for impairment of our definite-lived and indefinite-lived intangible assets, we compare the estimated undiscounted future cash flows related to the asset or asset group to the carrying amount of those assets or asset group. If the carrying value is greater than the estimated undiscounted future cash flows, the cost basis of the asset or asset group is reduced to reflect the current fair value. We use various assumptions in determining the current fair value of these definite-lived and indefinite-lived intangible assets, including future expected cash flows, discount rates and royalty rates as well as other fair value measures. Our impairment loss calculations require us to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

Goodwill

We currently have seven reporting units with goodwill balances: International Concerts, North America Concerts, Artist Management and Artist Services (non-management) within the Concerts segment; Sponsorship & Advertising; and International Ticketing and North America Ticketing within the Ticketing segment.

We review goodwill for impairment annually, as of October 1, using a two-step process. We also test goodwill for impairment in other periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount or when we change our reporting units.

The first step of the process is a qualitative evaluation as to whether it is more likely than not that the fair value of any of our reporting units is less than its carrying value using an assessment of relevant events and circumstances. Examples of such events and circumstances include historical financial performance, industry and market conditions, macroeconomic conditions, reporting unit-specific events, historical results of goodwill impairment testing, and the timing of the last performance of a quantitative assessment.

If any reporting units are concluded to be more likely than not impaired, or if that conclusion cannot be determined qualitatively, a second step is performed for that reporting unit. Regardless, it is our policy that all reporting units undergo a second step at least once every five years to support our annual qualitative first step. This second step, used to quantitatively screen for potential impairment and measure the impairment, if any, compares the fair value of the reporting unit with its carrying amount, including goodwill. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including our interpretation of current economic indicators and market valuations, and assumptions about our strategic plans with regard to our operations. Due to the uncertainties associated with such estimates, actual results could differ from such estimates. If the reporting unit's carrying value exceeds its fair value, the excess of the carrying value over the fair value is recorded as an impairment to goodwill. If a reporting unit's carrying value is negative, the reporting unit passes the impairment test. In this case, we will disclose the amount of goodwill allocated to that reporting unit and disclose which reportable segment the reporting unit is included in.

In both steps, discount rates, market multiples and sensitivity tests are derived and/or computed with the assistance of external valuation consultants. In addition, we perform sensitivity analyses for all reporting units either during the first or the second step of the process to assist in the evaluation. Generally, we test for sensitivities to discount rates, revenue and terminal growth rates, and market multiples, which are the most significant assumptions.

In developing fair values for our reporting units, we may employ a discounted cash flow or a market multiple methodology, or a combination thereof. The discounted cash flow methodology establishes fair value by estimating the present value of the projected future cash flows to be generated from the reporting unit. The discount rate applied to the projected future cash flows to arrive at the present value is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. The discounted cash flow methodology uses our estimates of future financial performance. The most significant assumptions used in the discounted cash flow methodology are the discount rate and expected future revenue, which vary among reporting units.

The market multiple methodology compares us to similar companies on the basis of risk characteristics to determine our risk profile relative to those companies as a group. This analysis generally focuses on both quantitative considerations, which include financial performance and other quantifiable data, and qualitative considerations, which include any factors which are expected to impact future financial performance. The most significant assumptions affecting the market multiple methodology are the market multiples used on projected future cash flows and market participant acquisition premium. A market participant acquisition premium represents the additional value a buyer would pay to obtain control of the respective reporting unit because having control would lead to higher cash flows, lower cost of capital or both.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

In 2019, all of our reporting units with goodwill were assessed under the first qualitative step. Five of the reporting units did not advance to the second step. These reporting units had improved market multiples, no increases in discount rate and considerable excess of fair value over their carrying value in the most recent quantitative tests. Further review of these reporting units with sensitivity tests did not change our first step conclusions.

The Artist Management reporting unit advanced to the second step because it was unclear whether its fair value would exceed its carrying value due to varied factors such as lower than expected financial results in the current year, mixed changes in market multiples, and a decrease in discount rate. The excess of fair value over carrying value for this reporting unit was approximately 57%. Therefore, we concluded goodwill for this reporting unit was not impaired. Sensitivity tests showed that a 500-basis point change in the discount rate, or a 225% decline in the revenue growth rate, or a 400-basis point change in the market multiple was needed to change the conclusion.

The Artist Services reporting unit advanced to the second step because it was unclear whether its fair value would exceed its carrying value due to varied factors such as lower than expected financial results in the current year, mixed changes in market multiples, and a decrease in discount rate. The excess of fair value over carrying value was approximately 23%. Therefore, we concluded goodwill for this reporting unit was not impaired. Sensitivity tests showed that a 250-basis point change in the discount rate, or a 100% decline in the revenue growth rate, or a 250-basis point change in the market multiple was needed to change the conclusion. Based upon the results of the 2018 and 2017 second test, we recorded impairment charges of \$10.5 million and \$20.0 million, respectively, for the Artist Services (non-management) reporting unit.

Given the results of the tests performed, although we cannot predict future performance or market conditions, we do not currently believe any of our reporting units are at risk of failing the second step in the near future.

Revenue Recognition

Revenue from the promotion or production of an event is recognized when the show occurs. Revenue collected in advance of the event is recorded as deferred revenue until the event occurs. Revenue collected from sponsorship agreements, which is not related to a single event, is classified as deferred revenue and recognized over the term of the agreement or operating season as the benefits are provided to the sponsor.

Revenue from our ticketing operations primarily consists of our share of convenience and order processing fees charged at the time a ticket for an event is sold in either the primary or secondary markets. We act as an agent on behalf of our clients and therefore do not record the face value of the tickets as revenue. For tickets sold for our concert and festival events, where our concert promoters control ticketing, revenue is recognized when the show occurs. Revenue for these ticket service charges collected in advance of the event is recorded as deferred revenue until the event occurs and these service charges are shared between our Ticketing and Concerts segments. For tickets sold for events of our third-party clients and secondary market sales, this revenue is recognized at the time of the sale and is recorded by our Ticketing segment.

We account for taxes that are externally imposed on revenue producing transactions on a net basis, as a reduction of revenue.

Litigation Accruals

We are currently involved in certain legal proceedings and, as required, have accrued our estimate of the probable costs for the resolution of these claims. Management's estimates used have been developed in consultation with counsel and are based upon an analysis of potential results, 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 our assumptions or the effectiveness of our strategies related to these proceedings.

Income Taxes

We account for income taxes using the liability method in accordance with the FASB guidance for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if we believe it is more likely than not that some portion or the entire asset will not be realized. As almost all earnings from our continuing foreign operations are permanently reinvested and not distributed, our income tax provision does not include additional United States state taxes and foreign withholding or transaction taxes on those foreign earnings that would be incurred if they were distributed. It is not practicable to determine the amount of state and foreign income taxes, if any, that might become due in the event that any remaining available cash associated with these earnings were distributed.

The FASB guidance for income taxes prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon ultimate settlement.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Required information is within Item 7.— Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Live Nation Entertainment, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Live Nation Entertainment, Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the index at Item 15(a)2 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2020, expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Goodwill - Artist Management Reporting Unit

Description of the Matter At December 31, 2019, the goodwill recorded in the Artist Management reporting unit was \$309 million. As discussed in Note 2 to the consolidated financial statements, goodwill is tested by the Company's management for impairment at least annually at the reporting unit level.

Auditing the Company's annual goodwill impairment test was complex due to the significant judgment in estimating the fair value of the reporting units when a quantitative assessment of fair value is performed and the fair value is at or near carrying value. In particular, the Artist Management reporting unit was evaluated using a quantitative assessment to determine whether or not goodwill was impaired. The fair value estimate for this reporting unit was sensitive to assumptions including the discount rate and revenue growth rates which are affected by expectations about future market or economic conditions.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment review process. This includes controls over management's review of the significant assumptions described above.

To test the estimated fair value of the Company's Artist Management reporting unit, we performed audit procedures with the assistance of our valuation specialists that included, among others, assessing methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We compared the significant assumptions used by management to current industry and economic trends. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the Artist Management reporting unit that would result from changes in the assumptions.

Ernst + Young LLP

We have served as the Company's auditor since 2005.
Los Angeles, California
February 27, 2020

LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2019	2018
	<i>(in thousands, except share data)</i>	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,470,362	\$ 2,371,540
Accounts receivable, less allowance of \$50,516 and \$34,225, respectively	994,606	829,320
Prepaid expenses	667,044	597,866
Restricted cash	3,880	6,663
Other current assets	57,007	42,685
Total current assets	4,192,899	3,848,074
Property, plant and equipment, net	1,117,932	946,593
Operating lease assets	1,402,019	—
Intangible assets		
Definite-lived intangible assets, net	870,141	661,451
Indefinite-lived intangible assets	368,954	368,854
Goodwill	1,998,498	1,822,943
Long-term advances	593,699	420,891
Other long-term assets	431,473	428,080
Total assets	\$ 10,975,615	\$ 8,496,886
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, client accounts	\$ 1,005,888	\$ 1,037,162
Accounts payable	100,237	90,253
Accrued expenses	1,391,486	1,245,465
Deferred revenue	1,391,032	1,227,797
Current portion of long-term debt, net	37,795	82,142
Current portion of operating lease liabilities	121,950	—
Other current liabilities	59,211	67,047
Total current liabilities	4,107,599	3,749,866
Long-term debt, net	3,271,262	2,732,878
Long-term operating lease liabilities	1,374,481	—
Long-term deferred income taxes	178,173	137,067
Other long-term liabilities	130,648	204,977
Commitments and contingent liabilities		
Redeemable noncontrolling interests	449,498	329,355
Stockholders' equity		
Preferred stock—Series A Junior Participating, \$0.01 par value; 20,000,000 shares authorized; no shares issued and outstanding	—	—
Preferred stock, \$0.01 par value; 30,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 450,000,000 shares authorized; 214,117,644 and 210,734,762 shares issued and 213,709,620 and 210,326,738 shares outstanding in 2019 and 2018, respectively	2,113	2,091
Additional paid-in capital	2,245,619	2,268,209
Accumulated deficit	(949,334)	(1,019,223)
Cost of shares held in treasury (408,024 shares)	(6,865)	(6,865)
Accumulated other comprehensive loss	(145,713)	(145,231)
Total Live Nation stockholders' equity	1,145,820	1,098,981
Noncontrolling interests	318,134	243,762
Total equity	1,463,954	1,342,743
Total liabilities and equity	\$ 10,975,615	\$ 8,496,886

See Notes to Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands except share and per share data)</i>		
Revenue	\$ 11,547,969	\$ 10,787,800	\$ 9,687,222
Operating expenses:			
Direct operating expenses	8,467,182	7,967,932	7,181,898
Selling, general and administrative expenses	2,145,486	1,997,028	1,907,723
Depreciation and amortization	443,991	386,529	372,201
Loss (gain) on disposal of operating assets	(2,373)	10,369	(969)
Corporate expenses	168,839	153,406	134,972
Operating income	<u>324,844</u>	<u>272,536</u>	<u>91,397</u>
Interest expense	157,521	140,976	107,770
Interest income	(14,406)	(8,961)	(5,717)
Equity in earnings of nonconsolidated affiliates	(5,457)	(2,747)	(1,161)
Other expense (income), net	2,082	12,163	(115)
Income (loss) before income taxes	185,104	131,105	(9,380)
Income tax expense (benefit)	66,892	40,765	(17,154)
Net income	<u>118,212</u>	<u>90,340</u>	<u>7,774</u>
Net income attributable to noncontrolling interests	48,323	30,091	13,789
Net income (loss) attributable to common stockholders of Live Nation	<u>\$ 69,889</u>	<u>\$ 60,249</u>	<u>\$ (6,015)</u>
Basic and diluted net loss per common share available to common stockholders of Live Nation	<u>\$ (0.02)</u>	<u>\$ (0.09)</u>	<u>\$ (0.48)</u>
Weighted average common shares outstanding:			
Basic and diluted	210,082,696	207,441,468	204,923,740

Reconciliation to net loss available to common stockholders of Live Nation:			
Net income (loss) attributable to common stockholders of Live Nation	\$ 69,889	\$ 60,249	\$ (6,015)
Accretion of redeemable noncontrolling interests	(74,771)	(77,900)	(91,631)
Basic and diluted net loss available to common stockholders of Live Nation	<u>\$ (4,882)</u>	<u>\$ (17,651)</u>	<u>\$ (97,646)</u>

See Notes to Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Net income	\$ 118,212	\$ 90,340	\$ 7,774
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(482)	(36,689)	67,704
Other	—	—	461
Comprehensive income	117,730	53,651	75,939
Comprehensive income attributable to noncontrolling interests	48,323	30,091	13,789
Comprehensive income attributable to common stockholders of Live Nation	<u>\$ 69,407</u>	<u>\$ 23,560</u>	<u>\$ 62,150</u>

See Notes to Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Live Nation Stockholders' Equity							Total Equity	Redeemable Noncontrolling Interests
	Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests		
Balances at December 31, 2016	203,396,066	\$ 2,034	\$ 2,381,011	\$ (1,073,457)	\$ (6,865)	\$ (176,707)	\$ 223,500	\$ 1,349,516	\$ 347,068
Non-cash and stock-based compensation	—	—	42,755	—	—	—	—	42,755	—
Common stock issued under stock plans, net of shares withheld for employee taxes	342,974	4	(5,456)	—	—	—	—	(5,452)	—
Exercise of stock options	3,137,997	31	51,038	—	—	—	—	51,069	—
Acquisitions	—	—	—	—	—	—	9,159	9,159	6,640
Purchases of noncontrolling interests	—	—	(3,616)	—	—	—	(2,836)	(6,452)	(165,227)
Redeemable noncontrolling interests fair value adjustments	—	—	(91,631)	—	—	—	—	(91,631)	91,631
Contributions received	—	—	—	—	—	—	10,671	10,671	1,875
Cash distributions	—	—	—	—	—	—	(24,715)	(24,715)	(28,994)
Other	—	—	(95)	—	—	—	212	117	(1,099)
Comprehensive income (loss):									
Net income (loss)	—	—	—	(6,015)	—	—	20,957	14,942	(7,167)
Foreign currency translation adjustments	—	—	—	—	—	67,704	—	67,704	—
Other	—	—	—	—	—	461	—	461	—
Balances at December 31, 2017	206,877,037	2,069	2,374,006	(1,079,472)	(6,865)	(108,542)	236,948	1,418,144	244,727

Live Nation Stockholders' Equity							Redeemable Noncontrolling Interests
Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
<i>(in thousands, except share data)</i>							
Non-cash and stock-based compensation	—	45,715	—	—	—	—	45,715
Common stock issued under stock plans, net of shares withheld for employee taxes	434,707	4	(12,460)	—	—	—	(12,456)
Exercise of stock options, net of shares withheld for option cost and employee taxes	1,823,809	18	(24,345)	—	—	—	(24,327)
Fair value of convertible debt conversion feature, net of issuance costs	—	—	62,639	—	—	—	62,639
Repurchase of convertible debt conversion feature	28	—	(92,641)	—	—	—	(92,641)
Acquisitions	—	—	—	—	—	33,564	33,564
Divestitures	—	—	—	—	—	(6,684)	(6,684)
Purchases of noncontrolling interests	—	—	(8,210)	—	—	(4,877)	(13,087)
Sales of noncontrolling interests	—	—	1,410	—	—	(958)	452
Redeemable noncontrolling interests fair value adjustments	—	—	(77,799)	—	—	—	(77,799)
Contributions received	—	—	—	—	—	7,501	7,501
Cash distributions	—	—	—	—	—	(43,346)	(43,346)
Other	—	—	(106)	—	—	(1,969)	(2,075)
Comprehensive income (loss):							
Net income	—	—	60,249	—	—	23,583	83,832
Foreign currency translation adjustments	—	—	—	—	(36,689)	—	(36,689)
Other	—	—	—	—	—	—	—
Balances at December 31, 2018	209,135,581	2,091	2,268,209	(6,865)	(145,231)	243,762	1,342,743
							329,355

Live Nation Stockholders' Equity							Total Equity	Redeemable Noncontrolling Interests
Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests		
<i>(in thousands, except share data)</i>								
Non-cash and stock-based compensation	—	48,887	—	—	—	—	48,887	—
Common stock issued under stock plans, net of shares withheld for employee taxes	392,147	(15,357)	—	—	—	—	(15,352)	—
Exercise of stock options	910,006	14,095	—	—	—	—	14,104	—
Conversion of convertible debt	824,328	28,578	—	—	—	—	28,586	—
Acquisitions	—	—	—	—	—	137,981	137,981	52,373
Purchases of noncontrolling interests	—	(23,878)	—	—	—	(24,867)	(48,745)	(1,459)
Redeemable noncontrolling interests fair value adjustments	—	(74,771)	—	—	—	—	(74,771)	74,771
Contributions received	—	—	—	—	—	14,285	14,285	—
Cash distributions	—	—	—	—	—	(84,115)	(84,115)	(23,362)
Other	—	(144)	—	—	—	(2,179)	(2,323)	2,764
Comprehensive income (loss):								
Net income	—	—	69,889	—	—	—	103,156	15,056
Foreign currency translation adjustments	—	—	—	—	(482)	—	(482)	—
Balances at December 31, 2019	211,262,062	\$ 2,113	\$ 2,245,619	\$ (949,334)	\$ (6,865)	\$ (145,713)	\$ 1,463,954	\$ 449,498

See Notes to Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,

	2019	2018	2017
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(in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 118,212	\$ 90,340	\$ 7,774
Reconciling items:			
Depreciation	220,459	185,376	149,634
Amortization	223,532	201,153	222,567
Amortization of non-recoupable ticketing contract advances	80,302	80,087	83,334
Deferred income tax benefit	(465)	(6,247)	(71,539)
Amortization of debt issuance costs and discounts	24,116	20,219	13,174
Provision for uncollectible accounts receivable	27,926	26,321	20,295
Non-cash compensation expense	48,785	45,582	42,755
Unrealized changes in fair value of contingent consideration	6,698	14,125	18,011
Loss (gain) on disposal of operating assets	(2,373)	10,369	(969)
Equity in earnings of nonconsolidated affiliates, net of distributions	14,152	11,693	6,898
Other, net	(3,654)	(3,760)	2,083
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(159,792)	(135,429)	(133,020)
Increase in prepaid expenses and other assets	(170,486)	(266,241)	(238,549)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(45,920)	323,459	474,301
Increase in deferred revenue	88,291	344,539	26,773
Net cash provided by operating activities	469,783	941,586	623,522
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances of notes receivable	(50,035)	(90,705)	(19,120)
Collections of notes receivable	13,216	33,914	9,657
Investments made in nonconsolidated affiliates	(57,280)	(46,497)	(25,170)
Purchases of property, plant and equipment	(323,566)	(239,833)	(238,435)
Cash paid for acquisitions, net of cash acquired	(235,071)	(120,228)	(47,946)
Purchases of intangible assets	(42,261)	(35,630)	(10,977)
Other, net	3,997	2,070	4,405
Net cash used in investing activities	(691,000)	(496,909)	(327,586)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of debt issuance costs	937,400	858,667	60,912
Payments on long-term debt including extinguishment costs	(437,267)	(400,396)	(110,855)
Contributions from noncontrolling interests	14,285	4,900	10,671
Distributions to noncontrolling interests	(107,476)	(59,187)	(46,036)
Purchases and sales of noncontrolling interests, net	(50,267)	(159,634)	(71,509)
Proceeds from exercise of stock options	14,104	22,568	51,069
Taxes paid for net share settlement of equity awards	(15,353)	(55,005)	(5,452)
Payments for deferred and contingent consideration	(26,537)	(18,784)	(15,883)
Other, net	—	(4,345)	—
Net cash provided by (used in) financing activities	328,889	188,784	(127,083)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(11,633)	(84,080)	130,394
Net increase in cash, cash equivalents and restricted cash	96,039	549,381	299,247
Cash, cash equivalents and restricted cash at beginning of period	2,378,203	1,828,822	1,529,575
Cash, cash equivalents and restricted cash at end of period	\$ 2,474,242	\$ 2,378,203	\$ 1,828,822
SUPPLEMENTAL DISCLOSURE			
Cash paid during the year for:			
Interest, net of interest income	\$ 103,915	\$ 100,278	\$ 87,111
Income taxes, net of refunds	\$ 66,937	\$ 60,016	\$ 44,871

See Notes to Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History

Live Nation was incorporated in Delaware on August 2, 2005 in preparation for the contribution and transfer by Clear Channel Communications, Inc. of substantially all of its entertainment assets and liabilities to us. We completed this separation on December 21, 2005 and became a publicly traded company on the New York Stock Exchange trading under the symbol “LYV.”

