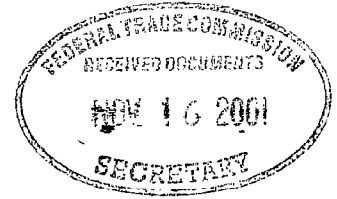


UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION-



In the Matter of

POLYGRAM HOLDING, INC.,
a corporation,

DECCA MUSIC GROUP LIMITED,
a corporation,

UMG RECORDINGS, INC.,
a corporation,

and

UNIVERSAL MUSIC & VIDEO
DISTRIBUTION CORP.,
a corporation.

Docket No. 9298

COMPLAINT COUNSEL'S FIRST REQUEST FOR ADMISSIONS

Pursuant to the Federal Trade Commission ("FTC") Rules of Practice for Adjudicative Proceedings § 3.32, complaint counsel submit these request for admissions to respondents PolyGram Holding, Inc., Decca Music Group Limited, UMG Recordings, Inc., and Universal Music & Video Distribution Corp.¹

DEFINITIONS

1. "Three Tenors" means Luciano Pavarotti, Placido Domingo, and Jose Carreras.
2. "1990 Three Tenors album" means the album derived from a performance of the

¹ Complaint counsel does not consent to be bound by any admission of Respondents, and reserves the right to produce evidence inconsistent with or contradicting any facts contained in any admission of Respondents.

Three Tenors in Rome during 1990, and entitled *The Three Tenors*.

3. “1990 Three Tenors video” means the home video derived from a performance of the Three Tenors in Rome during 1990, and entitled *The Three Tenors*.

4. “1994 Three Tenors album” means the album derived from a performance of the Three Tenors in Los Angeles during 1994, and entitled *The Three Tenors in Concert 1994*.

5. “1994 Three Tenors video” means the home video derived from a performance of the Three Tenors in Los Angeles during 1994, and entitled *The Three Tenors in Concert 1994*.

6. “1998 Three Tenors album” means the album derived from a performance of the Three Tenors in Paris during 1998, and entitled *The Three Tenors -- Paris 1998*.

7. “1998 Three Tenors video” means the home video derived from a performance of the Three Tenors in Paris during 1998, and entitled *The Three Tenors -- Paris 1998*.

8. “Warner Music Group” or “Warner” means Warner Communications, Inc. and any or all of its subsidiaries and affiliates engaged, at any time, in the business of producing, marketing, or distributing recorded music or videos. “Warner Music Group” or “Warner” includes Atlantic Recording Corporation.

9. “PolyGram Music Group” or “PolyGram” means PolyGram N.V. and any or all of its subsidiaries and affiliates engaged, at any time, in the business of producing, marketing, or distributing recorded music or videos.

10. “Universal Music Group” or “Universal” means Vivendi Universal S.A. and any or all of its subsidiaries and affiliates engaged, at any time, in the business of producing, marketing, or distributing recorded music or videos. “Universal Music Group” or “Universal” includes PolyGram Music Group.

11. "Three Tenors III project" means any planning, communications, efforts, or activities engaged in by PolyGram Music Group or Warner Music Group relating to the production, distribution, or sale of the 1998 Three Tenors album and/or the 1998 Three Tenors video.

12. "Music group" means any of Universal Music Group, PolyGram Music Group, Warner Music Group, BMG Music Group, EMI Music Group, and Sony Music Group.

REQUESTS FOR ADMISSION

1. Admit that PolyGram Holding, Inc., Decca Music Group Limited, UMG Recordings, Inc., and Universal Music & Video Distribution Corp. are subsidiaries of Vivendi Universal S.A.
2. Admit that UMG Recordings, Inc. and Universal Music & Video Distribution Corp. are subsidiaries of PolyGram Holding, Inc.
3. Admit that measured in terms of revenues, Universal Music Group is the largest seller of recorded music in the world, and in the United States.
4. Admit that Vivendi Universal S.A. has represented to investors that, measured in terms of revenues, Universal Music Group is the largest seller of recorded music in the world, and in the United States.
5. Admit that in 1998, PolyGram Holding, Inc., The Decca Record Company Limited, PolyGram Records, Inc., and PolyGram Group Distribution, Inc. were subsidiaries of PolyGram N.V.
6. Admit that in 1998, PolyGram Holding, Inc. owned all of the entertainment-related assets of PolyGram N.V. in the United States.