On January 25, 2010, we merged with Ticketmaster Entertainment LLC and it became a wholly-owned subsidiary of Live Nation. Effective with the merger, Live Nation, Inc. changed its name to Live Nation Entertainment, Inc.

Seasonality

Due to the seasonal nature of shows at outdoor amphitheaters and festivals, which primarily occur from May through October, our Concerts and Sponsorship & Advertising segments experience higher revenue during the second and third quarters. Our Ticketing segment’s revenue is impacted by fluctuations in the availability of events for sale to the public, which vary depending upon scheduling by its clients. Our 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.

Basis of Presentation and Principles of Consolidation

Our consolidated financial statements include all of our accounts, including our majority owned and controlled subsidiaries and VIEs for which we are the primary beneficiary. Intercompany accounts among the consolidated businesses have been eliminated in consolidation. Net income (loss) attributable to noncontrolling interests is reflected in the statements of operations.

Typically, we consolidate entities in which we own more than 50% of the voting common stock and control operations and also VIEs for which we are the primary beneficiary. Investments in nonconsolidated affiliates in which we own more than 20% of the voting common stock or otherwise exercise significant influence over operating and financial policies but not control of the nonconsolidated affiliate are accounted for using the equity method of accounting. Investments in nonconsolidated affiliates in which we own less than 20% of the voting common stock and do not exercise significant influence over operating and financial policies are accounted for at fair value unless the investment does not have a readily determinable fair value in which case the investment is accounted for at cost less any impairment.

All of our cash flow activity reflected on the consolidated statements of cash flows is presented net of any non-cash transactions so the amounts reflected may be different than amounts shown in other places in our financial statements that are based on accrual accounting and therefore include non-cash amounts. For example, purchases of property, plant and equipment reflected on the consolidated statements of cash flows reflect the amount of cash paid during the year for these purchases and does not include the impact of the changes in accrued expenses related to capital expenditures during the year.

Variable Interest Entities

In the normal course of business, we enter into joint ventures or make investments in companies that will allow us to expand our core business and enter new markets. In certain instances, such ventures or investments may be considered a VIE because the equity at risk is insufficient to permit it to carry on its activities without additional financial support from its equity owners. In determining whether we are the primary beneficiary of a VIE, we assess whether we have the power to direct activities that most significantly impact the economic performance of the entity and have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. The activities we believe most significantly impact the economic performance of our VIEs include the unilateral ability to approve the annual budget, the unilateral ability to terminate key management and the unilateral ability to approve entering into agreements with artists, among others. We have certain rights and obligations related to our involvement in the VIEs, including the requirement to provide operational cash flow funding. As of December 31, 2019 and 2018, excluding intercompany balances and allocated goodwill and intangible assets, there were approximately \$410 million and \$265 million of assets and \$260 million and \$140 million of liabilities, respectively, related to VIEs included in our balance sheets. None of our VIEs are significant on an individual basis.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. Our cash and cash equivalents include domestic and foreign bank accounts as well as interest-bearing accounts consisting primarily of bank deposits and money market accounts managed by third-party financial institutions. These balances are stated at cost, which approximates fair value.

Restricted cash primarily consists of cash held in escrow accounts to fund capital improvements of certain leased or operated venues. The cash is held in these accounts pursuant to the related lease or operating agreement.

Included in the December 31, 2019 and 2018 cash and cash equivalents balance is \$837.7 million and \$859.1 million, respectively, of cash received that includes the face value of tickets sold on behalf of our ticketing clients and their share of service charges (“client cash”), which amounts are to be remitted to these clients. We generally do not utilize client cash for our own financing or investing activities as the amounts are payable to our clients on a regular basis. These amounts due to our clients are included in accounts payable, client accounts.

Cash held in interest-bearing operating accounts in many cases exceeds the Federal Deposit Insurance Corporation insurance limits. To reduce our credit risk, we monitor the credit standing of the financial institutions that hold our cash and cash equivalents; however, these balances could be impacted in the future if the underlying financial institutions fail. To date, we have experienced no loss of or lack of access to our cash or cash equivalents; however, we can provide no assurances that access to our cash and cash equivalents will not be impacted in the future by adverse conditions in the financial markets.

Allowance for Doubtful Accounts

We evaluate the collectability of our accounts receivable based on a combination of factors. Generally, we record specific reserves to reduce the amounts recorded to what we believe will be collected when a customer’s account ages beyond typical collection patterns, or we become aware of a customer’s inability to meet its financial obligations.

We believe that the credit risk with respect to trade receivables is limited due to the large number and the geographic diversification of our customers.

Prepaid Expenses

The majority of our prepaid expenses relate to event expenses including show advances and deposits and other costs directly related to future concert events. For advances that are expected to be recouped over a period of more than twelve months, the long-term portion of the advance is classified as long-term advances. These prepaid costs are charged to operations upon completion of the related events.

Ticketing contract advances, which can be either recoupable or non-recoupable, represent amounts paid in advance to our clients pursuant to ticketing agreements and are reflected in prepaid expenses or in long-term advances if the amount is expected to be recouped or recognized over a period of more than twelve months. Recoupable ticketing contract advances are generally recoupable against future royalties earned by our clients, based on the contract terms, over the life of the contract. Non-recoupable ticketing contract advances, excluding those amounts paid to support clients’ advertising costs, are fixed additional incentives occasionally paid by us to secure the contract with certain clients and are typically amortized over the life of the contract on a straight-line basis.

Business Combinations

During 2019, 2018 and 2017, we completed several acquisitions that were accounted for as business combinations under the acquisition method of accounting. When we make these acquisitions, we often acquire a controlling interest without buying 100% of the business. These acquisitions and the related results of operations were not significant on either an individual basis or in the aggregate.

We account for our business combinations under the acquisition method of accounting. Identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree are recognized and measured as of the acquisition date at fair value. Additionally, any contingent consideration is recorded at fair value on the acquisition date and classified as a liability. Goodwill is recognized to the extent by which the aggregate of the acquisition-date fair value of the consideration transferred and any noncontrolling interest in the acquiree exceeds the recognized basis of the identifiable assets acquired, net of assumed liabilities. Determining the fair value of assets acquired, liabilities assumed and noncontrolling interests requires management’s judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates and asset lives among other items.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or fair value at the date of acquisition. Depreciation is computed using the straight-line method over their estimated useful lives, which are typically as follows:

Buildings and improvements - 10 to 50 years

Computer equipment and capitalized software - 3 to 10 years

Furniture and other equipment - 3 to 10 years

Leasehold improvements are depreciated over the shorter of the economic life or associated lease term. Expenditures for maintenance and repairs are charged to operations as incurred, whereas expenditures for asset renewal and improvements are capitalized.

We test for possible impairment of property, plant and equipment whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projections of, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which could indicate that the carrying amount of the asset may not be recoverable. If indicators exist, we compare the estimated undiscounted future cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded based on the difference between the fair value and the carrying value. Any such impairment charge is recorded in depreciation and amortization in the statements of operations. The impairment loss calculations require management to apply judgment in estimating future cash flows and the discount rates that reflect the risk inherent in future cash flows.

Intangible Assets

We classify intangible assets as definite-lived or indefinite-lived. Definite-lived intangibles include revenue-generating contracts, client/vendor relationships, trademarks and naming rights, technology, non-compete agreements, and venue management and leasehold agreements, all of which are amortized either on a straight-line basis over the respective lives of the agreements, typically 3 to 10 years, or on a basis more representative of the time pattern over which the benefit is derived. We periodically review the appropriateness of the amortization periods related to our definite-lived intangible assets. These assets are stated at cost or fair value at the date of acquisition. Indefinite-lived intangibles consist of trade names which are not subject to amortization.

We test for possible impairment of definite-lived intangible assets whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projections of, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which could indicate that the carrying amount of the asset may not be recoverable. If indicators exist, we compare the estimated undiscounted future cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded based on the difference between the fair value and the carrying value. Any such impairment charge is recorded in depreciation and amortization in the statements of operations.

We test for possible impairment of indefinite-lived intangible assets at least annually. Depending on facts and circumstances, qualitative factors may first be assessed to determine whether the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If it is concluded that it is more likely than not impaired, we perform a quantitative impairment test by comparing the fair value with the carrying amount. If the qualitative assessment is not performed first, we perform only this quantitative test. When specific assets are determined to be impaired, the cost basis of the asset is reduced to reflect the current fair value. Any such impairment charge is recorded in depreciation and amortization in the statements of operations. The impairment loss calculations require management to apply judgment in estimating future cash flows, expected future revenue, discount rates and royalty rates that reflect the risk inherent in future cash flows.

Goodwill

We review goodwill for impairment annually, as of October 1, using a two-step process. We also test goodwill for impairment in other periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount or when we change our reporting units.

The first step is a qualitative evaluation as to whether it is more likely than not that the fair value of any of our reporting units is less than its carrying value using an assessment of relevant events and circumstances. Examples of such events and circumstances include historical financial performance, industry and market conditions, macroeconomic conditions, reporting unit-specific events, historical results of goodwill impairment testing and the timing of the last performance of a quantitative assessment.

If any reporting units are concluded to be more likely than not impaired, or if that conclusion cannot be determined qualitatively, a second step is performed for that reporting unit. Regardless, all reporting units undergo a second step at least once every five years to support our annual qualitative first step. This second step, used to quantitatively screen for potential impairment and measure the impairment, if any, compares the fair value of the reporting unit with its carrying amount, including goodwill. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including our interpretation of current economic indicators and market valuations, and assumptions about our strategic plans with regard to our operations. Due to the uncertainties associated with such estimates, actual results could differ from such estimates. If the reporting unit's carrying value exceeds its fair value, the excess of the carrying value over the fair value is recorded as an impairment to goodwill. If a reporting unit's carrying value is negative, the reporting unit passes the impairment test. In this case, we will disclose the amount of goodwill allocated to that reporting unit and disclose which reportable segment the reporting unit is included in. In both steps, discount rates, market multiples, and sensitivity tests are derived and/or computed with the assistance of external valuation consultants.

In developing fair values for our reporting units, we employ a discounted cash flow or a market multiple methodology, or a combination thereof. The discounted cash flow methodology establishes fair value by estimating the present value of the projected future cash flows to be generated from the reporting unit. The discount rate applied to the projected future cash flows to arrive at the present value is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. The discounted cash flow methodology uses our estimates of future financial performance. The most significant assumptions used in the discounted cash flow methodology are the discount rate and expected future revenue, which vary among reporting units.

The market multiple methodology compares us to similar companies on the basis of risk characteristics to determine our risk profile relative to those companies as a group. This analysis generally focuses on both quantitative considerations, which include financial performance and other quantifiable data, and qualitative considerations, which include any factors which are expected to impact future financial performance. The most significant assumptions affecting the market multiple methodology are the market multiples used on projected future cash flows and market participant acquisition premium. A market participant acquisition premium represents the additional value a buyer would pay to obtain control of the respective reporting unit because having control would lead to higher cash flows, lower cost of capital or both.

Nonconsolidated Affiliates

In general, nonconsolidated investments in which we own more than 20% of the common stock or otherwise exercise significant influence over an affiliate are accounted for under the equity method. We review the value of equity method investments and record impairment charges in the statements of operations for any decline in value that is determined to be other-than-temporary. If we obtain control of a nonconsolidated affiliate through the purchase of additional ownership interest or changes in the governing agreements, we remeasure our investment to fair value first and then apply the accounting guidance for business combinations. Any gain or loss resulting from the remeasurement to fair value is recorded as a component of other expense (income), net in the statements of operations.

Leases

We lease office space, many of our concert venues, festival sites and certain equipment. We do not recognize an operating lease asset or liability on our consolidated balance sheets for leases with an initial term of twelve months or less, including multi-year festival site leases where the sum of the non-consecutive periods of rental time is less than twelve months. Rent expense for these short-term leases is generally recognized on a straight-line basis over the lease term.

Some of our lease agreements contain annual rental escalation clauses, as well as provisions for us to pay the related utilities and maintenance. We have elected to account for the lease components (i.e., fixed payments including rent, parking and real estate taxes) and non-lease components (i.e., common-area maintenance costs) as a single lease component.

Many of our lease agreements contain renewal options that can extend the lease for additional terms typically ranging from one to ten years. Renewal options at the discretion of the lessor are included in the lease term while renewal options at our discretion are generally not included in the lease term unless they are reasonably certain to be exercised.

In addition to fixed rental payments, many of our leases contain contingent rental payments based on a percentage of revenue, tickets sold or other variables, while others include periodic adjustments to rental payments based on the prevailing inflationary index or market rental rates. Contingent rent obligations are not included in the initial measurement of the lease asset or liability and are recognized as rent expense in the period that the contingency is resolved. Our leases do not contain any material residual value guarantees or restrictive covenants.

We measure our lease assets and liabilities using an incremental borrowing rate which varies from lease to lease depending on geographical location and length of the lease.

Accounts Payable, Client Accounts

Accounts payable, client accounts consists of contractual amounts due to our ticketing clients which includes the face value of tickets sold and the clients' share of service charges.

Income Taxes

We account for income taxes using the liability method which results in deferred tax assets and liabilities based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if we believe it is more likely than not that some portion of or the entire asset will not be realized. As almost all earnings from our continuing foreign operations are permanently reinvested and not distributed, our income tax provision does not include additional United States state and foreign withholding or transaction taxes on those foreign earnings that would be incurred if they were distributed. It is not practicable to determine the amount of state and foreign income taxes, if any, that might become due in the event that any remaining available cash associated with these earnings were distributed.

The FASB guidance for income taxes prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon ultimate settlement.

We have established a policy of including interest related to tax loss contingencies in income tax expense (benefit) in the statements of operations.

The Tax Cuts and Jobs Act ("TCJA") enacted in December 2017 subjects a United States corporation to tax on its Global Intangible Low-Taxed Income ("GILTI"). We have established a policy of treating the taxes due on future GILTI inclusions in United States taxable income as a current-period expense when incurred.

Revenue Recognition

Revenue from the promotion or production of an event in our Concerts segment is recognized when the show occurs. Revenue collected in advance of the event is recorded as deferred revenue until the event occurs. Revenue collected from sponsorship agreements, which is not related to a single event, is classified as deferred revenue and recognized over the term of the agreement or operating season as the benefits are provided to the sponsor.

Revenue from our ticketing operations primarily consists of service fees charged at the time a ticket for an event is sold in either the primary or secondary markets. For primary tickets sold to our concert and festival events, where our concert promoters control ticketing, the revenue for the associated ticket service charges collected in advance of the event is recorded as deferred revenue until the event occurs and these service charges are shared between our Ticketing and Concerts segments. For primary tickets sold for events of third-party clients and secondary market sales, the revenue is recognized at the time of the sale and is recorded by our Ticketing segment.

We account for taxes that are externally imposed on revenue producing transactions on a net basis.

Gross versus Net Revenue Recognition

We report revenue on a gross or net basis based on management's assessment of whether we act as a principal or agent in the transaction. To the extent we act as the principal, revenue is reported on a gross basis. The determination of whether we act as a principal or an agent in a transaction is based on an evaluation of whether we have control of the good or service before it is transferred to the customer. Our Ticketing segment's revenue, which primarily consists of service fees from its ticketing operations, is recorded net of the face value of the ticket as we generally act as an agent in these transactions.

Foreign Currency

Results of operations for foreign subsidiaries and foreign equity investees are translated into United States dollars using the average exchange rates during the year. The assets and liabilities of those subsidiaries and investees are translated into United States dollars using the exchange rates at the balance sheet date. The related translation adjustments are recorded in a separate component of stockholders' equity in AOCI. Foreign currency transaction gains and losses are included in the statements of operations and include the impact of revaluation of certain foreign currency denominated net assets or liabilities held internationally. For the years ended December 31, 2019 and December 31, 2017, we recorded net foreign currency transaction gains of \$3.2 million and \$3.1 million, respectively. For the year ended December 31, 2018, we recorded net foreign currency transaction losses of \$11.6 million. We do not currently have significant operations in highly inflationary countries.