7. Admit that during 1998, PolyGram Holding, Inc. provided services to its subsidiaries, including legal services and human resources services.
8. Admit that during 1998, PolyGram Records, Inc., and PolyGram Group Distribution, Inc. were subsidiaries of PolyGram Holding, Inc.
9. Admit that in 1998, measured in terms of revenues, PolyGram Music Group was the largest seller of recorded music in the United States, and in the world.
10. Admit that The Seagrams Company, Ltd. has represented to investors that, in 1998, measured in terms of revenues, PolyGram Music Group was the largest seller of recorded music in the United States, and in the world.
11. Admit that in 1998, PolyGram Classics & Jazz was a division of PolyGram Records, Inc.
12. Admit that in 1998, The Decca Record Company Limited owned copyrights in and to thousands of master recordings.
13. Admit that in 1998, The Decca Record Company Limited owned the copyright in and to the master recording of the 1990 Three Tenors album.
14. Admit that during the 1990s, The Decca Record Company Limited authorized PolyGram Group Distribution, Inc. to manufacture and sell in the United States CDs and other sound carriers containing the copyrights owned by The Decca Record Company Limited.
15. Admit that during the 1990s, The Decca Record Company Limited authorized PolyGram Records Inc. to manufacture and sell in the United States CDs and other sound carriers containing the copyrights owned by The Decca Record Company Limited.
16. Admit that as of July 1998, The Decca Record Company Limited had authorized PolyGram Group Distribution, Inc. to sell in the United States CDs derived from the

- master recording of the 1990 Three Tenors album.
17. Admit that as of July 1998, The Decca Record Company Limited had authorized PolyGram Records, Inc. to sell in the United States CDs derived from the master recording of the 1990 Three Tenors album.
 18. Admit that in 1998, PolyGram Group Distribution, Inc. was in the business of distributing and selling audio and video products in the United States.
 19. Admit that in 1998, the 1990 Three Tenors album was distributed and sold in the United States by PolyGram Group Distribution, Inc.
 20. Admit that in 1998, the 1990 Three Tenors video was distributed and sold in the United States by PolyGram Group Distribution, Inc.
 21. Admit that during 1998, PolyGram Group Distribution, Inc. operated warehouse facilities in Indiana, from which it distributed recorded music and videos to retailers in each of the fifty states and the District of Columbia.
 22. Admit that during 1998, PolyGram Group Distribution, Inc. operated warehouse facilities in Indiana, from which it distributed recorded music and videos to U.S. customers located in states separate from Indiana.
 23. Admit that during 1998, the 1990 Three Tenors album and video were sold by PolyGram Group Distribution, Inc. in interstate commerce.
 24. Admit that during 1998, PolyGram Classics & Jazz was responsible for the marketing and promotion in the United States of the 1990 Three Tenors album.
 25. Admit that during 1998, PolyGram Records, Inc. was responsible for the marketing and promotion in the United States of the 1990 Three Tenors video.