Advertising Expense

We record advertising expense in the year that it is incurred. Throughout the year, general advertising expenses are recognized as they are incurred, but event-related advertising for concerts is recognized once the show occurs. However, all advertising costs incurred during the year and not previously recognized are expensed at the end of the year. Advertising expenses of \$452.7 million, \$443.2 million and \$378.1 million for the years ended December 31, 2019, 2018 and 2017, respectively, were recorded as a component of direct operating expenses. Advertising expenses of \$27.8 million, \$30.9 million and \$40.3 million for the years ended December 31, 2019, 2018 and 2017, respectively, were recorded as a component of selling, general and administrative expenses.

Direct Operating Expenses

Direct operating expenses include artist fees, show-related marketing and advertising expenses, rent expense for events in third-party venues, credit card fees, telecommunication and data communication costs associated with our call centers, commissions paid on tickets distributed through independent sales outlets away from the box office, and salaries and wages related to seasonal employees at our venues along with other costs, including ticket stock and shipping. These costs are primarily variable in nature.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries and other compensation costs related to full-time employees, fixed rent, travel and entertainment, legal expenses and consulting along with other costs.

Depreciation and Amortization

Our depreciation and amortization is presented as a separate line item in the statements of operations. There is no depreciation or amortization included in direct operating expenses, selling, general and administrative expenses or corporate expenses. Amortization of nonrecoupable ticketing contract advances is recorded as a reduction to revenue.

Non-cash and Stock-based Compensation

We follow the fair value recognition provisions in the FASB guidance for stock compensation. Stock-based compensation expense recognized includes compensation expense for all share-based payments using the estimated grant date fair value. Stock-based compensation expense is adjusted for forfeitures as they occur.

The fair value for options in Live Nation stock is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options is amortized to expense on a straight-line basis over the options' vesting period. We use an expected volatility based on an even weighting of our own traded options and historical volatility. We use a weighted-average expected life based on historical experience calculated with the assistance of outside consultants. The risk-free rate for periods within the expected life of the option is based on the United States Treasury note rate.

The fair value of restricted stock awards and deferred stock awards, which is generally the stock price on the date of grant, is amortized to expense on a straight-line basis over the vesting period except for restricted stock awards and deferred stock awards with minimum performance or market targets as their vesting condition. The performance-based awards are amortized to expense on a graded basis over the vesting period to the extent that it is probable that the performance criteria will be met. Market-based award fair values are estimated using a Monte Carlo simulation model and are then amortized to expense on a graded basis over the derived service period, which is estimated as the median weighted average vesting period from the Monte Carlo simulation models. However, unlike awards with a service or performance condition, the expense for market-based awards will not be reversed solely because the market condition is not satisfied.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in the financial statements and accompanying notes including, but not limited to, legal, tax and insurance accruals, acquisition accounting and impairments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Accounting Pronouncements - Recently Adopted

Lease Accounting

In February 2016, the FASB issued guidance that requires lessees to recognize most leases on their balance sheet as a lease liability and asset, and to disclose key information about leasing arrangements. The guidance should be applied on a modified retrospective basis.

We adopted this standard on January 1, 2019, applying the transitional provisions of the standard to the beginning of the period of adoption and elected the package of practical expedients available under the transition guidance within the new guidance which, among other things, allowed us to carry forward the historical lease classification. We also made an accounting policy election to keep leases with an initial term of twelve months or less off the balance sheet, recognizing those lease payments in our statements of operations generally on a straight-line basis over the term of the lease. We have implemented third-party lease software, and corresponding internal controls, to account for our leases and facilitate compliance with the new guidance.

The new guidance had a material impact on our balance sheet, but did not have a material impact on our statements of operations or an impact on our compliance with the debt covenant requirements under our senior secured credit facility and other debt arrangements. Upon adoption, we recognized operating lease assets and liabilities of \$1.1 billion and \$1.2 billion, respectively. The initial operating lease assets and liabilities were based on the present value of the remaining minimum lease payments, discounted using our secured incremental borrowing rate which varies based on geographical region and term of the underlying lease. The operating lease assets were also reduced by \$85.3 million for prepaid rent, straight-line rent accruals and lease incentives.

Accounting Pronouncements - Not Yet Adopted

In June 2016, the FASB issued guidance that replaces the current incurred loss impairment model of recognizing credit losses with an expected loss model for financial assets measured at amortized cost. The guidance is effective for annual periods beginning after December 15, 2019 and interim periods within that year. Early adoption is permitted for fiscal periods after December 15, 2018 and interim periods within that year. The guidance is to be applied through a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We will adopt this standard on January 1, 2020, and the adoption will not have a material effect on our financial position or results of operations.

In August 2018, the FASB issued guidance that aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The amortization period of these implementation costs would include periods covered under renewal options that are reasonably certain to be exercised. The expense related to the capitalized implementation costs also would be presented in the same financial statement line item as the hosting fees. The guidance is effective for annual periods beginning after December 15, 2019 and interim periods within that year, and early adoption is permitted. The guidance should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We will adopt this guidance on January 1, 2020, and will apply it prospectively. Adoption of this guidance will result in expense previously reported as depreciation and amortization to be reported as selling, general and administrative expenses or corporate expenses within our statements of operations. In addition, implementation cost previously reported as property, plant and equipment, net will now be reported as prepaid expenses and other long-term assets on our balance sheets.

NOTE 2—LONG-LIVED ASSETS

Property, Plant and Equipment, Net

Property, plant and equipment, net includes expenditures for the construction of new venues, major renovations to existing buildings or buildings that are being added to our venue network, the development of new ticketing tools and technology enhancements along with the renewal and improvement of existing venues and technology systems, web development and administrative offices.

Property, plant and equipment, net, consisted of the following:

	December 31,	
	2019	2018
	<i>(in thousands)</i>	
Land, buildings and improvements	\$ 1,181,876	\$ 984,558
Computer equipment and capitalized software	800,990	742,737
Furniture and other equipment	380,174	329,607
Construction in progress	176,275	160,028
	<u>2,539,315</u>	<u>2,216,930</u>
Less accumulated depreciation	1,421,383	1,270,337
	<u>\$ 1,117,932</u>	<u>\$ 946,593</u>

Definite-lived Intangible Assets

The following table presents the changes in the gross carrying amount and accumulated amortization of definite-lived intangible assets for the years ended December 31, 2019 and 2018:

	Revenue-generating contracts	Client / vendor relationships	Trademarks and naming rights	Venue management & Leaseholds	Technology	Other ⁽¹⁾	Total
	<i>(in thousands)</i>						
Balance as of December 31, 2017:							
Gross carrying amount	\$ 789,363	\$ 341,449	\$ 126,331	\$ 63,135	\$ 63,666	\$ 72,096	\$ 1,456,040
Accumulated amortization	(410,011)	(186,357)	(32,681)	(35,953)	(22,745)	(39,028)	(726,775)
Net	379,352	155,092	93,650	27,182	40,921	33,068	729,265
Gross carrying amount:							
Acquisitions—current year	6,128	84,146	2,067	15,402	30,029	—	137,772
Acquisitions—prior year	4,447	—	—	1,900	—	—	6,347
Dispositions	—	(11,812)	—	—	—	(18,754)	(30,566)
Foreign exchange	(14,426)	(7,378)	(1,756)	(1,989)	(1,626)	(1,220)	(28,395)
Other ⁽²⁾	(92,549)	(12,633)	(2,935)	(8,400)	(6,658)	(2,007)	(125,182)
Net change	(96,400)	52,323	(2,624)	6,913	21,745	(21,981)	(40,024)
Accumulated amortization:							
Amortization	(81,291)	(52,879)	(12,633)	(7,185)	(23,727)	(12,938)	(190,653)
Dispositions	—	8,146	—	—	—	13,238	21,384
Foreign exchange	7,526	4,813	536	1,235	973	744	15,827
Other ⁽²⁾	92,774	12,678	2,970	8,396	6,673	2,161	125,652
Net change	19,009	(27,242)	(9,127)	2,446	(16,081)	3,205	(27,790)
Balance as of December 31, 2018:							
Gross carrying amount	692,963	393,772	123,707	70,048	85,411	50,115	1,416,016
Accumulated amortization	(391,002)	(213,599)	(41,808)	(33,507)	(38,826)	(35,823)	(754,565)
Net	301,961	180,173	81,899	36,541	46,585	14,292	661,451
Gross carrying amount:							
Acquisitions—current year	94,464	209,398	29,061	80,643	13,839	8,075	435,480
Acquisitions—prior year	—	—	—	43	—	—	43
Foreign exchange	(4,713)	90	91	896	356	(208)	(3,488)
Other ⁽²⁾	(82,157)	(75,770)	76	(2,044)	(12,268)	(32,763)	(204,926)
Net change	7,594	133,718	29,228	79,538	1,927	(24,896)	227,109
Accumulated amortization:							
Amortization	(94,439)	(65,059)	(14,513)	(10,683)	(27,512)	(11,326)	(223,532)
Foreign exchange	1,331	(473)	(96)	(553)	(152)	122	179
Other ⁽²⁾	82,088	75,770	1	2,044	12,270	32,761	204,934
Net change	(11,020)	10,238	(14,608)	(9,192)	(15,394)	21,557	(18,419)
Balance as of December 31, 2019:							
Gross carrying amount	700,557	527,490	152,935	149,586	87,338	25,219	1,643,125
Accumulated amortization	(402,022)	(203,361)	(56,416)	(42,699)	(54,220)	(14,266)	(772,984)
Net	\$ 298,535	\$ 324,129	\$ 96,519	\$ 106,887	\$ 33,118	\$ 10,953	\$ 870,141

⁽¹⁾ Other primarily includes intangible assets for non-compete agreements.

⁽²⁾ Other primarily includes netdowns of fully amortized or impaired assets.

Included in the current year acquisitions amount above for 2019 are definite-lived intangible assets primarily associated with the acquisitions of concert promotion businesses located in Canada and Chile, venue management businesses located in the United States and Belgium and a festival promotion business located in Brazil that had been accounted for as an equity investment.

Included in the current year acquisitions amount above for 2018 are definite-lived intangible assets primarily associated with the acquisitions of various concert and festival promotion business and artist management businesses that are all located in the United States, and the acquisition of certain software assets from a business located in the United States.

The 2019 and 2018 additions to definite-lived intangible assets from acquisitions have weighted-average lives as follows:

	Weighted-Average Life	
	2019	2018
	<i>(in years)</i>	
Revenue-generating contracts	8	7
Client/vendor relationships	9	7
Trademarks and naming rights	8	3
Technology	2	3
Venue management and leaseholds	10	12
Other	5	—
All categories	8	7

During all years presented, we reviewed the carrying value of certain definite-lived intangible assets that management determined would not be renewed or that had an indicator that future operating cash flows may not support their carrying value. It was determined that certain assets were impaired since the estimated undiscounted future cash flows associated with those assets were less than their carrying value. For the year ended December 31, 2019, we recorded impairment charges of \$26.8 million as a component of depreciation and amortization primarily related to intangible assets for revenue-generating contracts in the Concerts and Sponsorship & Advertising segments. See Note 6—Fair Value Measurements for further discussion of the inputs used to determine the fair values. There were no significant impairment charges recorded in 2018 and 2017.

Amortization of definite-lived intangible assets for the years ended December 31, 2019, 2018 and 2017 was \$223.5 million, \$190.7 million and \$202.6 million, respectively.

The following table presents our estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets that exist at December 31, 2019:

	<i>(in thousands)</i>	
2020	\$	219,927
2021	\$	153,233
2022	\$	122,808
2023	\$	103,253
2024	\$	85,218

As acquisitions and dispositions occur in the future and the valuations of intangible assets for recent acquisitions are completed, amortization expense may vary.

Indefinite-lived Intangibles

We have indefinite-lived intangible assets which consist of trade names. These indefinite-lived intangible assets had a carrying value of \$369.0 million and \$368.9 million as of December 31, 2019 and 2018, respectively.

Goodwill

We currently have seven reporting units with goodwill balances: International Concerts, North America Concerts, Artist Management and Artist Services (non-management) within the Concerts segment; Sponsorship & Advertising; and International Ticketing and North America Ticketing within the Ticketing segment. We review goodwill for impairment annually, as of October 1, using a two-step process: a qualitative review and a quantitative analysis. In 2019, as part of our annual test for impairment of goodwill, five reporting units were assessed under the initial qualitative evaluation and did not require a quantitative analysis. These reporting units account for approximately 85% of our goodwill at December 31, 2019. Considerations included (a) excess of fair values over carrying values in the most recent quantitative analysis performed, (b) market multiples, (c) discount rates, (d) financial results and (e) sensitivity analyses.

Finally, for two reporting units that account for approximately 15% of our goodwill at December 31, 2019, the qualitative analysis was inconclusive due to varied factors such as lower than expected financial results in the current year, mixed changes in market multiples, and a decrease in discount rate. As such, quantitative analysis was performed for these reporting units.

We performed the quantitative analysis using a combination of a discounted cash flows methodology, which uses both market-based and internal assumptions, and a market multiple methodology, which uses primarily market-based assumptions applied to our projections of future cash flows.

No impairment charges were recorded in 2019 as a result of our annual test. Based upon the results of the annual tests for 2018 and 2017, we recorded impairment charges of \$10.5 million and \$20.0 million, respectively, related to our Artist Services (non-management) reporting unit. See Note 6—Fair Value Measurements for discussion of the impairment calculation.

The following table presents the changes in the carrying amount of goodwill in each of our reportable segments for the years ended December 31, 2019 and 2018:

	Concerts	Ticketing	Sponsorship & Advertising	Total
	<i>(in thousands)</i>			
Balance as of December 31, 2017:				
Goodwill	\$ 1,015,913	\$ 761,786	\$ 401,753	\$ 2,179,452
Accumulated impairment losses	(424,863)	—	—	(424,863)
Net	<u>591,050</u>	<u>761,786</u>	<u>401,753</u>	<u>1,754,589</u>
Acquisitions—current year	42,841	5,875	3,902	52,618
Acquisitions—prior year	53,541	—	1,697	55,238
Dispositions	(7,053)	—	—	(7,053)
Impairment	(10,500)	—	—	(10,500)
Foreign exchange	(10,638)	(4,708)	(6,603)	(21,949)
Balance as of December 31, 2018:				
Goodwill	1,094,604	762,953	400,749	2,258,306
Accumulated impairment losses	(435,363)	—	—	(435,363)
Net	<u>659,241</u>	<u>762,953</u>	<u>400,749</u>	<u>1,822,943</u>
Acquisitions—current year	121,355	4,017	38,421	163,793
Acquisitions—prior year	8,428	—	—	8,428
Foreign exchange	1,670	(707)	2,371	3,334
Balance as of December 31, 2019:				
Goodwill	1,226,057	766,263	441,541	2,433,861
Accumulated impairment losses	(435,363)	—	—	(435,363)
Net	<u>\$ 790,694</u>	<u>\$ 766,263</u>	<u>\$ 441,541</u>	<u>\$ 1,998,498</u>

Included in the current year acquisitions amount above for 2019 is goodwill associated with the acquisitions of a concert promotion business located in Canada, venue management businesses located in Belgium and the United States and a festival promotion business located in Brazil that had been accounted for as an equity method investment.

Included in the current year acquisitions amount above for 2018 is goodwill associated with the acquisitions of various concert and festival promotion businesses and various artist management businesses that are all located in the United States.

Included in the prior year acquisitions amount above for 2018 is a purchase price adjustment recognized in connection with contingent consideration paid during 2018 related to an acquisition that occurred prior to our adoption of the current FASB guidance for business combinations. Under the previous guidance, which was in place at the time of this acquisition, such contingent payments were recognized when it was determinable that the applicable financial targets were met.

We are in various stages of finalizing our acquisition accounting for recent acquisitions, which include the use of external valuation consultants, and the completion of this accounting could result in a change to the associated purchase price allocations, including goodwill and the allocation between segments.

Investments in Nonconsolidated Affiliates

We have investments in various affiliates which are not consolidated and are accounted for under the equity method of accounting. We record our investments in these entities in the balance sheet as investments in nonconsolidated affiliates reported as part of other long-term assets. Our interests in these operations are recorded in the statements of operations as equity in losses (earnings) of nonconsolidated affiliates. For the year ended December 31, 2019, certain of our investments are considered significant on an aggregate basis.

Summarized balance sheet and income statement information for these entities is as follows (at 100%):

	December 31,	
	2019	2018
	<i>(in thousands)</i>	
Current assets	\$ 40,937	\$ 71,685
Noncurrent assets	\$ 6,845	\$ 4,074
Current liabilities	\$ 35,662	\$ 42,470
Noncontrolling interests	\$ 1,624	\$ 1,095

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Revenue	\$ 54,173	\$ 56,857	\$ 56,078
Operating income	\$ 30,262	\$ 34,841	\$ 29,684
Net income	\$ 23,969	\$ 28,554	\$ 24,116
Net income attributable to the common stockholders of the equity investees	\$ 23,440	\$ 27,935	\$ 23,995

NOTE 3—LEASES

The significant components of operating lease expense are as follows:

	Year Ended December 31, 2019
	<i>(in thousands)</i>
Operating lease cost	\$ 201,344
Variable and short-term lease cost	133,526
Sublease income	(17,235)
Net lease cost	<u>\$ 317,635</u>

Supplemental cash flow information for our operating leases is as follows:

	Year Ended December 31, 2019
	<i>(in thousands)</i>
Cash paid for amounts included in the measurement of lease liabilities	\$ 183,723
Lease assets obtained in exchange for lease obligations, net of terminations	\$ 417,394

Future maturities of our operating lease liabilities at December 31, 2019 are as follows:

	<i>(in thousands)</i>
2020	\$ 194,811
2021	185,273
2022	180,865
2023	178,322
2024	161,583
Thereafter	1,370,772
Total lease payments	<u>2,271,626</u>
Less: Interest	775,195
Present value of lease liabilities	<u>\$ 1,496,431</u>

The weighted average remaining lease term and weighted average discount rate for our operating leases are as follows:

	<u>December 31, 2019</u>
Weighted average remaining lease term (in years)	13.9
Weighted average discount rate	5.88%

As of December 31, 2019, we have additional operating leases that have not yet commenced with total lease payments of \$218.2 million. These operating leases, which are not included on our consolidated balance sheets, have commencement dates ranging from January 2020 to December 2021 with lease terms ranging from 1 to 21 years.