26. Admit that during the 1990s, PolyGram Classics & Jazz was responsible for the marketing and promotion in the United States of the 1990 Three Tenors album.
27. Admit that during the 1990s, PolyGram Records, Inc. was responsible for the marketing and promotion in the United States of the 1990 Three Tenors video.
28. Admit that during the 1990s, PolyGram Music Group employed a tiered pricing structure for audio products (*e.g.*, top price, mid-price, budget price).
29. Admit that during the 1990s, the 1990 Three Tenors album was generally sold by PolyGram operating companies at the top price level.
30. Admit that during 1994, the 1990 Three Tenors album was sold by several PolyGram operating companies at a mid-price level.
31. Admit that during 1996 and 1997, the 1990 Three Tenors album was sold by several PolyGram operating companies at a mid-price level.
32. Admit that during 1994, PolyGram Group Distribution, Inc. sold the 1990 Three Tenors album in the United States at a mid-price level.
33. Admit that during 1994, PolyGram Music Group purchased media advertising in the United States for the 1990 Three Tenors album and video.
34. Admit that during 1994, PolyGram Music Group funded co-operative advertising in the United States for the 1990 Three Tenors album and video.
35. Admit that from August 1, 1998 through October 15, 1998, PolyGram Group Distribution, Inc. sold the 1990 Three Tenors album in the United States at the top price level only.
36. Admit that from August 1, 1998 through October 15, 1998, PolyGram Group

- Distribution, Inc. did not sell the 1990 Three Tenors album in the United States at a mid-price level.
37. Admit that from August 1, 1998 through October 15, 1998, PolyGram Music Group did not purchase media advertising in the United States for the 1990 Three Tenors album or video.
 38. Admit that from August 1, 1998 through October 15, 1998, PolyGram Music Group did not fund co-operative advertising in the United States for the 1990 Three Tenors album or video.
 39. Admit that in 1997, Ahmet Ertegun proposed to Alain Levy that PolyGram Music Group allow Luciano Pavarotti to record the Three Tenors III project for Warner Music Group.
 40. Admit that in 1997, Alain Levy proposed to Ahmet Ertegun that Warner Music Group and PolyGram Music Group collaborate on the Three Tenors III project.
 41. Admit that in 1997, Ahmet Ertegun proposed to Alain Levy that Warner Music Group and PolyGram Music Group collaborate on the Three Tenors III project.
 42. Admit that after some review, PolyGram Music Group's proposal that Warner and PolyGram collaborate on the Three Tenors III project was accepted in principle by Warner, and the parties proceeded to negotiate a written contract.
 43. Admit that as of March 1, 1998, there was no agreement between PolyGram Music Group and Warner Music Group to restrict the discounting and promotion of the 1990 and 1994 Three Tenors albums and videos.
 44. Admit that on March 10, 1998, representatives of PolyGram Music Group and Warner Music Group agreed that: (i) the initial point of sales materials for the Three Tenors III

campaign would not feature the older Three Tenors albums; (ii) space would be allowed in the free standing display units and counter stands for the later inclusion of back catalog; and (iii) a big push on the 1990 and 1994 Three Tenors albums should not take place before November 15, 1998.

45. Admit that on March 10, 1998, representatives of PolyGram Music Group and Warner Music Group agreed to restrict the discounting and promotion of the 1990 and 1994 Three Tenors albums.
46. Admit that in April 1998, Chris Roberts asked Paul Saintilan to ensure that Warner complied with the moratorium on the 1990 and 1994 Three Tenors albums.
47. Admit that in April 1998, Chris Roberts asked Paul Saintilan to ensure that Warner complied with an agreement restricting the discounting of the 1990 and 1994 Three Tenors albums.
48. Admit that in June 1998, Kjeld Stefansen sent Chris Roberts a note regarding Warner Music Group's selling price for the 1994 Three Tenors album; Chris Roberts forwarded Stefansen's note to Rand Hoffman.
49. Admit that on or about June 11, 1998, Rand Hoffman sent a letter to Margo Scott asserting that Warner Music Group's selling price in Denmark for the 1994 Three Tenors album was so low as to violate the understanding between PolyGram and Warner.
50. Admit that on or about June 12, 1998, Chris Roberts instructed Paul Saintilan that he (Roberts) thought it relatively pointless to ask Warner to begin on July 24, 1998 restricting discounting and promotion of the 1990 and 1994 Three Tenors albums.
51. Admit that in mid-June 1998, PolyGram managers decided that if Warner Music Group

- discounted the 1994 Three Tenors album in a particular territory, then the corresponding PolyGram operating company would be permitted to discount the 1990 Three Tenors album in that territory.
52. Admit that in June 1998, PolyGram Music Group was informed by Tibor Rudas that the repertoire for the 1998 Three Tenors concert would overlap with the repertoire from the 1990 and 1994 Three Tenors concerts.
 53. Admit that in June 1998, PolyGram Music Group sought to convince Tibor Rudas to modify the planned repertoire for the 1998 Three Tenors concert.
 54. Admit that on or about June 25, 1998, Tony O'Brien informed Paul Saintilan that Warner Music Group was extremely keen to re-enforce the moratorium on promotion of the 1990 and 1994 Three Tenors albums from August 1, 1998 to November 15, 1998.
 55. Admit that by letter dated July 2, 1998, Paul Saintilan proposed to Tony O'Brien that PolyGram Music Group and Warner Music Group agree to restrict discounting and promotion of the 1990 and 1994 Three Tenors albums and videos.
 56. Admit that on or about July 10, 1998, Tony O'Brien communicated to Paul Saintilan the following information: Ramon Lopez is prepared to enforce a moratorium throughout Warner Music Group.
 57. Admit that on or about July 10, 1998, Paul Saintilan drafted a letter to Tony O'Brien regarding the Three Tenors moratorium, and forwarded this letter to Chris Roberts, Pat Clancy, Roger Lewis, Mark Cavell, and Kevin Kleinman for their review
 58. Admit that by letter dated July 10, 1998, Paul Saintilan proposed to Tony O'Brien that PolyGram Music Group and Warner Music Group agree to restrict discounting,

- advertising, and promotion of the 1990 and 1994 Three Tenors albums.
59. Admit that in July 1998, Tony O'Brien accepted Paul Saintilan's proposal that PolyGram Music Group and Warner Music Group agree to restrict discounting, advertising, and promotion of the 1990 and 1994 Three Tenors album.
 60. Admit that on or about July 13, 1998, Tony O'Brien communicated to Paul Saintilan the following information: Ramon Lopez has agreed to comply with the moratorium; Ramon Lopez has issued a directive to Warner operating companies instructing them to observe the moratorium from August 1 to October 15.
 61. Admit that on or about July 14, 1998, Paul Saintilan contacted an employee of Warner Music Group based in the United Kingdom, who confirmed that Warner Music Group had issued a directive regarding the Three Tenors moratorium.
 62. Admit that on or about July 14, 1998, Paul Saintilan drafted the document bearing Bates stamp number UMG 000208, and forwarded this document to PolyGram operating companies.
 63. Admit that on or about July 14, 1998, Paul Saintilan forwarded to PolyGram operating companies the document bearing Bates stamp number UMG 000208.
 64. Admit that in July 1998, an attorney for PolyGram Music Group concluded that certain contemplated restrictions on the discounting and promotion of the 1990 and 1994 Three Tenors albums contravened the competition laws of one or more jurisdictions, and so advised Paul Saintilan.
 65. Admit that in July 1998, an attorney for PolyGram Music Group concluded that certain contemplated restrictions on the discounting and promotion of the 1990 and 1994 Three

Tenors albums did not contravene the competition laws of one or more jurisdictions, and so advised Paul Saintilan.