NOTE 4—LONG-TERM DEBT

Long-term debt, which includes capital leases, consisted of the following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
	<i>(in thousands)</i>	
Senior Secured Credit Facility:		
Term loan A	\$ —	\$ 156,750
Term loan B	947,625	953,148
4.75% Senior Notes due 2027	950,000	—
4.875% Senior Notes due 2024	575,000	575,000
5.625% Senior Notes due 2026	300,000	300,000
5.375% Senior Notes due 2022	—	250,000
2.5% Convertible Senior Notes due 2023	550,000	550,000
2.5% Convertible Senior Notes due 2019	—	28,673
Other long-term debt	80,642	96,308
Total principal amount	<u>3,403,267</u>	<u>2,909,879</u>
Less unamortized discounts and debt issuance costs	(94,210)	(94,859)
Total long-term debt, net of unamortized discounts and debt issuance costs	<u>3,309,057</u>	<u>2,815,020</u>
Less: current portion	37,795	82,142
Total long-term debt, net	<u>\$ 3,271,262</u>	<u>\$ 2,732,878</u>

Future maturities of long-term debt at December 31, 2019 are as follows:

	<i>(in thousands)</i>
2020	\$ 37,795
2021	36,221
2022	568,817
2023	17,487
2024	586,445
Thereafter	2,156,502
Total	<u>\$ 3,403,267</u>

All long-term debt without a stated maturity date is considered current and is reflected as maturing in the earliest period shown in the table above. See Note 6—Fair Value Measurements for discussion of the fair value measurement of our long-term debt.

Senior Secured Credit Facility

In October 2019, we amended our senior secured credit facility and now have (i) a five-year \$400 million delayed term loan A facility, (ii) a seven-year \$950 million term loan B facility and (iii) a five-year \$500 million revolving credit facility. The delayed draw term loan A facility is available to be drawn for the first two years following the amendment. In addition, subject to certain conditions, we have the right to increase the facility by an amount equal to the sum of (x) \$985 million, (y) the aggregate principal amount of voluntary prepayments of the delayed draw term loan A and term loan B and permanent reductions of the revolving credit facility commitments, in each case, other than from proceeds of long-term indebtedness and (z) additional amounts so long as the senior secured leverage ratio calculated on a pro-forma basis (as defined in the credit agreement) is no greater than 3.75x. The revolving credit facility provides for borrowings up to \$500 million with sublimits of up to (i) \$150 million for the issuance of letters of credit, (ii) \$50 million for swingline loans, (iii) \$300 million for borrowings in Euros or British Pounds and (iv) \$100 million for borrowings in those or one or more other approved currencies. This amended senior secured credit facility is secured by a first priority lien on substantially all of our tangible and intangible personal property and our domestic subsidiaries that are guarantors, and by a pledge of substantially all of the shares of stock, partnership interests and limited liability company interests of our direct and indirect domestic subsidiaries and 65% of each class of capital stock of any first-tier foreign subsidiaries, subject to certain exceptions.

The interest rates per annum applicable to revolving credit facility loans and the delayed draw term loan A under the senior secured credit facility are, at our option, equal to either Eurodollar plus 1.75% or a base rate plus 0.75%, subject to stepdowns based on our net leverage ratio. The interest rates per annum applicable to the term loan B are, at our option, equal to either Eurodollar plus 1.75% or a base rate plus 0.75%. We are required to pay a commitment fee of 0.35% per year on the undrawn portion available under the revolving credit facility and delayed draw term loan A, subject to a stepdown based on our net leverage ratio, and variable fees on outstanding letters of credit.

For the term loan A, we are required to make quarterly payments at a range from 0.625% of the original principal amount during the first three years to 1.25% during the last two years with the balance due at maturity in October 2024. For the term loan B, we are required to make quarterly payments of \$2.4 million, with the balance due at maturity in October 2026. We are also required to make mandatory prepayments of the loans under the credit agreement, subject to specified exceptions, from excess cash flow and with the proceeds of asset sales, debt issuances and other specified events.

Based on our outstanding letters of credit of \$83.5 million, \$416.5 million was available for future borrowings under the revolving credit facility at December 31, 2019.

4.75% Senior Notes

In October 2019, we issued \$950 million principal amount of 4.75% senior notes due 2027. Interest on the notes is payable semi-annually in cash in arrears on April 15 and October 15 of each year beginning on April 15, 2020, and will mature on October 15, 2027. We may redeem some or all of the notes, at any time prior to October 15, 2022, at a price equal to 100% of the aggregate principal amount, plus any accrued and unpaid interest to the date of redemption, plus a 'make-whole' premium. We may redeem up to 35% of the aggregate principal amount of the notes from the proceeds of certain equity offerings prior to October 15, 2022, at a price equal to 104.750% of the aggregate principal amount, plus accrued and unpaid interest thereon, if any, to the date of redemption. In addition, on or after October 15, 2022, we may redeem some or all of the notes at any time at redemption prices starting at 103.563% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

4.875% Senior Notes

At December 31, 2019, we had \$575 million principal amount of 4.875% senior notes due 2024. Interest on the notes is payable semiannually in cash in arrears on May 1 and November 1 of each year, and the notes will mature on November 1, 2024. In addition, on or after November 1, 2019, we may redeem some or all of the notes at any time at the redemption prices that start at 103.656% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

5.625% Senior Notes

In March 2018, we issued \$300 million principal amount of 5.625% senior notes due 2026. Interest on the notes is payable semiannually in cash in arrears on March 15 and September 15 of each year, and the notes will mature on March 15, 2026. We may redeem some or all of the notes at any time prior to March 15, 2021 at a price equal to 100% of the principal amount, plus any accrued and unpaid interest to the date of redemption, plus a 'make-whole' premium. We may redeem up to 35% of the aggregate principal amount of the notes from proceeds of certain equity offerings prior to March 15, 2021, at a price equal to 105.625% of the aggregate principal amount being redeemed, plus any accrued and unpaid interest thereon to the date of redemption. In addition, on or after March 15, 2021, we may redeem some or all of the notes at any time at redemption prices that start at 104.219% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus any accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

2.5% Convertible Senior Notes Due 2023

In March 2018, we issued \$550 million principal amount of 2.5% convertible senior notes due 2023. The notes pay interest semiannually in arrears on March 15 and September 15 of each year, at a rate of 2.5% per annum. The notes will mature on March 15, 2023, and may not be redeemed by us prior to the maturity date. The notes will be convertible, under certain circumstances, until December 15, 2022, and on or after such date without condition, at an initial conversion rate of 14.7005 shares of our common stock per \$1,000 principal amount of notes, subject to adjustment, which represents a 54.4% conversion premium based on the last reported sale price for our common stock of \$44.05 on March 19, 2018 prior to issuing the debt. Upon conversion, the notes may be settled in shares of common stock or, at our election, cash or a combination of cash and shares of common stock. Assuming we fully settled the notes in shares, the maximum number of shares that could be issued to satisfy the conversion is currently 8.1 million.

If we experience a fundamental change, as defined in the indenture governing the notes, the holders of the notes may require us to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus any accrued and unpaid interest.

The carrying amount of the equity component of the notes is \$64.0 million, which is treated as a debt discount and the principal amount of the liability component (face value of the notes) is \$550 million. As of December 31, 2019, the remaining period for the unamortized debt discount balance of \$42.4 million was approximately three years and the value of the notes, if converted and fully settled in shares, exceed the principal amount of the notes by \$27.9 million. As of December 31, 2019, the effective interest rate on the liability component of the notes was 5.7%.

The following table summarizes the amount of pre-tax interest cost recognized on the 2.5% convertible senior notes due 2023 and 2019:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Interest cost recognized relating to:			
Contractual interest coupon	\$ 14,015	\$ 12,894	\$ 6,875
Amortization of debt discount	2,134	10,746	5,080
Amortization of debt issuance costs	12,599	1,940	1,358
Total interest cost recognized on the notes	<u>\$ 28,748</u>	<u>\$ 25,580</u>	<u>\$ 13,313</u>

Other Long-term Debt

As of December 31, 2019, other long-term debt includes capital leases of \$5.2 million, debt to noncontrolling interest partners of \$34.5 million and \$27.5 million of a subsidiary's term loan and revolving credit facility. Our other long-term debt has a weighted average cost of debt of 4.6% and maturities at various dates through July 2046.

Debt Extinguishment

In October 2019, we issued \$950 million principal amount of 4.75% senior notes due 2027 and further amended our senior secured credit facility, including the draw down of \$950 million principal amount under the new term loan B facility. The proceeds were used to repay the \$1.1 billion principal balance outstanding on the term loans A and B under our then existing senior secured credit facility, to repay the entire \$250 million principal amount of the 5.375% senior notes due 2022, to repay the related redemption premium of \$3.4 million on the senior notes and accrued interest and fees of \$30.8 million, leaving \$527.5 million for general corporate purposes, including acquisitions. We recorded a \$4.5 million loss on extinguishment of debt related to this refinancing.

In March 2018, we issued \$300 million principal amount of 5.625% senior notes due 2026, issued \$550 million principal amount of 2.5% convertible senior notes due 2023 and amended our senior secured credit facility to reduce the applicable interest rate for the term loan B. Total gross proceeds of \$850.0 million from the issuance of the notes were used to repay \$246.3 million of the outstanding principal amount of our 2.5% convertible senior notes due 2019, the related repurchase premium of \$90.4 million on those convertible senior notes and accrued interest and fees of \$20.8 million, leaving \$492.5 million in additional cash available for general corporate purposes. We recorded a \$2.5 million loss on extinguishment of debt related to this refinancing.

Debt Covenants

Our senior secured credit facility contains a number of restrictions that, among other things, require us to satisfy a financial covenant and restrict our and our subsidiaries' ability to incur additional debt, make certain investments and acquisitions, repurchase our stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of our business, enter into sale-leaseback transactions, transfer and sell material assets, merge or consolidate, and pay dividends and make distributions (with the exception of subsidiary dividends or distributions to the parent company or other subsidiaries on at least a pro-rata basis with any noncontrolling interest partners). Non-compliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the credit facility becoming immediately due and payable. The senior secured credit facility agreement has a covenant, measured quarterly, that relates to net leverage. The consolidated net leverage covenant requires us to maintain a ratio of consolidated total net debt to consolidated EBITDA (both as defined in the credit agreement) of 5.75x over the trailing four consecutive quarters through September 30, 2020. The consolidated total leverage ratio will reduce to 5.50x on December 31, 2020 and 5.25x on December 31, 2021.

The indentures governing the 4.75% senior notes, 4.875% senior notes and 5.625% senior notes contain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to incur certain additional indebtedness and issue preferred stock, make certain distributions, investments and other restricted payments, sell certain assets, agree to any restrictions on the ability of restricted subsidiaries to make payments to us, merge, consolidate or sell all of our assets, create certain liens, and engage in transactions with affiliates on terms that are not on an arms-length basis. Certain covenants, including those pertaining to incurrence of indebtedness, restricted payments, asset sales, mergers and transactions with affiliates will be suspended during any period in which the notes are rated investment grade by both rating agencies and no default or event of default under the indenture has occurred and is continuing. All of these notes contain two incurrence-based financial covenants, as defined, requiring a minimum fixed charge coverage ratio of 2.0x and a maximum secured indebtedness leverage ratio of 3.5x.

Some of our other subsidiary indebtedness includes restrictions on entering into various transactions, such as acquisitions and disposals, and prohibits payment of ordinary dividends. They also have financial covenants including minimum consolidated EBITDA to consolidated net interest payable, minimum consolidated cash flow to consolidated debt service and maximum consolidated debt to consolidated EBITDA, all as defined in the applicable debt agreements.

As of December 31, 2019, we believe we were in compliance with all of our debt covenants related to our senior secured credit facility and our corporate senior notes and convertible senior notes. We expect to remain in compliance with all of these covenants throughout 2020.

NOTE 5—DERIVATIVE INSTRUMENTS

We primarily use forward currency contracts and options to reduce our exposure to foreign currency risk associated with short-term artist fee commitments. We may also enter into forward currency contracts to minimize the risks and/or costs associated with changes in foreign currency rates on forecasted operating income. At December 31, 2019 and 2018, we had forward currency contracts and options outstanding with notional amounts of \$66.3 million and \$89.4 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. Our foreign currency derivative activity, including the related fair values, are not material to any period presented.

We do not enter into derivative instruments for speculative or trading purposes and do not anticipate any significant recognition of derivative activity through the income statement in the future related to the instruments currently held. See Note 6—Fair Value Measurements for further discussion and disclosure of the fair values for our derivative instruments.

NOTE 6—FAIR VALUE MEASUREMENTS

Recurring

We currently have various financial instruments carried at fair value, such as marketable securities, derivatives and contingent consideration, but do not currently have nonfinancial assets and liabilities that are required to be measured at fair value on a recurring basis. Our financial assets and liabilities are measured using inputs from all levels of the fair value hierarchy as defined in the FASB guidance for fair value. 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 our own data.

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

	Fair Value Measurements				Fair Value Measurements			
	at December 31, 2019				at December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	<i>(in thousands)</i>				<i>(in thousands)</i>			
Assets:								
Cash equivalents	\$ 177,159	\$ —	\$ —	\$ 177,159	\$ 86,046	\$ —	\$ —	\$ 86,046
Forward currency contracts	—	11	—	11	—	779	—	779
Total	<u>\$ 177,159</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ 177,170</u>	<u>\$ 86,046</u>	<u>\$ 779</u>	<u>\$ —</u>	<u>\$ 86,825</u>
Liabilities:								
Forward currency contracts	\$ —	\$ 1,159	\$ —	\$ 1,159	\$ —	\$ 260	\$ —	\$ 260
Put option	—	—	8,006	8,006	—	—	8,002	8,002
Subsidiary equity awards	—	—	7,661	7,661	—	—	3,571	3,571
Contingent consideration	—	—	64,892	64,892	—	—	62,475	62,475
Total	<u>\$ —</u>	<u>\$ 1,159</u>	<u>\$ 80,559</u>	<u>\$ 81,718</u>	<u>\$ —</u>	<u>\$ 260</u>	<u>\$ 74,048</u>	<u>\$ 74,308</u>

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.

Certain third parties have a put option to sell their noncontrolling interest in one of our subsidiaries to us and such put option is carried at fair value using Level 3 inputs because either (i) the put option is triggered by the occurrence of specific events, one of which is certain to occur, that requires us to buy the noncontrolling interest or (ii) the redemption price is not at fair value and the equity holder does not bear the risk and rewards of ownership. The redemption price for these put options are a variable amount based on a formula linked to historical earnings. We have recorded a current liability for these put options which are valued based on the historic results of that subsidiary. Changes in the fair value are recorded in selling, general and administrative expenses.

We have certain contingent consideration obligations related to acquisitions 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. We record the liability at the time of the acquisition based on the present value of management's best estimates of the future results of the acquired companies compared to the agreed-upon metrics. Subsequent to the date of acquisition, we update 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 selling, general and administrative expenses. See Note 7—Commitments and Contingent Liabilities for additional information related to the contingent payments.

Due to their short maturity, the carrying amounts of accounts receivable, accounts payable and accrued expenses approximated their fair values at December 31, 2019 and 2018.

Our outstanding debt held by third-party financial institutions is carried at cost, adjusted for discounts or debt issuance costs. Our debt is not publicly traded and the carrying amounts typically approximate fair value for debt that accrues interest at a variable rate, which are considered to be Level 2 inputs as defined in the FASB guidance.

The following table presents the estimated fair values of our senior notes and convertible senior notes at December 31, 2019 and 2018:

	Estimated Fair Value at:	
	December 31, 2019	December 31, 2018
	Level 2	
	<i>(in thousands)</i>	
4.75% Senior Notes Due 2027	\$ 983,735	\$ —
4.875% Senior Notes due 2024	\$ 596,137	\$ 552,368
5.625% Senior Notes due 2026	\$ 320,553	\$ 302,097
5.375% Senior Notes due 2022	\$ —	\$ 251,390
2.5% Convertible Senior Notes due 2023	\$ 675,664	\$ 561,699
2.5% Convertible Senior Notes due 2019	\$ —	\$ 40,710

The estimated fair value of our third-party fixed-rate debt is based on quoted market prices in active markets for the same or similar debt, which are considered to be Level 2 inputs.

Non-recurring

The following table shows the fair value of our financial assets that have been adjusted to fair value on a non-recurring basis which had a significant impact on our results of operations for the years ended December 31, 2019 and 2018:

Description	Fair Value Measurement	Fair Value Measurements Using			Loss (Gain)
		Level 1	Level 2	Level 3	
<i>(in thousands)</i>					
2019					
Definite-lived intangible assets, net	\$ —	\$ —	\$ —	\$ —	\$ 26,751
2018					
Goodwill	\$ 20,332	\$ —	\$ —	\$ 20,332	\$ 10,500

During 2019, we recorded impairment charges related to definite-lived intangible assets of \$26.8 million as a component of depreciation and amortization. The impairment charges are primarily related to intangible assets for revenue-generating contracts in the Concerts and Sponsorship & Advertising segments. It was determined that these assets were impaired since the most recent estimated undiscounted future cash flows associated with these assets were less than their carrying value. These impairments were calculated using operating cash flows, which were discounted to approximate fair value. The key inputs in these calculations include future cash flow projections, including revenue profit margins, and, for the fair value computation, a discount rate. The key inputs used for these non-recurring fair value measurements are considered Level 3 inputs.

During 2018 and 2017, in conjunction with our annual impairment tests, goodwill impairments were recorded for the Artist Services (non-management) reporting unit in the Concerts segment in the amount of \$10.5 million and \$20.0 million, respectively, as a component of depreciation and amortization. We calculated these impairments using a combination of a discounted cash flow methodology, which uses both Level 2 and Level 3 inputs, and a market multiple methodology, which uses primarily Level 2 inputs. The key inputs include discount rates, market multiples, control premiums, revenue growth and estimates of future financial performance. See Note 1—The Company and Summary of Significant Accounting Policies and Note 2—Long-Lived Assets for further discussion of our methodology and these impairments.

NOTE 7—COMMITMENTS AND CONTINGENT LIABILITIES

We have non-cancelable contracts related to minimum performance payments with various artists, other event-related costs and nonrecoupable ticketing contract advances. We also have commitments relating to additions to property, plant, and equipment under certain construction commitments for facilities and venues.

As of December 31, 2019, our future minimum payments under non-cancelable contracts and capital expenditure commitments consist of the following:

	<u>Non-cancelable Contracts</u>	<u>Capital Expenditures</u>
	<i>(in thousands)</i>	
2020	\$ 1,191,773	\$ 21,520
2021	473,417	4,160
2022	290,753	1,236
2023	153,129	1,020
2024	56,361	985
Thereafter	120,008	27,502
Total	<u>\$ 2,285,441</u>	<u>\$ 56,423</u>

In connection with asset and business disposals, we generally provide indemnifications to the buyers including claims resulting from employment matters, commercial claims and governmental actions that may be taken against the assets or businesses sold. Settlement of these claims is subject to various statutory limitations that are dependent upon the nature of the claim.

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, we apply a discount rate to calculate the present value of the obligations. As of December 31, 2019, we have accrued \$7.1 million in other current liabilities and \$9.1 million in other long-term liabilities and, as of December 31, 2018, we had accrued \$5.5 million in other current liabilities and \$7.3 million in other long-term liabilities, related to these deferred purchase consideration payments.

We have contingent obligations related to acquisitions which are accounted for as business combinations. Contingent consideration associated with business combinations is recorded at fair value at the time of the acquisition and reflected at current fair value for each subsequent reporting period thereafter until settled. We record these fair value changes in our statements of operations as selling, general and administrative expenses. The contingent consideration is generally subject to payout following the achievement of future performance targets and a portion is expected to be payable in the next twelve months. As of December 31, 2019, we have accrued \$6.0 million in other current liabilities and \$58.9 million in other long-term liabilities and, as of December 31, 2018, we had accrued \$39.5 million in other current liabilities and \$23.0 million in other long-term liabilities, representing the fair value of these estimated payments. The last contingency period for which we have an outstanding contingent payment is for the period ending March 2026. See Note 6—Fair Value Measurements for further discussion related to the valuation of these contingent payments.

As of December 31, 2019 and 2018, we guaranteed the debt of third parties of approximately \$16.5 million and \$15.6 million, respectively, primarily related to maximum credit limits on employee and tour-related credit cards, obligations of a nonconsolidated affiliate and obligations under a venue management agreement.

Litigation

Consumer Class Actions

The following putative class action lawsuits were filed against Live Nation and/or Ticketmaster in the United States and Canada: Vaccaro v. Ticketmaster LLC (Northern District of Illinois, filed September 2018); Ameri v. Ticketmaster LLC (Northern District of California, filed September 2018); Lee v. Ticketmaster LLC, et al. (Northern District of California, filed September 2018); Thompson-Marcial v. Ticketmaster Canada Holdings ULC (Ontario Superior Court of Justice, filed September 2018); McPhee v. Live Nation Entertainment, Inc., et al. (Superior Court of Quebec, District of Montreal, filed September 2018); Crystal Watch v. Live Nation Entertainment, Inc., et al. (Court of Queen’s Bench for Saskatchewan, by amendments filed September 2018); Gaetano v. Live Nation Entertainment, Inc., et al. (Northern District of New York, filed October 2018); Dickey v. Ticketmaster LLC, et al. (Central District of California, filed October 2018); Gomel v. Live Nation Entertainment, Inc., et al. (Supreme Court of British Columbia, Vancouver Registry, filed October 2018); Smith v. Live Nation Entertainment, Inc., et al. (Ontario Superior Court of Justice, filed October 2018); Messing v. Ticketmaster LLC, et al. (Central District of California, filed November 2018); and Niedbalski v. Ticketmaster LLC, et al. (Central District of California, filed December 2018).

In March 2019, the court granted the defendants’ motion to compel arbitration of the Dickey lawsuit and stayed the matter. The parties reached a settlement in October 2019, and the case was thereafter dismissed with prejudice. In April 2019, the court granted the defendants’ motion to compel arbitration of the Lee lawsuit and dismissed the case. Lee subsequently appealed the District Court’s ruling to the Ninth Circuit. The Gaetano lawsuit was voluntarily dismissed with prejudice by the plaintiff in April 2019. The Ameri lawsuit was dismissed in May 2019 in light of the parties’ agreement to arbitrate the matter and was subsequently settled and dismissed with prejudice in December 2019. The Vaccaro lawsuit was settled and dismissed in June 2019. The Messing and Niedbalski lawsuits are stayed pending the outcome of the appeal in the Lee matter.

The remaining lawsuits make similar factual allegations that Live Nation and/or Ticketmaster LLC engage in conduct that is intended to encourage the resale of tickets on secondary ticket exchanges at elevated prices. Based on these allegations, each plaintiff asserts violations of different state/provincial and federal laws. Each plaintiff also seeks to represent a class of individuals who purchased tickets on a secondary ticket exchange, as defined in each plaintiff’s complaint. The complaints seek a variety of remedies, including unspecified compensatory damages, punitive damages, restitution, injunctive relief and attorneys’ fees and costs. Based on information presently known to management, we do not believe that a loss is probable of occurring at this time, and believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations. Further, we do not currently believe that the claims asserted in these lawsuits have merit, and considerable uncertainty exists regarding any monetary damages that will be asserted against us. We intend to vigorously defend these actions.

Other Litigation

From time to time, we are involved in other legal proceedings arising in the ordinary course of our business, including proceedings and claims based upon purported violations of antitrust laws, intellectual property rights and tortious interference, which could cause us to incur significant expenses. We have also been the subject of personal injury and wrongful death claims relating to accidents at our venues in connection with our operations. As required, we have accrued our 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 our assumptions or the effectiveness of our strategies related to these proceedings.

NOTE 8—CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Transactions Involving Related Parties

The following table provides details of the total revenue earned and expenses incurred from all related-party transactions:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Related-party revenue	\$ 131,909	\$ 157,834	\$ 125,802
Related-party expenses	\$ 1,711	\$ 4,300	\$ 4,430
Related-party acquisition related	\$ 3,000	\$ —	\$ —

The significant related-party transactions included in the table above are detailed below.

Liberty Media

Two current members of our board of directors were originally nominated by Liberty Media pursuant to a stockholder agreement. These directors receive directors' fees and stock-based awards on the same basis as other non-employee members of our board of directors.

We lease a venue from, and provide ticketing services to, a sports franchise owned by Liberty Media and pay royalty fees and non-recoupable ticketing contract advances to the sports franchise. We also receive transaction fees from the sports franchise for tickets the sports franchise sells using our ticketing software. From time to time, we purchase advertising from a Sirius XM, a satellite radio company that is a subsidiary of Liberty Media.

Legends

Our Chief Executive Officer became a member of the board of directors of Legends Hospitality Holding Company, LLC ("Legends") in February 2015. In 2017, our President assumed this role from the Chief Executive Officer. Legends provides concession services to certain of our owned or operated amphitheaters. We receive fees based on concession sales at each of the amphitheaters.

Sirius XM

In January 2018, our Chief Executive Officer became a member of the board of directors of Sirius XM Holdings Inc. ("Sirius XM"), a satellite radio company that is a subsidiary of Liberty Media. From time to time, we purchase advertising from Sirius XM.

Transactions Involving Equity Method Investees

We conduct business with certain of our equity method investees in the ordinary course of business. Transactions primarily relate to venue rentals and ticketing services. Revenue of \$2.7 million, \$2.7 million and \$2.9 million were earned in 2019, 2018 and 2017, respectively, and expenses of \$1.0 million, \$1.1 million and \$1.4 million were incurred in 2019, 2018 and 2017, respectively, from these equity investees for services rendered or provided in relation to these business ventures.

As of December 31, 2019 and 2018, we had accounts receivable and notes receivable balances of \$21.1 million and \$10.4 million, respectively, due from certain of our equity investees.

NOTE 9—INCOME TAXES

Significant components of the provision for income tax expense (benefit) are as follows:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Current:			
Federal	\$ —	\$ (55)	\$ (702)
Foreign	61,834	40,239	50,970
State	5,523	6,828	4,117
Total current	<u>67,357</u>	<u>47,012</u>	<u>54,385</u>
Deferred:			
Federal	5,314	2,246	(56,442)
Foreign	(6,345)	(8,697)	(15,841)
State	566	204	744
Total deferred	<u>(465)</u>	<u>(6,247)</u>	<u>(71,539)</u>
Income tax expense (benefit)	<u>\$ 66,892</u>	<u>\$ 40,765</u>	<u>\$ (17,154)</u>

The domestic income (loss) before income taxes was \$36.1 million, \$43.5 million and \$(132.6) million for 2019, 2018 and 2017, respectively. Foreign income before income taxes was \$149.0 million, \$87.6 million and \$123.2 million for 2019, 2018 and 2017, respectively.

Significant components of our deferred tax liabilities and assets are as follows:

	December 31,	
	2019	2018
	<i>(in thousands)</i>	
Deferred tax liabilities:		
Leases	\$ 192,870	\$ —
Intangible assets	161,843	118,275
Prepaid expenses	5,876	2,534
Other	19,186	5,865
Total deferred tax liabilities	379,775	126,674
Deferred tax assets:		
Intangible assets	40,926	25,981
Accrued expenses	60,479	40,989
Net operating loss carryforwards	488,081	388,459
Foreign tax and other credit carryforwards	47,215	38,919
Equity compensation	22,503	24,211
Leases	211,206	—
Other	12,751	15,703
Total gross deferred tax assets	883,161	534,262
Valuation allowance	667,242	530,642
Total deferred tax assets	215,919	3,620
Net deferred tax liabilities	<u>\$ (163,856)</u>	<u>\$ (123,054)</u>

Each reporting period, we evaluate the realizability of all of our deferred tax assets in each tax jurisdiction. As of December 31, 2019, we continued to maintain a full valuation allowance against our net deferred tax assets in certain jurisdictions due to cumulative pre-tax losses. As a result of the valuation allowances, no tax benefits have been recognized for losses incurred in those tax jurisdictions in 2019, 2018 and 2017. The leases deferred tax liabilities and leases deferred tax assets were recorded in 2019 pursuant to the new lease accounting standard. See Note 1—The Company and Summary of Significant Accounting Policies for a discussion of the new lease standard.

During 2019 and 2018, we recorded net deferred tax liabilities of \$43.3 million and \$4.0 million, respectively, due principally to differences in financial reporting and tax bases in assets acquired in business combinations. This is the primary reason for the increase in intangible assets deferred tax liability

As of December 31, 2019, we have United States federal, state and foreign deferred tax assets related to net operating loss carryforwards of \$99.9 million, \$61.6 million and \$326.6 million, respectively. The increase in net operating loss carryforwards is primarily attributed to loss carryforwards as reported in our most recently filed tax returns. The majority of the increase in net operating loss carryforwards are in jurisdictions for which we maintain a full valuation allowance against net deferred tax assets. Based on current statutory carryforward periods, the operating loss carryforwards will expire on various dates beginning in 2025. Our federal net operating loss may be subject to statutory limitations on the amount that can be used in any given year.

The reconciliation of income tax computed at the United States federal statutory rates to income tax expense (benefit) is:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Income tax expense (benefit) at United States statutory rates (21%, 21% and 35%, respectively)	\$ 38,872	\$ 27,532	\$ (3,283)
State income taxes, net of federal tax benefits	3,137	4,860	1,544
Differences between foreign and United States statutory rates	6,384	2,650	(10,887)
United States tax reform rate change	—	—	(55,685)
Non-United States income inclusions and exclusions	(3,222)	(3,425)	3,826
United States income inclusions and exclusions	(2,582)	(13,790)	11,347
Nondeductible items	10,118	26,376	11,380
Tax contingencies	(1,340)	389	1,955
Tax expense from acquired goodwill	6,107	4,353	4,489
Change in valuation allowance	8,536	(8,845)	18,067
Other, net	882	665	93
	<u>\$ 66,892</u>	<u>\$ 40,765</u>	<u>\$ (17,154)</u>

Income tax expense is principally attributable to our earnings in foreign tax jurisdictions along with state income taxes.

Amounts included in differences between foreign and United States statutory rates are impacted by changes in the mix of international earnings subject to various tax rates which can differ greatly in their proximity to the United States statutory rate. The differences between statutory rates is also impacted by our Luxembourg affiliates and tax rulings which include the application of a reduced Luxembourg effective rate to the net income before tax resulting from our financing activities in Luxembourg.

The United States tax reform change amount in 2017 pertains to the impact of the provisions associated with the Tax Cuts and Jobs Act (“TCJA”).

Amounts included in United States income inclusions and exclusions for 2019 and 2018 include the favorable impact of tax deductions for vesting of restricted stock awards and exercises of stock options partially offset by unfavorable inclusions for global intangible low-taxed income (“GILTI”) under the provisions associated with the TCJA.

Nondeductible items in 2019 and 2018 include the impact of increased nondeductible expenses pursuant to the provisions of the TCJA including nondeductible executive compensation. Nondeductible items in 2018 and 2017 include our goodwill impairment for Artist Services (non-management) which was not deductible for income tax purposes.

The change in valuation allowance for each period presented resulted primarily from changes in the income within jurisdictions with full valuation allowances, including the United States.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Balance at January 1	\$ 34,071	\$ 30,630	\$ 15,117
Additions:			
Increase for current year positions	2,215	1,531	807
Increase for prior year positions	1,898	2,995	15,498
Interest and penalties for prior years	458	106	2,745
Reductions:			
Decrease for prior year positions	(3,272)	—	—
Expiration of applicable statute of limitations	—	(730)	(1,233)
Settlements for prior year positions	(13,852)	(9)	(2,033)
Foreign exchange	205	(452)	(271)
Balance at December 31	<u>\$ 21,723</u>	<u>\$ 34,071</u>	<u>\$ 30,630</u>

In February 2019, the Company reached a settlement agreement with the Canadian taxing authority regarding existing uncertain tax positions. The gross liability for unrecognized tax benefits primarily decreased in 2019 due to this settlement.

If we were to prevail on all uncertain tax positions, the net effect would be a decrease to our income tax provision of approximately \$1.8 million. The remaining \$19.9 million is offset by deferred tax assets that represent tax benefits that would be received in the event that we did not prevail on all uncertain tax positions. As of December 31, 2019, it is not expected that the total amounts of unrecognized tax benefits will increase or decrease materially within the next year.

We regularly assesses the likelihood of additional assessments in each taxing jurisdiction resulting from current and subsequent years' examinations. Liabilities for income taxes are established for future income tax assessments when it is probable there will be future assessments and the amount can be reasonably estimated. Once established, liabilities for uncertain tax positions are adjusted only when there is more information available or when an event occurs necessitating a change to the liabilities. As of December 31, 2019, we believe that the resolution of income tax matters for open years will not have a material effect on our consolidated financial statements although the resolution of income tax matters could impact our effective tax rate for a particular future period.

The tax years 2009 through 2019 remain open to examination by the primary tax jurisdictions to which we are subject.

NOTE 10—EQUITY

Dividends

We currently intend to retain future earnings, if any, to finance the expansion of our business. Therefore, we do not expect to pay any cash dividends in the foreseeable future. Moreover, the terms of our senior secured credit facility limit the amount of funds that we will have available to declare and distribute as dividends on our common stock. Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable laws after taking into account various factors, including the financial condition, operating results, current and anticipated cash needs, plans for expansion and contractual restrictions with respect to the payment of dividends.

Common Stock

The following table reconciles common stock reported in the consolidated statements of changes in equity to the consolidated balance sheets.

	December 31,	
	2019	2018
Common shares issued as reported in the consolidated statement of changes in equity	211,262,062	209,135,581
Unvested restricted stock awards	1,169,582	1,399,181
Unvested deferred stock awards issued	1,686,000	200,000
Common shares issued as reported in the consolidated balance sheets	<u>214,117,644</u>	<u>210,734,762</u>

Unvested restricted stock awards and unvested deferred stock awards issued will be reflected in the statements of changes in equity at the time of vesting.

During 2019, 2018 and 2017, we issued 1.3 million, 2.3 million and 3.5 million shares, respectively, of common stock in connection with stock option exercises and vesting of restricted stock awards.

During 2019, we issued 0.8 million shares of common stock to holders of our 2.5% convertible senior notes due 2019 upon conversion of \$28.6 million of the principal amount of the notes.

Common Stock Reserved for Future Issuance

Common stock of approximately 22.1 million shares as of December 31, 2019 is reserved for future issuances under the stock incentive plan (including 11.3 million options, 1.2 million restricted stock awards and 2.5 million of deferred stock awards currently granted).

Noncontrolling Interests

Common securities held by the noncontrolling interests that do not include put arrangements exercisable outside of our control are recorded in equity, separate from our stockholders' equity.

The purchase or sale of additional ownership in an already controlled subsidiary is recorded as an equity transaction with no gain or loss recognized in net income (loss) or comprehensive income (loss) as long as the subsidiary remains a controlled subsidiary. In 2019, 2018 and 2017, we acquired all or additional equity interests in several companies that did not have a significant impact to equity either on an individual basis or in the aggregate. The following schedule reflects the change in ownership interests for these transactions:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Net income (loss) attributable to common stockholders of Live Nation	\$ 69,889	\$ 60,249	\$ (6,015)
Transfers of noncontrolling interests:			
Changes in Live Nation's additional paid-in capital for purchases of noncontrolling interests, net of transaction costs	(23,878)	(8,210)	(3,616)
Changes in Live Nation's additional paid-in capital for sales of noncontrolling interests, net of transaction costs	—	1,410	—
Net transfers of noncontrolling interests	<u>(23,878)</u>	<u>(6,800)</u>	<u>(3,616)</u>
Change from net income (loss) attributable to common stockholders of Live Nation and net transfers of noncontrolling interests	<u>\$ 46,011</u>	<u>\$ 53,449</u>	<u>\$ (9,631)</u>

Redeemable Noncontrolling Interests

We are subject to put arrangements where the holders of the noncontrolling interests can require us to repurchase their shares at specified dates in the future or within specified periods in the future. Certain of these puts can be exercised earlier upon the occurrence of triggering events as specified in the agreements. The redemption amounts for these puts are either at a fixed amount, at fair value at the time of exercise or a variable amount based on a formula linked to earnings. In accordance with the FASB guidance for business combinations, the redeemable noncontrolling interests are recorded at their fair value at acquisition date. For put arrangements that are not currently redeemable, we accrete up to the estimated redemption value over the period from the date of issuance to the earliest redemption date of the individual puts, with the offset recorded to additional paid-in capital. Decreases in accretion are only recognized to the extent that increases had been previously recognized. The estimated redemption values that are based on a formula linked to future earnings are computed each reporting period using projected cash flows, and the estimated redemption values that are based on fair value at the time of exercise are computed each reporting period by applying a multiple to projected earnings, both of which take into account the current expectations regarding profitability and the timing of revenue-generating events. The balances are reflected in our balance sheets as redeemable noncontrolling interests outside of permanent equity.