66. Admit that in July 1998, an attorney for PolyGram Music Group advised Paul Saintilan to create a paper record purporting to show that PolyGram Music Group had withdrawn from any agreement with Warner Music Group restricting the discounting and promotion of the 1990 and 1994 Three Tenors albums.
67. Admit that in this litigation, Respondents have not produced documents from the files of PolyGram Group Distribution, Inc. created during 1994 and describing that company's strategy for marketing the 1990 Three Tenors album and video in the United States during 1994.
68. Admit that in this litigation, Respondents have not produced documents from the files of PolyGram Group Distribution, Inc. created during 1998 and describing that company's strategy for marketing the 1990 Three Tenors album and video in the United States during 1998.
69. Admit that in this litigation, Respondents have not produced documents from the files of PolyGram Classics & Jazz created during 1994 and describing that company's strategy for marketing the 1990 Three Tenors album and video in the United States during 1994.
70. Admit that in this litigation, Respondents have not produced documents from the files of PolyGram Classics & Jazz created during 1998 and describing that company's strategy for marketing the 1990 Three Tenors album and video in the United States during 1998.
71. Admit that the 1990 Three Tenors concert was billed as a one-time event, a joint celebration of Jose Carreras' recovery from leukemia and the World Cup finals.

72. Admit that from 1990 to date, compact disc, audio cassette, and video cassette versions of the 1990 Three Tenors concert have been distributed in the United States by PolyGram Group Distribution, Inc. and its successor Universal Music & Video Distribution Corp.
73. Admit that in 1990, Jose Carreras was obligated by contract to record exclusively for Warner Music Group.
74. Admit that in 1990, Warner Music Group agreed to waive its exclusive rights to the services of Jose Carreras, thereby permitting Carreras to perform on audio and video products distributed by PolyGram Music Group.
75. Admit that the 1990 Three Tenors album became the best selling classical release of all time.
76. Admit that Universal Music Group has sold more than twelve million units of the 1990 Three Tenors album.
77. Admit that Universal Music Group has sold more than fourteen million units of the 1990 Three Tenors album.
78. Admit that Universal Music Group has sold more than two million units of the 1990 Three Tenors video.
79. Admit that Universal Music Group has sold more than three million units of the 1990 Three Tenors video.
80. Admit that the 1990 Three Tenors album and video generated substantial profits for PolyGram.
81. Admit that Eric Kronfeld and Tibor Rudas agreed to the basic terms for a license

concerning the 1994 Three Tenors project. Final drafting and negotiating were to be done by others. In the course of the negotiations, Rudas informed PolyGram Music Group that if an agreement were not signed by a specified time, then he would go elsewhere. The agreement was not concluded by the date and time of Rudas' ultimatum. Within days of that ultimatum, Rudas signed a contract with Warner Music Group concerning the 1994 Three Tenors concert.

82. Admit that in connection with the Three Tenors III project, each of the Tenors received from Resorts Productions Ltd. approximately \$5 million.
83. Admit that Respondents do not know the cost to Tibor Rudas and Resorts Productions Ltd. for producing the master recordings of the 1998 Three Tenors album and video.
84. Admit that Tibor Rudas informed Eric Kronfeld that, in connection with the 1998 Three Tenors project, each of the Tenors was to receive \$5 million.
85. Admit that the Carreras and Domingo were unhappy with the contract that they had agreed to for the 1990 Three Tenors album because it provided for a flat fee and no royalty.
86. Admit that separate from the 1998 Three Tenors album, the largest sum paid by PolyGram Music Group to Luciano Pavarotti for recording a single album was less than \$2 million.
87. Admit that PolyGram Music Group considered the 1996-97 Three Tenors world tour as an opportunity to increase sales of its Three Tenors products.
88. Admit that during 1996 and 1997, PolyGram Music Group offered the 1990 Three Tenors album at the mid-price level in many markets.