Our estimate of redemption amounts for puts that are redeemable at fixed or determinable prices on fixed or determinable dates for the years ended December 31, 2020, 2021, 2022, 2023 and 2024 are \$238.3 million, \$27.5 million, \$114.1 million, \$99.0 million and \$29.5 million, respectively.

Transactions with Noncontrolling Interest Partners

We have loaned or advanced money to noncontrolling interest partners under the terms of the partnership operating agreements, promissory notes or other arrangements. As of December 31, 2019, we had outstanding notes receivable and prepayments of \$6.5 million in other current assets and \$97.5 million in other long-term assets, and as of December 31, 2018, we had outstanding notes receivable and prepayments of \$8.9 million in other current assets and \$86.9 million in other long-term assets.

Accumulated Other Comprehensive Income (Loss)

The following table presents changes in the components of AOCI, net of taxes, for the years ended December 31, 2019, 2018 and 2017:

	Foreign Currency Items	Other	Total
	<i>(in thousands)</i>		
Balance at December 31, 2016	\$ (176,246)	\$ (461)	\$ (176,707)
Other comprehensive income before reclassifications	67,704	—	67,704
Amount reclassified from AOCI	—	461	461
Net other comprehensive income	67,704	461	68,165
Balance at December 31, 2017	(108,542)	—	(108,542)
Other comprehensive loss before reclassifications	(36,689)	—	(36,689)
Amount reclassified from AOCI	—	—	—
Net other comprehensive loss	(36,689)	—	(36,689)
Balance at December 31, 2018	(145,231)	—	(145,231)
Other comprehensive loss before reclassifications	(482)	—	(482)
Amount reclassified from AOCI	—	—	—
Net other comprehensive loss	(482)	—	(482)
Balance at December 31, 2019	<u>\$ (145,713)</u>	<u>\$ —</u>	<u>\$ (145,713)</u>

The realized loss in other reclassified from AOCI during 2017 resulted from the termination of a pension plan.

Earnings per Share

Basic net income (loss) per common share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income per common share adjusts basic net income per common share for the effects of stock options, restricted stock and other potentially dilutive financial instruments only in the periods in which such effect is dilutive. Our convertible senior notes are considered in the calculation of diluted net income per common share, if dilutive.

The calculation of diluted net income per common share includes the effects of the assumed exercise of any outstanding stock options, the assumed vesting of shares of restricted and deferred stock awards and the assumed conversion of the convertible senior notes where dilutive. For the years ended December 31, 2019, 2018 and 2017 there were no reconciling items to the weighted average common shares outstanding in the calculation of diluted net income per common share. The following table shows securities excluded from the calculation of diluted net income per common share because such securities were anti-dilutive:

	Year Ended December 31,		
	2019	2018	2017
Options to purchase shares of common stock	11,347,305	11,784,023	14,238,589
Restricted and deferred stock awards—unvested	3,655,582	3,899,181	4,106,956
Conversion shares related to convertible senior notes	8,374,536	8,912,099	7,929,982
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	23,377,423	24,595,303	26,275,527

NOTE 11—REVENUE RECOGNITION

Concerts

Concerts revenue, including intersegment revenue, for the years ended December 31, 2019, 2018 and 2017 are as follows:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Total Concert Revenue	\$ 9,428,094	\$ 8,770,031	\$ 7,892,076
Percentage of consolidated revenue	81.6 %	81.3 %	81.5 %

Our Concerts segment generates revenue from the promotion or production of live music events and festivals in our owned or operated venues and in rented third-party venues, artist management commissions and the sale of merchandise for music artists at events. As a promoter and venue operator, we earn revenue primarily from the sale of tickets, concessions, merchandise, parking, ticket rebates or service charges on tickets sold by Ticketmaster or third-party ticketing agreements, and rental of our owned or operated venues. As an artist manager, we earn commissions on the earnings of the artists and other clients we represent, primarily derived from clients' earnings for concert tours. Over 95% of Concerts' revenue, whether related to promotion, venue operations, artist management or artist event merchandising, is recognized on the day of the related event. The majority of consideration for our Concerts segment is collected in advance of or on the day of the event. Consideration received in advance of the event is recorded as deferred revenue. Any consideration not collected by the day of the event is typically received within three months after the event date.

Ticketing

Ticketing revenue, including intersegment revenue, for the years ended December 31, 2019, 2018 and 2017 are as follows:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Total Ticketing Revenue	\$ 1,545,189	\$ 1,529,566	\$ 1,346,510
Percentage of consolidated revenue	13.4 %	14.2 %	13.9 %

Ticket fee revenue is generated from convenience and order processing fees, or service charges, charged at the time a ticket for an event is sold in either the primary or secondary markets. Our Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients, which include venues, concert promoters, professional sports franchises and leagues, college sports teams, theater producers and museums. Our Ticketing segment is acting as an agent on behalf of its clients and records revenue arising from convenience and order processing fees, regardless of whether these fees are related to tickets sold in the primary or secondary market, and regardless of whether these fees are associated with our concert events or third-party clients' concert events. Our Ticketing segment does not record the face value of the tickets as revenue. Ticket fee revenue is recognized when the ticket is sold for third-party clients and secondary market sales, as we have no further obligation to our client's customers following the sale of the ticket. For our concert events where our concert promoters control ticketing, ticket fee revenue is recognized when the event occurs because we also have the obligation to deliver the event to the fan. The delivery of the ticket to the fan is not considered a distinct performance obligation for our concert events because the fan cannot receive the benefits of the ticket unless we also fulfill our obligation to deliver the event. The majority of ticket fee revenue is collected within the month of the ticket sale. Revenue received from the sale of tickets in advance of our concert events is recorded as deferred revenue.

Ticketing contract advances, which can be either recoupable or non-recoupable, represent amounts paid in advance to our clients pursuant to ticketing agreements and are reflected in prepaid expenses or in long-term advances if the amount is expected to be recouped or recognized over a period of more than twelve months. Recoupable ticketing contract advances are generally recoupable against future royalties earned by the client, based on the contract terms, over the life of the contract. Royalties are typically earned by the client when tickets are sold. Royalties paid to clients are recorded as a reduction to revenue when the tickets are sold and the corresponding service charge revenue is recognized. Non-recoupable ticketing contract advances, excluding those amounts paid to support clients' advertising costs, are fixed additional incentives occasionally paid by us to certain clients to secure the contract and are typically amortized over the life of the contract on a straight-line basis as a reduction to revenue. At December 31, 2019 and 2018, we had ticketing contract advances of \$100.9 million and \$75.5 million, respectively, in prepaid expenses and \$105.7 million and \$78.5 million, respectively, in long-term advances. We amortized \$80.3 million, \$80.1 million and \$83.3 million for the years ended December 31, 2019, 2018 and 2017 respectively, related to non-recoupable ticketing contract advances.

Sponsorship & Advertising

Sponsorship & Advertising revenue, including intersegment revenue, for the years ended December 31, 2019, 2018 and 2017 are as follows:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Total Sponsorship & Advertising Revenue	\$ 590,274	\$ 503,968	\$ 445,148
Percentage of consolidated revenue	5.1 %	4.7 %	4.6 %

Our Sponsorship & Advertising segment generates revenue from sponsorship and marketing programs that provide its sponsors with strategic, international, national and local opportunities to reach customers through our venue, concert and ticketing assets, including advertising on our websites. These programs can also include custom events or programs for the sponsors' specific brands, which are typically experienced exclusively by the sponsors' customers. Sponsorship agreements may contain multiple elements, which provide several distinct benefits to the sponsor over the term of the agreement, and can be for a single or multi-year term. We also earn revenue from exclusive access rights provided to sponsors in various categories such as ticket pre-sales, beverage pouring rights, venue naming rights, media campaigns, signage within our venues, and advertising on our websites. Revenue from sponsorship agreements is allocated to the multiple elements based on the relative stand-alone selling price of each separate element, which are determined using vendor-specific evidence, third-party evidence or our best estimate of the fair value. Revenue is recognized over the term of the agreement or operating season as the benefits are provided to the sponsor unless the revenue is associated with a specific event, in which case it is recognized when the event occurs. Revenue is collected in installment payments during the year, typically in advance of providing the benefit or the event. Revenue received in advance of the event or the sponsor receiving the benefit is recorded as deferred revenue.

At December 31, 2019, we had contracted sponsorship agreements with terms greater than one year that had approximately \$1.1 billion of revenue related to future benefits to be provided by us. We expect to recognize approximately 33%, 26%, 17% and 24% of this revenue in 2020, 2021, 2022 and thereafter, respectively.

Deferred Revenue

The majority of our deferred revenue is classified as current and is shown as a separate line item on the consolidated balance sheets. Deferred revenue that is not expected to be recognized within the next twelve months is classified as long-term and reflected in other long-term liabilities on the consolidated balance sheets. We had current deferred revenue of \$1.2 billion and \$925.2 million at December 31, 2018 and 2017, respectively.

The table below summarizes the amount of deferred revenue recognized during the years ended December 31, 2019 and 2018:

	December 31,	
	2019	2018
	<i>(in thousands)</i>	
Concerts	\$ 1,121,945	\$ 839,897
Ticketing	62,088	42,512
Sponsorship & Advertising	20,220	21,279
Other & Corporate	3,069	1,591
	<u>\$ 1,207,322</u>	<u>\$ 905,279</u>

NOTE 12—STOCK-BASED COMPENSATION

In December 2005, we adopted our 2005 Stock Incentive Plan, which has been amended and/or restated on several occasions. In connection with our merger with Ticketmaster Entertainment LLC, we adopted the Amended and Restated Ticketmaster 2008 Stock & Annual Incentive Plan. The plans authorize us to grant stock option awards, director shares, stock appreciation rights, restricted stock and deferred stock awards, other equity-based awards and performance awards. We have granted restricted stock awards, options to purchase our common stock and deferred stock awards to employees, directors, consultants, and our affiliates under the stock incentive plans at no less than the fair market value of the underlying stock on the date of grant. The stock incentive plans contain anti-dilutive provisions that require the adjustment of the number of shares of our common stock represented by, and the exercise price of, each option for any stock splits or stock dividends. The ten-year term of the Ticketmaster plan expired in August 2018; accordingly, no new awards may be granted under that plan but outstanding awards shall continue in full force and effect in accordance with their terms.

The following is a summary of stock-based compensation expense we recorded during the respective periods:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Selling, general and administrative expenses	\$ 21,947	\$ 18,621	\$ 24,364
Corporate expenses	26,838	26,961	18,391
Total	<u>\$ 48,785</u>	<u>\$ 45,582</u>	<u>\$ 42,755</u>

As of December 31, 2019, there was \$88.9 million of total unrecognized compensation cost related to stock-based compensation arrangements for stock options, restricted stock and deferred stock awards. This cost is expected to be recognized over a weighted-average period of 2.6 years.

Stock Options

Stock options are granted for a term not exceeding ten years and the non-vested options are generally forfeited in the event the employee, director or consultant terminates his or her employment or relationship with us or one of our affiliates. Any options that have vested at the time of termination are forfeited to the extent they are not exercised within the applicable post-employment exercise period provided in their option agreements. These options vest over two to five years.

The following assumptions were used to calculate the fair value of our options on the date of grant:

	Year Ended December 31,		
	2019	2018	2017
Risk-free interest rate	1.89% - 2.53%	2.68% - 2.70%	1.87% - 2.27%
Dividend yield	0.0 %	0.0 %	0.0 %
Volatility factors	27.63% - 28.12%	27.66% - 28.00%	25.88% - 27.58%
Weighted average expected life (in years)	6.08	5.74	5.78

The following table presents a summary of our stock options outstanding at the dates given, and stock option activity for the period between such dates (“Price” reflects the weighted average exercise price per share):

	Year Ended December 31,					
	2019		2018		2017	
	Options	Price	Options	Price	Options	Price
	<i>(in thousands, except per share data)</i>					
Outstanding January 1	11,784	\$ 16.55	14,239	\$ 14.52	16,283	\$ 13.55
Granted	487	57.00	255	44.05	1,164	33.48
Exercised	(910)	15.50	(2,694)	8.38	(3,138)	16.27
Forfeited or expired	(14)	10.82	(16)	28.57	(70)	24.05
Outstanding December 31	<u>11,347</u>	<u>\$ 18.36</u>	<u>11,784</u>	<u>\$ 16.55</u>	<u>14,239</u>	<u>\$ 14.52</u>
Exercisable December 31	10,493	\$ 15.77	10,693	\$ 14.61	11,906	\$ 12.00
Weighted average fair value per option granted		\$ 18.50		\$ 14.05		\$ 10.18

The total intrinsic value of stock options exercised during the years ended December 31, 2019, 2018 and 2017 was \$39.6 million, \$28.1 million and \$57.5 million, respectively. Cash received from stock option exercises for the years ended December 31, 2019, 2018 and 2017 was \$14.1 million, \$22.6 million and \$51.1 million, respectively.

There were 7.1 million shares available for future grants under the stock incentive plans at December 31, 2019. Upon share option exercise or vesting of restricted or deferred stock, we issue new shares or treasury shares to fulfill these grants. Vesting dates on the stock options range from February 2020 to June 2023, and expiration dates range from January 2020 to June 2029 at exercise prices and average contractual lives as follows:

Range of Exercise Prices	Outstanding as of 12/31/19 <i>(in thousands)</i>	Weighted Average Remaining Contractual Life <i>(in years)</i>	Weighted Average Exercise Price	Exercisable as of 12/31/19 <i>(in thousands)</i>	Weighted Average Remaining Contractual Life <i>(in years)</i>	Weighted Average Exercise Price
\$5.00 - \$9.99	4,325	2.8	\$ 8.80	4,325	2.8	\$ 8.80
\$10.00 - \$14.99	1,754	1.7	\$ 11.39	1,754	1.7	\$ 11.39
\$15.00 - \$19.99	921	6.0	\$ 19.31	921	6.0	\$ 19.31
\$20.00 - \$24.99	1,596	4.1	\$ 21.14	1,595	4.1	\$ 21.13
\$25.00 - \$29.99	1,663	6.0	\$ 26.99	1,607	6.0	\$ 26.92
\$30.00 - \$44.99	601	8.1	\$ 43.76	291	8.0	\$ 43.75
\$45.00 - \$60.99	487	9.2	\$ 56.77	—	0.0	\$ —

The total intrinsic value of options outstanding and options exercisable as of December 31, 2019 was \$811.0 million and \$749.9 million, respectively.

Restricted Stock

We have granted restricted stock awards to our employees, directors and consultants under our stock incentive plans. These common shares carry a legend which restricts their transferability for a term of one to five years and are forfeited in the event the recipient’s employment or relationship with us is terminated prior to the lapse of the restriction. In addition, certain restricted stock awards require us or the recipient to achieve minimum performance targets in order for these awards to vest.

In 2019, we granted 0.2 million shares of restricted stock and 0.2 million shares of performance-based awards, respectively, under our stock incentive plans. These awards will all vest over one or four years with the exception of the performance-based awards which will vest within two years if the performance criteria are met.

In 2018, we granted 0.3 million shares of restricted stock and 0.2 million shares of performance-based awards, respectively, under our stock incentive plans. These awards will all vest over one or four years with the exception of the performance-based awards which will vest within one to two years if the performance criteria are met. As of December 31, 2019, the performance-based criteria for these awards have been met unless otherwise forfeited.

In 2017, we granted 0.9 million shares of restricted stock and 0.2 million shares of performance-based awards, respectively, under our stock incentive plans. These awards will vest over one or four years with the exception of the performance-based awards which will generally vest within one to two years if the performance criteria are met. As of December 31, 2019, the performance-based criteria for these awards have been met unless otherwise forfeited.

The following table presents a summary of our unvested restricted stock awards outstanding at December 31, 2019, 2018 and 2017 (“Price” reflects the weighted average share price at the date of grant):

	Restricted Stock	
	Awards	Price
	<i>(in thousands, except per share data)</i>	
Unvested at December 31, 2016	1,080	\$ 21.67
Granted	1,132	35.97
Forfeited	(82)	22.96
Vested	(523)	21.89
Unvested at December 31, 2017	1,607	\$ 31.79
Granted	535	44.54
Forfeited	(37)	30.38
Vested	(706)	28.35
Unvested at December 31, 2018	1,399	\$ 38.13
Granted	415	57.58
Forfeited	(26)	38.45
Vested	(618)	36.54
Unvested at December 31, 2019	1,170	\$ 45.80

The total grant date fair market value of the shares issued upon the vesting of restricted stock awards during the years ended December 31, 2019, 2018 and 2017 was \$22.6 million, \$20.0 million and \$11.5 million, respectively. As of December 31, 2019, there were 0.2 million restricted stock awards outstanding which require us or the recipient to achieve minimum performance targets in order for the awards to vest.

Deferred Stock

We have granted deferred stock awards to our employees where the employees are entitled to receive shares of common stock in the future. Deferred stock can only be settled in stock as determined at the time of the grant. All of the deferred stock awards require us to achieve minimum market conditions in order for these awards to issue and vest.

In 2017, we granted 2.5 million shares of deferred stock awards with market conditions under our incentive plans. These awards will all vest over one to five years if specified stock prices are achieved over a specific number of days during the five years.

In 2019 and 2018, we achieved minimum market conditions resulting in the issuance of 1.5 million shares and 0.2 million shares of restricted stock, respectively, subject to vesting over one to four years. As of December 31, 2019, there were 0.8 million deferred stock awards outstanding which require us to achieve minimum market conditions in order for the awards to issue subject to further vesting conditions.

The following table presents a summary of the Company's unvested deferred stock awards outstanding at December 31, 2019, 2018 and 2017 ("Price" reflects the weighted average grant date fair value):

	Deferred Stock	
	Awards	Price
	<i>(in thousands, except per share data)</i>	
Unvested at December 31, 2016	—	0.00
Awarded	2,500	26.69
Forfeited	—	0.00
Vested	—	0.00
Unvested at December 31, 2017	2,500	26.69
Awarded	—	0.00
Forfeited	—	0.00
Vested	—	0.00
Unvested at December 31, 2018	2,500	26.69
Awarded	—	0.00
Forfeited	—	0.00
Vested	(14)	36.08
Unvested at December 31, 2019	2,486	26.63

NOTE 13—OTHER INFORMATION

	December 31,	
	2019	2018
	<i>(in thousands)</i>	
The following details the components of “Other current assets”:		
Inventory	\$ 16,106	\$ 12,575
Notes receivable	34,842	15,200
Other	6,059	14,910
Total other current assets	<u>\$ 57,007</u>	<u>\$ 42,685</u>
The following details the components of “Other long-term assets”:		
Investments in nonconsolidated affiliates	\$ 167,603	\$ 137,211
Notes receivable	128,725	112,276
Other	135,145	178,593
Total other long-term assets	<u>\$ 431,473</u>	<u>\$ 428,080</u>
The following details the components of “Accrued expenses”:		
Accrued compensation and benefits	\$ 276,417	\$ 265,068
Accrued event expenses	394,257	369,843
Accrued insurance	165,071	126,015
Accrued legal	16,978	16,295
Collections on behalf of others	48,467	43,981
Other	490,296	424,263
Total accrued expenses	<u>\$ 1,391,486</u>	<u>\$ 1,245,465</u>
The following details the components of “Other current liabilities”:		
Contingent and deferred purchase consideration	\$ 13,165	\$ 44,929
Other	46,046	22,118
Total other current liabilities	<u>\$ 59,211</u>	<u>\$ 67,047</u>
The following details the components of “Other long-term liabilities”:		
Deferred revenue	\$ 34,390	\$ 27,504
Contingent and deferred purchase consideration	67,979	30,333
Other	28,279	147,140
Total other long-term liabilities	<u>\$ 130,648</u>	<u>\$ 204,977</u>

NOTE 14—SEGMENT DATA

For all periods presented, our reportable segments are Concerts, Ticketing and Sponsorship & Advertising. Our Concerts segment involves the promotion of live music events globally in our owned or operated venues and in rented third-party venues, the production of music festivals, the operation and management of music venues, the creation of associated content and the provision of management and other services to artists. Our Ticketing segment involves the management of our global ticketing operations, including providing ticketing software and services to clients, and consumers with a marketplace, both online and mobile, for tickets and event information, and is responsible for our primary ticketing website, *www.ticketmaster.com*. Our Sponsorship & Advertising segment manages the development of strategic sponsorship programs in addition to the sale of international, national and local sponsorships and placement of advertising such as signage, promotional programs, rich media offerings, including advertising associated with live streaming and music-related content, and ads across our distribution network of venues, events and websites.

Revenue and expenses earned and charged between segments are eliminated in consolidation. Our capital expenditures below include accruals for amounts incurred but not yet paid for, but are not reduced by reimbursements received from outside parties such as landlords or replacements funded by insurance proceeds.

We manage our working capital on a consolidated basis. Accordingly, segment assets are not reported to, or used by, our management to allocate resources to or assess performance of our segments, and therefore, total segment assets have not been presented.

There were no customers that individually accounted for more than 10% of our consolidated revenue in any year.

The following table presents the results of operations for our reportable segments for the years ending December 31, 2019, 2018 and 2017:

	Concerts	Ticketing	Sponsorship & Advertising	Other	Corporate	Eliminations	Consolidated
	<i>(in thousands)</i>						
2019							
Revenue	\$ 9,428,094	\$ 1,545,189	\$ 590,274	\$ 3,162	\$ —	\$ (18,750)	\$ 11,547,969
Direct operating expenses	7,857,437	514,169	114,326	—	—	(18,750)	8,467,182
Selling, general and administrative expenses	1,386,928	642,052	112,594	3,912	—	—	2,145,486
Depreciation and amortization	239,682	156,894	33,084	364	13,967	—	443,991
Loss (gain) on disposal of operating assets	(2,490)	116	—	—	1	—	(2,373)
Corporate expenses	—	—	—	—	168,839	—	168,839
Operating income (loss)	<u>\$ (53,463)</u>	<u>\$ 231,958</u>	<u>\$ 330,270</u>	<u>\$ (1,114)</u>	<u>\$ (182,807)</u>	<u>\$ —</u>	<u>\$ 324,844</u>
Intersegment revenue	\$ 6,672	\$ 12,078	\$ —	\$ —	\$ —	\$ (18,750)	\$ —
Capital expenditures	\$ 186,819	\$ 105,246	\$ 10,261	\$ —	\$ 35,252	\$ —	\$ 337,578
2018							
Revenue	\$ 8,770,031	\$ 1,529,566	\$ 503,968	\$ 3,724	\$ —	\$ (19,489)	\$ 10,787,800
Direct operating expenses	7,340,757	549,265	92,494	4,905	—	(19,489)	7,967,932
Selling, general and administrative expenses	1,248,346	634,829	97,540	16,313	—	—	1,997,028
Depreciation and amortization	206,772	143,551	30,779	817	4,610	—	386,529
Loss (gain) on disposal of operating assets	10,361	7	2	—	(1)	—	10,369
Corporate expenses	—	—	—	—	153,406	—	153,406
Operating income (loss)	<u>\$ (36,205)</u>	<u>\$ 201,914</u>	<u>\$ 283,153</u>	<u>\$ (18,311)</u>	<u>\$ (158,015)</u>	<u>\$ —</u>	<u>\$ 272,536</u>
Intersegment revenue	\$ 5,193	\$ 14,296	\$ —	\$ —	\$ —	\$ (19,489)	\$ —
Capital expenditures	\$ 129,129	\$ 110,202	\$ 7,541	\$ 169	\$ 15,273	\$ —	\$ 262,314
2017							
Revenue	\$ 7,892,076	\$ 1,346,510	\$ 445,148	\$ 21,012	\$ —	\$ (17,524)	\$ 9,687,222
Direct operating expenses	6,641,071	460,881	78,725	18,746	—	(17,525)	7,181,898
Selling, general and administrative expenses	1,119,335	681,948	87,268	19,172	—	—	1,907,723
Depreciation and amortization	226,315	112,727	27,669	432	5,057	1	372,201
Loss (gain) on disposal of operating assets	(1,056)	49	—	—	38	—	(969)
Corporate expenses	—	—	—	—	134,972	—	134,972
Operating income (loss)	<u>\$ (93,589)</u>	<u>\$ 90,905</u>	<u>\$ 251,486</u>	<u>\$ (17,338)</u>	<u>\$ (140,067)</u>	<u>\$ —</u>	<u>\$ 91,397</u>
Intersegment revenue	\$ 1,061	\$ 16,643	\$ —	\$ —	\$ —	\$ (17,524)	\$ —
Capital expenditures	\$ 109,801	\$ 105,317	\$ 6,701	\$ 149	\$ 25,926	\$ —	\$ 247,894

The following table provides revenue and long-lived assets for our foreign operations included in the consolidated financial statements:

	<u>Total Foreign Operations</u>	<u>Total Domestic Operations</u>	<u>Consolidated Total</u>
	<i>(in thousands)</i>		
2019			
Revenue	\$ 3,915,426	\$ 7,632,543	\$ 11,547,969
Long-lived assets	\$ 263,349	\$ 854,583	\$ 1,117,932
2018			
Revenue	\$ 3,661,222	\$ 7,126,578	\$ 10,787,800
Long-lived assets	\$ 199,299	\$ 747,294	\$ 946,593
2017			
Revenue	\$ 3,408,661	\$ 6,278,561	\$ 9,687,222
Long-lived assets	\$ 201,724	\$ 684,212	\$ 885,936

NOTE 15—QUARTERLY RESULTS OF OPERATIONS (Unaudited)

	<u>March 31,</u>		<u>June 30,</u>		<u>September 30,</u>		<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<i>(in thousands)</i>							
Revenue	\$ 1,727,828	\$ 1,482,384	\$ 3,157,009	\$ 2,868,315	\$ 3,773,684	\$ 3,835,246	\$ 2,889,448	\$ 2,601,855
Operating income (loss)	\$ (23,863)	\$ (6,030)	\$ 171,586	\$ 134,725	\$ 260,041	\$ 234,219	\$ (82,920)	\$ (90,378)
Net income (loss)	\$ (55,241)	\$ (41,028)	\$ 116,120	\$ 83,356	\$ 193,972	\$ 183,197	\$ (136,639)	\$ (135,185)
Net income (loss) attributable to common stockholders of Live Nation	\$ (52,444)	\$ (33,906)	\$ 103,355	\$ 69,359	\$ 178,925	\$ 172,683	\$ (159,947)	\$ (147,887)
Basic net income (loss) available to common stockholders of Live Nation	\$ (64,756)	\$ (50,291)	\$ 89,840	\$ 52,187	\$ 155,345	\$ 151,894	\$ (185,311)	\$ (171,441)
Diluted net income (loss) available to common stockholders of Live Nation	\$ (64,756)	\$ (50,291)	\$ 89,926	\$ 52,187	\$ 155,345	\$ 152,213	\$ (185,311)	\$ (171,441)
Basic net income (loss) per common share available to common stockholders of Live Nation	\$ (0.31)	\$ (0.24)	\$ 0.43	\$ 0.25	\$ 0.74	\$ 0.73	\$ (0.88)	\$ (0.82)
Diluted net income (loss) per common share available to common stockholders of Live Nation	\$ (0.31)	\$ (0.24)	\$ 0.41	\$ 0.24	\$ 0.71	\$ 0.70	\$ (0.88)	\$ (0.82)

The following summarizes unusual or infrequent items affecting the quarterly results of operations:

2019

We recorded impairment charges of \$19.4 million in the third quarter of 2019 primarily related to intangible assets for revenue-generating contracts in the Concerts and Sponsorship & Advertising segments. See Note 2—Long-Lived Assets and Note 6—Fair Value Measurements for further discussion.

2018

We recorded a goodwill impairment of \$10.5 million in the fourth quarter of 2018 in connection with our annual impairment test. See Note 2—Long-Lived Assets and Note 6—Fair Value Measurements for further discussion.

We recorded a net foreign exchange rate loss of \$8.4 million in the second quarter of 2018, as a component of other expense (income), net.

NOTE 16—SUBSEQUENT EVENT

In February 2020, we issued \$400 million principal amount of 2.0% convertible senior notes due 2025. The proceeds will be used to pay estimated fees of \$6.5 million, leaving approximately \$393.5 million for general corporate purposes, including acquisitions.

Interest on the notes is payable semiannually in arrears on February 15 and August 15, beginning August 15, 2020, at a rate of 2.0% per annum. The notes will mature on February 15, 2025. The notes will be convertible, under certain circumstances, until November 15, 2024, and on or after such date without condition, at an initial conversion rate of 9.4469 shares of our common stock per \$1,000 principal amount of notes, subject to adjustment, which represents a 50.0% conversion premium based on the last reported sale price for our common stock of \$70.57 on January 29, 2020 prior to issuing the debt. Upon conversion, the notes may be settled in shares of common stock or, at our election, cash or a combination of cash and shares of common stock. Assuming we fully settled the notes in shares, the maximum number of shares that could be issued to satisfy the conversion is currently 3.8 million.

We may redeem for cash all or a portion of the notes, at our option, on or after February 21, 2023 and before the 41st scheduled trading day before the maturity date, if the sales price of our common stock reaches specified targets as defined in the indenture. The redemption price will equal 100% of the principal amount of the notes plus accrued interest, if any.

If we experience a fundamental change, as defined in the indenture governing the notes, the holders of the 2.0% convertible senior notes due 2025 may require us to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to our company, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and our board of directors.

Based on their evaluation as of December 31, 2019, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective to ensure that (1) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (2) the information we are required to disclose in such reports is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal controls will prevent all possible errors and fraud. Our disclosure controls and procedures are, however, designed to provide reasonable assurance of achieving their objectives, and our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at that reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Based on its evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting. The attestation report is included herein.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Live Nation Entertainment, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Live Nation Entertainment, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Live Nation Entertainment, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Company, and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

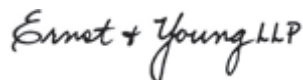
We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The logo for Ernst & Young LLP, featuring the company name in a stylized, cursive script font.

Los Angeles, California
February 27, 2020

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Other than the information set forth under Item 1. Business—Information About Our Executive Officers, the information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to our Definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)1. Financial Statements.

The following consolidated financial statements are included in Item 8:

Consolidated Balance Sheets as of December 31, 2019 and 2018	53
Consolidated Statements of Operations for the Years Ended December 31, 2019, 2018 and 2017	54
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2019, 2018 and 2017	55
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2019, 2018 and 2017	56
Consolidated Statements of Cash Flows for the Years Ended December 31, 2019, 2018 and 2017	59
Notes to Consolidated Financial Statements	60

(a)2. Financial Statement Schedule.

The following financial statement schedule for the years ended December 31, 2019, 2018 and 2017 is filed as part of this report and should be read in conjunction with the consolidated financial statements.

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable, and therefore have been omitted.

LIVE NATION ENTERTAINMENT, INC.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
Allowance for Doubtful Accounts

Description	Balance at Beginning of Period	Charges of Costs, Expenses and Other	Write-off of Accounts Receivable	Other ⁽¹⁾	Balance at End of Period
	<i>(in thousands)</i>				
Year ended December 31, 2017	\$ 29,634	\$ 16,664	\$ (14,846)	\$ 1,303	\$ 32,755
Year ended December 31, 2018	\$ 32,755	\$ 21,378	\$ (19,777)	\$ (131)	\$ 34,225
Year ended December 31, 2019	\$ 34,225	\$ 24,419	\$ (7,968)	\$ (160)	\$ 50,516

⁽¹⁾ Foreign currency adjustments and acquisitions.

LIVE NATION ENTERTAINMENT, INC.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
Deferred Tax Asset Valuation Allowance

Description	Balance at Beginning of Period	Charges of Costs, Expenses and Other	Deletions	Other ⁽¹⁾	Balance at End of Period
	<i>(in thousands)</i>				
Year ended December 31, 2017	<u>\$ 681,566</u>	<u>\$ 18,067</u>	<u>\$ —</u>	<u>\$ (103,196)</u>	<u>\$ 596,437</u>
Year ended December 31, 2018	<u>\$ 596,437</u>	<u>\$ (8,845)</u>	<u>\$ —</u>	<u>\$ (56,950)</u>	<u>\$ 530,642</u>
Year ended December 31, 2019	<u>\$ 530,642</u>	<u>\$ 8,536</u>	<u>\$ —</u>	<u>\$ 128,064</u>	<u>\$ 667,242</u>

⁽¹⁾ During 2019, 2018 and 2017, the valuation allowance was adjusted for acquisitions, divestitures and foreign currency adjustments. The 2017 valuation allowance was also reduced due to the reduction in the federal income tax rate to 21%. This reduced the previously fully valued United States deferred tax asset. The 2018 valuation allowance was also reduced for decreases in fully valued deferred tax assets, primarily United States foreign tax credits utilized to offset the transition tax liability under the provisions of the TCJA and declining net operating loss carryforwards due to improved profitability. The 2019 valuation allowance increased due to increases in fully valued deferred tax assets, primarily net operating loss carryforwards.

(a)3. Those exhibits required by Item 601 of Regulation S-K

Exhibit No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
2.1	Share Subscription Agreement and Other Covenants entered into as of May 1, 2018, by and among Live Nation Entertainment, Inc., Live Nation International Holdings B.V., Rock City, S.A., and Roberto Medina and certain other shareholders of Rock City, S.A.	8-K	001-32601	2.1	5/10/2018
2.2	Stock Purchase Agreement dated July 24, 2019, by and among Corporación Interamericana de Entretenimiento, S.A.B. de C.V. as Seller, Ticketmaster New Ventures, S. de R.L. de C.V. as Purchaser, Live Nation Entertainment, Inc. as joint obligor of Purchaser, and OCESA Entretenimiento, S.A. de C.V.	10-Q	001-32601	2.1	10/31/2019
2.3	Stock Purchase Agreement dated July 24, 2019, by and among Grupo Televisa, S.A.B. and Promo-Industrias Metropolitanas, S.A. de R.L. de C.V., the Sellers, Ticketmaster New Ventures, S. de R.L. de C.V. and Ticketmaster New Ventures Holdings, Inc., the Purchasers, Live Nation Entertainment, Inc. as joint obligor of Purchasers, and OCESA Entretenimiento, S.A. de C.V.	10-Q	001-32601	2.2	10/31/2019
3.1	Amended and Restated Certificate of Incorporation of Live Nation Entertainment, Inc., as amended.	10-K	001-32601	3.1	2/25/2010
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Live Nation Entertainment, Inc.	8-K	001-32601	3.1	6/7/2013
3.3	Fifth Amended and Restated Bylaws of Live Nation Entertainment, Inc.	8-K	001-32601	3.2	6/7/2013
4.1	Amended and Restated Rights Agreement, dated as of December 18, 2015, between Live Nation Entertainment, Inc. and Computershare Inc.	8-K	001-32601	4.1	12/24/2015
4.2	Form of Certificate of Designations of Series A Junior Participating Preferred Stock.	8-K	001-32601	4.2	12/23/2005
4.3	Form of Right Certificate.	8-K	001-32601	4.3 (Annex B)	12/23/2005
4.4	Description of Securities.	10-K	001-32601	4.4	2/27/2020
10.1	Stockholder Agreement, dated February 10, 2009, among Live Nation, Inc., Liberty Media Corporation, Liberty USA Holdings, LLC and Ticketmaster Entertainment, Inc.	8-K	001-32601	10.2	2/13/2009
10.2	Registration Rights Agreement, dated January 25, 2010, among Live Nation, Inc., Liberty Media Corporation and Liberty Media Holdings USA, LLC.	8-K	001-32601	10.1	1/29/2010
10.3	Form of Indemnification Agreement.	10-K	001-32601	10.23	2/25/2010
10.4 §	Live Nation Entertainment, Inc. 2005 Stock Incentive Plan, as amended and restated as of March 19, 2015.	8-K	001-32601	10.2	6/11/2015
10.5 §	Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	S-8	333-164507	10.1	1/26/2010
10.6 §	Amendment No. 1 to the Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	10-Q	001-32601	10.1	11/4/2010
10.7 §	Form Stock Option Agreement for the Live Nation Entertainment, Inc. 2005 Stock Incentive Plan, as amended and restated as of March 19, 2015.	10-K	001-32601	10.12	2/25/2016