89. Admit that in 1996, Tibor Rudas and PolyGram Music Group discussed the second Three Tenors project, a huge open-air concert in front of the Eiffel Tower scheduled to coincide with the World Cup Finals in Paris, July 1998.
90. Admit that in 1996, PolyGram Music Group was interested in independently acquiring the rights to the Three Tenors III project, and envisioned distributing the 1998 Three Tenors album on a worldwide basis, without the participation of Warner Music Group.
91. Admit that in 1997, PolyGram Music Group was interested in independently acquiring the rights to the Three Tenors III project, and envisioned distributing the 1998 Three Tenors album on a worldwide basis, without the participation of Warner Music Group.
92. Admit that in 1996, Warner Music Group was interested in independently acquiring the rights to the Three Tenors III project, and envisioned distributing the 1998 Three Tenors album on a worldwide basis, without the participation of PolyGram Music Group.
93. Admit that in 1997, Warner Music Group was interested in independently acquiring the rights to the Three Tenors III project, and envisioned distributing the 1998 Three Tenors album on a worldwide basis, without the participation of PolyGram Music Group.
94. Admit that in 1997, PolyGram Music Group believed that the success of the Three Tenors III project would be significantly affected by the choice of repertoire for the album.
95. Admit that in negotiations with Tibor Rudas concerning the Three Tenors III project, PolyGram Music Group proposed that it (PolyGram) should have the right to approve the repertoire for the 1998 Three Tenors concert.
96. Admit that if the 1990 Three Tenors album had been marketed by PolyGram Music Group at a mid-price level in the United States between August 1, 1998 and October 15,

1998, then it is likely that the number of units of the 1998 Three Tenors album sold at retail in the United States during this period would have declined by fewer than 10,000 units (relative to actual sales).

97. Admit that if the 1990 Three Tenors album had been marketed by PolyGram Music Group at a mid-price level in the United States between August 1, 1998 and October 15, 1998, then it is likely that the number of units of the 1998 Three Tenors album sold by Warner Music Group in the United States during this period would have declined by fewer than 10,000 units (relative to actual sales).
98. Admit that if the 1990 Three Tenors album had been marketed by PolyGram Music Group at a mid-price level in the United States between August 1, 1998 and October 15, 1998, then it is likely that the number of units of the 1998 Three Tenors album sold at retail in the United States during this period would have declined by fewer than 50,000 units (relative to actual sales).
99. Admit that if the 1990 Three Tenors album had been marketed by PolyGram Music Group at a mid-price level in the United States between August 1, 1998 and October 15, 1998, then it is likely that the number of units of the 1998 Three Tenors album sold by Warner Music Group in the United States during this period would have declined by fewer than 50,000 units (relative to actual sales).
100. Admit that it is not possible for Respondents to estimate how many units of the 1998 Three Tenors album would have been sold at retail in the United States between August 1, 1998 and October 15, 1998 had the 1990 Three Tenors album been marketed by PolyGram at a mid-price level during this time period.

101. Admit that it is not possible for Respondents to estimate how many units of the 1998 Three Tenors album would have been sold by Warner Music Group in the United States between August 1, 1998 and October 15, 1998 had the 1990 Three Tenors album been marketed by PolyGram at a mid-price level during this time period.
102. Admit that if the 1994 Three Tenors album had been marketed by Warner Music Group at a mid-price level in the United States between August 1, 1998 and October 15, 1998, then it is likely that the number of units of the 1998 Three Tenors album sold at retail in the United States during this period would have declined by fewer than 10,000 units (relative to actual sales).
103. Admit that if the 1994 Three Tenors album had been marketed by Warner Music Group at a mid-price level in the United States between August 1, 1998 and October 15, 1998, then it is likely that the number of units of the 1998 Three Tenors album sold by Warner Music Group in the United States during this period would have declined by fewer than 10,000 units (relative to actual sales).
104. Admit that if the 1994 Three Tenors album had been marketed by Warner Music Group at a mid-price level in the United States between August 1, 1998 and October 15, 1998, then it is likely that the number of units of the 1998 Three Tenors album sold at retail in the United States during this period would have declined by fewer than 50,000 units (relative to actual sales).
105. Admit that if the 1994 Three Tenors album had been marketed by Warner Music Group at a mid-price level in the United States between August 1, 1998 and October 15, 1998, then it is likely that the number of units of the 1998 Three Tenors album sold by Warner