Exhibit No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
10.8 §	Form Restricted Stock Agreement for the Live Nation Entertainment, Inc. 2005 Stock Incentive Plan, as amended and restated as of March 19, 2015.	10-K	001-32601	10.13	2/25/2016
10.9 §	Form Stock Option Agreement for the Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	10-K	001-32601	10.14	2/25/2016
10.10 §	Form Restricted Stock Agreement for the Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	10-K	001-32601	10.15	2/25/2016
10.11 §	Amended and Restated Live Nation, Inc. Stock Bonus Plan.	8-K	001-32601	10.1	1/25/2010
10.12 §	Employment Agreement, entered into December 15, 2017, by and between Live Nation Entertainment, Inc. and Michael Rapino.	8-K	001-32601	10.1	12/18/2017
10.13 §	Performance Share Award Agreement, entered into December 15, 2017, by and between Live Nation Entertainment, Inc. and Michael Rapino.	10-K	001-32601	10.2	12/18/2017
10.14 §	Employment Agreement, effective as of January 1, 2018, by and between Live Nation Entertainment, Inc. and Joe Berchtold.	8-K	001-32601	10.1	12/20/2017
10.15 §	Performance Share Award Agreement entered into December 19, 2017, by and between Live Nation Entertainment, Inc. and Joe Berchtold.	8-K	001-32601	10.2	12/20/2017
10.16 §	Employment Agreement, effective as of January 1, 2018, by and between Live Nation Entertainment, Inc. and Michael Rowles.	8-K	001-32601	10.3	12/20/2017
10.17 §	Employment Agreement, effective as of January 1, 2018, by and between Live Nation Entertainment, Inc. and Elizabeth K. (Kathy) Willard.	8-K	001-32601	10.4	12/20/2017
10.18 §	Employment Agreement, effective December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.	10-Q	001-32601	10.4	8/7/2008
10.19 §	First Amendment to Employment Agreement, effective December 31, 2008, between Live Nation Worldwide, Inc. and Brian Capo.	10-K	001-32601	10.30	3/5/2009
10.20 §	Second Amendment to Employment Agreement, effective October 22, 2009, between Live Nation Worldwide, Inc. and Brian Capo.	10-K	001-32601	10.55	2/25/2010
10.21 §	Third Amendment to Confirmation of Employment and Compensation Arrangement, effective January 1, 2017, by and between Live Nation Worldwide, Inc. and Brian J. Capo.	10-Q	001-32601	10.1	8/9/2017
10.22	Credit Agreement entered into as of May 6, 2010, among Live Nation Entertainment, Inc., the Foreign Borrowers party thereto, the Guarantors identified therein, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Agent and J.P. Morgan Europe Limited, as London Agent.	10-Q	001-32601	10.4	8/5/2010
10.23	Amendment No. 1, to the Credit Agreement, dated as of June 29, 2012, entered into by and among Live Nation Entertainment, Inc., the relevant Credit Parties identified therein, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders.	10-Q	001-32601	10.2	8/7/2012

Exhibit No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
10.24	Amendment No. 2 to the Credit Agreement, dated as of August 16, 2013, entered into by and among Live Nation Entertainment, Inc., the Guarantors identified therein, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent for the Lenders, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian agent and J.P. Morgan Europe Limited, as London agent.	10-Q	001-32601	10.2	5/6/2014
10.25	Amendment No. 3 to the Credit Agreement, dated as of October 31, 2016, entered into by and among Live Nation Entertainment, Inc., the Guarantors identified therein, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian agent, J.P. Morgan Europe Limited, as London agent and the lenders from time to time party thereto.	10-K	001-32601	10.26	2/23/2017
10.26	Amendment No. 4 to the Credit Agreement, dated June 27, 2017, entered into by Live Nation Entertainment, Inc., the Guarantors identified therein, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian agent, J. P. Morgan Europe Limited, as London agent and the lenders from time to time party thereto.	10-Q	001-32601	10.2	8/9/2017
10.27	Amendment No. 5 to the Credit Agreement, dated as of March 28, 2018, among Live Nation Entertainment, Inc., the Guarantors identified therein, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian agent, J.P. Morgan Europe Limited, as London agent and the lenders from time to time party thereto.	10-Q	001-32601	10.3	5/3/2018
10.28	Amendment No. 6 to the Credit Agreement, dated as of October 17, 2019, among Live Nation Entertainment, Inc., the Guarantors identified therein, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian agent, J.P. Morgan Europe Limited, as London agent and the lenders from time to time party thereto.	10-K	001-32601	10.28	2/27/2020
10.29	Incremental Term Loan Joinder Agreement No. 1, dated August 20, 2012, by and among Live Nation Entertainment, Inc., JPMorganChase Bank, N.A., as administrative agent, each Incremental Term Loan Lender defined therein and the relevant Credit Parties identified therein.	10-Q	001-32601	10.2	11/5/2012
10.30	Indenture, dated as of May 23, 2014, among Live Nation Entertainment, Inc., the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	7/31/2014
10.31	First Supplemental Indenture, dated as of August 27, 2014, among Live Nation Entertainment, Inc., Ticketstoday, LLC, the Existing Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	10/30/2014
10.32	Second Supplemental Indenture, dated as of October 31, 2014, among Live Nation Entertainment, Inc., EXMO, Inc., Artist Nation Management, Inc., Guyo Entertainment, Inc., the Existing Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	001-32601	10.33	2/26/2015

Exhibit No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
10.33	Third Supplemental Indenture, dated as of March 27, 2015 among Live Nation Entertainment, Inc., Country Nation, LLC, the Existing Guarantors Party thereto and The Bank of New York Mellon Trust Company N.A., as trustee.	10-Q	001-32601	10.1	4/30/2015
10.34	Fourth Supplemental Indenture, dated as of August 13, 2015, among Live Nation Entertainment, Inc., the guarantors listed in Appendix I thereto, FG Acquisition Co, LLC, Front Gate Holdings, LLC and Front Gate Ticketing Solutions, LLC and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.2	10/29/2015
10.35	Fifth Supplemental Indenture, dated as of October 31, 2016, among Live Nation Entertainment, Inc., the Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	001-32601	10.42	2/23/2017
10.36	Sixth Supplemental Indenture, dated as of April 7, 2017, among Live Nation Entertainment, Inc., the Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.2	5/4/2017
10.37	Seventh Supplemental Indenture, entered into as of March 20, 2018, among Live Nation Entertainment, Inc., the Guarantor party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.5	5/3/2018
10.38	Eighth Supplemental Indenture, entered into as of October 17, 2019, among Live Nation Entertainment, Inc., the Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	001-32601	10.38	2/27/2020
10.39	Indenture, dated as of May 23, 2014, between Live Nation Entertainment, Inc., and HSBC Bank USA, National Association, as trustee.	10-Q	001-32601	10.2	7/31/2014
10.40	Indenture, dated as of October 31, 2016, by and among Live Nation Entertainment, Inc. the Guarantors defined therein and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	001-32601	10.44	2/23/2017
10.41	First Supplemental Indenture, dated as of April 7, 2017, among Live Nation Entertainment, Inc., the Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	5/4/2017
10.42	Second Supplemental Indenture, entered into as of March 20, 2018, among Live Nation Entertainment, Inc., the Guarantors identified therein, and the Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.4	5/3/2018
10.43	Third Supplemental Indenture, entered into as of October 17, 2019, among Live Nation Entertainment, Inc., the Guarantors identified therein, and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	001-32601	10.43	2/27/2020
10.44	Indenture, dated as of March 20, 2018, by and among Live Nation Entertainment, Inc., the Guarantors defined therein, and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	5/3/2018
10.45	First Supplemental Indenture, entered into as of October 17, 2019, among Live Nation Entertainment, Inc., the Guarantors identified therein, and The Bank of New York Mellon Trust Company, N.A., as trustee	10-K	001-32601	10.45	2/27/2020
10.46	Indenture, dated as of March 20, 2018, between Live Nation Entertainment, Inc., and HSBC Bank USA, National Association, as trustee.	10-Q	001-32601	10.2	5/3/2018

Exhibit No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
10.47	Indenture dated as of October 17, 2019 by and among Live Nation Entertainment, Inc., the Guarantors and U.S. Bank National Association, as trustee.	10-K	001-32601	10.47	2/27/2020
14.1	Code of Business Conduct and Ethics.	10-K	001-32601	14.1	2/27/2020
21.1	Subsidiaries of the Company.	10-K	001-32601	21.1	2/27/2020
23.1	Consent of Ernst & Young LLP.	10-K	001-32601	23.1	2/27/2020
24.1	Power of Attorney (see signature page).				
31.1	Certification of Chief Executive Officer.	10-K	001-32601	31.1	2/27/2020
31.2	Certification of Chief Financial Officer.	10-K	001-32601	31.2	2/27/2020
32.1	Section 1350 Certification of Chief Executive Officer.	10-K	001-32601	32.1	2/27/2020
32.2	Section 1350 Certification of Chief Financial Officer.	10-K	001-32601	32.2	2/27/2020
101.INS	XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.	10-K	001-32601	101.INS	2/27/2020
101.SCH	XBRL Taxonomy Schema Document.	10-K	001-32601	101.SCH	2/27/2020
101.CAL	XBRL Taxonomy Calculation Linkbase Document.	10-K	001-32601	101.CAL	2/27/2020
101.DEF	XBRL Taxonomy Definition Linkbase Document.	10-K	001-32601	101.DEF	2/27/2020
101.LAB	XBRL Taxonomy Label Linkbase Document.	10-K	001-32601	101.LAB	2/27/2020
101.PRE	XBRL Taxonomy Presentation Linkbase Document.	10-K	001-32601	101.PRE	2/27/2020
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	10-K	001-32601	104	2/27/2020

§ Management contract or compensatory plan or arrangement.

We have not filed long-term debt instruments of our subsidiaries where the total amount under such instruments is less than ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. However, we will furnish a copy of such instruments to the Commission upon request.

(c)1. Separate financial statements of subsidiaries not consolidated and fifty percent or less owned persons.

Under Rule 3-09 of Regulation S-X, we are required to file separate unaudited financial statements of Venta de Boletos por Computadora S.A. de C.V., for the years ended December 31, 2019 and 2018. We expect to file those financial statements by amendment to our Annual Report on Form 10-K/A on or before June 30, 2020.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on 2/27/2020.

LIVE NATION ENTERTAINMENT, INC.

By: _____ /s/ Michael Rapino

Michael Rapino
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Michael Rapino and Kathy Willard, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

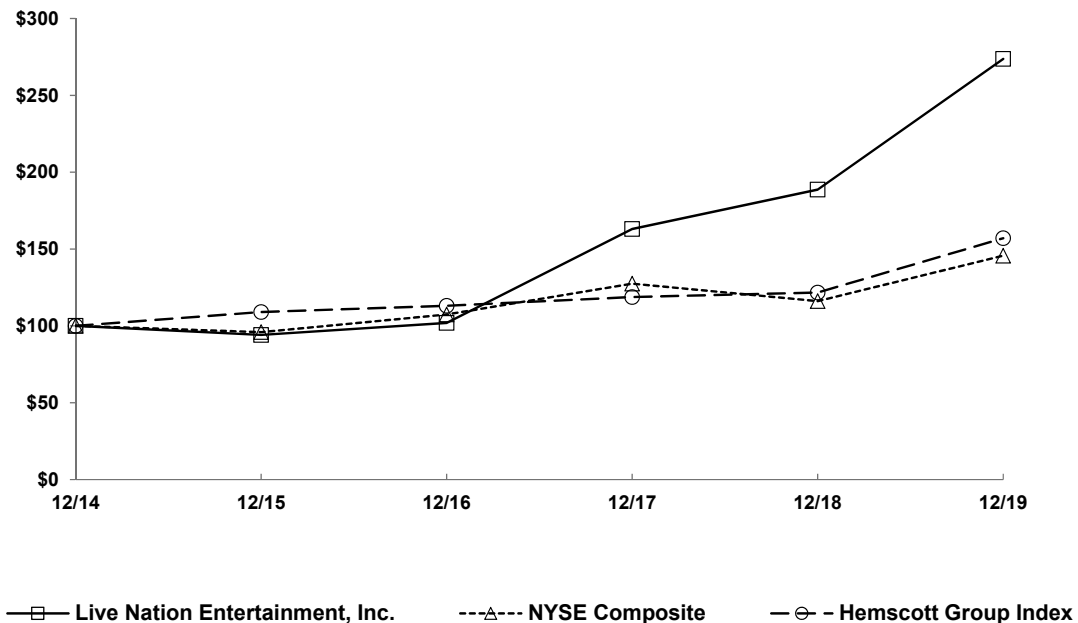
Name	Title	Date
<u>/s/ Michael Rapino</u> Michael Rapino	President, Chief Executive Officer and Director	February 27, 2020
<u>/s/ Kathy Willard</u> Kathy Willard	Chief Financial Officer	February 27, 2020
<u>/s/ Brian Capo</u> Brian Capo	Chief Accounting Officer	February 27, 2020
<u>/s/ Mark Carleton</u> Mark Carleton	Director	February 27, 2020
<u>/s/ Maverick Carter</u> Maverick Carter	Director	February 27, 2020
<u>/s/ Ariel Emanuel</u> Ariel Emanuel	Director	February 27, 2020
<u>/s/ Robert Ted Enloe, III</u> Robert Ted Enloe, III	Director	February 27, 2020
<u>/s Ping Fu</u> Ping Fu	Director	February 27, 2020
<u>/s/ Jeffrey T. Hinson</u> Jeffrey T. Hinson	Director	February 27, 2020
<u>/s/ Jimmy Iovine</u> Jimmy Iovine	Director	February 27, 2020
<u>/s/ James S. Kahan</u> James S. Kahan	Director	February 27, 2020
<u>/s/ Gregory B. Maffei</u> Gregory B. Maffei	Director	February 27, 2020
<u>/s/ Randall T. Mays</u> Randall T. Mays	Director	February 27, 2020
<u>/s/ Mark S. Shapiro</u> Mark S. Shapiro	Director	February 27, 2020
<u>/s/ Dana Walden</u> Dana Walden	Director	February 27, 2020

PERFORMANCE GRAPH

The graph below shows the relative investment performance of our common stock, the NYSE Market Index and the Hemscott Group Index for the period from December 31, 2014 through December 31, 2019 assuming reinvestment of dividends at the date of payment into the common stock of the indexes. The Hemscott Group Index consists of the following ten companies: AMC Networks Inc.; Fox Corporation; Imax Corporation; Live Nation Entertainment, Inc.; The Madison Square Garden Company; The Marcus Corporation; The Walt Disney Company; ViacomCBS Inc.; and World Wrestling Entertainment, Inc. The information reflected below is not necessarily indicative of our future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Live Nation Entertainment, Inc., the NYSE Composite Index,
and the Hemscott Group Index



*\$100 invested on 12/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
Live Nation Entertainment, Inc.	\$ 100.00	\$ 94.10	\$101.88	\$ 163.04	\$ 188.63	\$ 273.73
NYSE Composite	100.00	94.91	107.36	127.46	116.06	145.66
Hemscott Group Index	100.00	109.00	113.07	118.76	121.69	157.02

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Board of Directors

Mark Carleton

Advisor, Liberty Media Corporation

Maverick Carter

Chief Executive Officer, SpringHill Entertainment & UNINTERRUPTED

Ari Emanuel

Chief Executive Officer, Endeavor

Ted Enloe

Managing General Partner, Balquita Partners, Ltd.

Ping Fu

Entrepreneur and Policy Advisor

Jeff Hinson

President, YouPlus Media, LLC

Jimmy Iovine

Music Producer and Entrepreneur

Jim Kahan

AT&T Senior Executive Vice President – Corporate Development, Retired

Greg Maffei (Chairman of the Board)

President and Chief Executive Officer, Liberty Media Corporation

Randall Mays

President, Running M Capital

Michael Rapino

President and Chief Executive Officer, Live Nation Entertainment

Mark Shapiro

President, Endeavor

Dana Walden

Chairman, Disney Television Studios and ABC Entertainment

Executive and Other Key Officers

Michael Rapino

President and Chief Executive Officer

Ron Bension

President – HOB Entertainment

Joe Berchtold

President

Brian Capo

Chief Accounting Officer

Arthur Fogel

Chairman – Global Music and President – Global Touring

John Hopmans

Executive Vice President – Mergers and Acquisitions and Strategic Finance

Amy Howe

President – Ticketmaster North America

John Reid

President – Europe Concerts

Alan Ridgeway

Chairman – Asia Pacific

Bob Roux

President – US Concerts

Michael Rowles

General Counsel and Secretary

Jared Smith

President – Ticketmaster

Russell Wallach

President – Sponsorship & Advertising

Kathy Willard

Chief Financial Officer

Mark Yovich

President – Ticketmaster International

Corporate Information

Independent Registered Public Accounting Firm

Ernst & Young LLP

Los Angeles, California

Investor Relations and Media Contacts

Jackie Beato

Senior Vice President, Communications & Investor Relations

(310) 975-6858

IR@livenation.com

Transfer Agent and Registrar

Computershare Shareowner Services

Stockholder correspondence should be mailed to:

Computershare

P.O. Box 505000

Louisville, Kentucky 40233-5000

Overnight correspondence should be mailed to:

Computershare

462 South 4th Street, Suite 1600

Louisville, KY 40233-5000

(877) 296-7874

(201) 680-6578 (for callers outside the United States)

Stockholder website: www.computershare.com/investor

Stockholder online inquiries:

<https://www-us.computershare.com/investor/contact>

Stock Listing

Live Nation Entertainment's common stock is listed on the New York Stock Exchange under the symbol "LYV."

Annual Report on Form 10-K

Live Nation Entertainment's Annual Report on Form 10-K for the year ended December 31, 2019 is included in this annual report. The exhibits accompanying the report are filed with the U.S. Securities and Exchange Commission and can be accessed in the EDGAR database at the SEC's website, www.sec.gov, or in the "SEC Filings" section of Live Nation Entertainment's investor relations website, at investors.livenationentertainment.com/sec-filings. We will provide these items to stockholders upon request. Requests for any such exhibits should be made to:

Live Nation Entertainment
Attention: Corporate Secretary
9348 Civic Center Drive
Beverly Hills, California 90210

Forward-Looking Statements

In accordance with the Private Securities Litigation Reform Act of 1995, Live Nation Entertainment notes that this annual report contains forward-looking statements that involve risks and uncertainties, including those relating to our company's future success and growth. Actual results may differ materially due to risks and uncertainties as described in our filings with the U.S. Securities and Exchange Commission. Live Nation Entertainment does not intend to update these forward-looking statements.



LIVE NATION
ENTERTAINMENT

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