- Music Group in the United States during this period would have declined by fewer than 50,000 units (relative to actual sales).
106. Admit that it is not possible for Respondents to estimate how many units of the 1998 Three Tenors album would have been sold at retail in the United States between August 1, 1998 and October 15, 1998 had the 1994 Three Tenors album been marketed by Warner at a mid-price level during this time period.
 107. Admit that it is not possible for Respondents to estimate how many units of the 1998 Three Tenors album would have been sold by Warner Music Group in the United States between August 1, 1998 and October 15, 1998 had the 1994 Three Tenors album been marketed by Warner at a mid-price level during this time period.
 108. Admit that during 1998, PolyGram Group Distribution, Inc. was responsible for determining the wholesale price in the United States for the 1990 Three Tenors album.
 109. Admit that during 1998, PolyGram Group Distribution, Inc. was responsible for determining the advertising strategy in the United States for the 1990 Three Tenors album.
 110. Admit that during 1998, PolyGram Classics & Jazz was responsible for determining the wholesale price in the United States for the 1990 Three Tenors album.
 111. Admit that during 1998, PolyGram Classics & Jazz was responsible for determining the wholesale price in the United States for the 1990 Three Tenors album.
 112. Admit that during 1998, PolyGram Group Distribution, Inc. and PolyGram Classics & Jazz jointly determined the wholesale price in the United States for the 1990 Three Tenors album.

113. Admit that during 1998, PolyGram Group Distribution, Inc. and PolyGram Classics & Jazz jointly determined the advertising strategy in the United States for the 1990 Three Tenors album.
114. Admit that during 1998, PolyGram Group Distribution, Inc. was responsible for determining the wholesale price in the United States for the 1990 Three Tenors video.
115. Admit that during 1998, PolyGram Group Distribution, Inc. was responsible for determining the advertising strategy in the United States for the 1990 Three Tenors video.
116. Admit that during 1998, PolyGram Classics & Jazz was responsible for determining the wholesale price in the United States for the 1990 Three Tenors video.
117. Admit that during 1998, PolyGram Classics & Jazz was responsible for determining the advertising strategy in the United States for the 1990 Three Tenors video.
118. Admit that during 1998, PolyGram Group Distribution, Inc. and PolyGram Classics & Jazz jointly determined the wholesale price in the United States for the 1990 Three Tenors video.
119. Admit that during 1998, PolyGram Group Distribution, Inc. and PolyGram Classics & Jazz jointly determined the advertising strategy in the United States for the 1990 Three Tenors video.
120. Admit that in 1998, Kevin Gore communicated to Paul Saintilan that he (Gore) was willing to comply with the Three Tenors moratorium.
121. Admit that on June 18, 1998, Roger Lewis met with Tibor Rudas to discuss the 1998 Three Tenors project. Lewis expressed dissatisfaction with the proposed repertoire. Rudas agreed to raise PolyGram's repertoire concerns with the Tenors.

122. Admit that in the United States, the 1998 Three Tenors album was the third best-selling classical album of calendar year 1998.
123. Admit that in 2000, Sony released an album derived from a performance of the Three Tenors in Vienna. The album is entitled *The Three Tenors Christmas*, and consists of Christmas songs from around the world.
124. Admit that Sony did not request that PolyGram restrict its competitive activity for its (PolyGram's) Three Tenors albums at the time of the release of the 2000 Three Tenors album by Sony. Nor did PolyGram agree to restrict its competitive activity at the time of the release of the 2000 Three Tenors album by Sony.
125. Admit that in or about July 1996, the Three Tenors communicated to PolyGram that Three Tenors III project would require little assistance from PolyGram's artists and repertoire staff.
126. Admit that in July 1996, Chris Roberts considered it alarming that the Three Tenors felt that the Three Tenors III project would need little assistance from PolyGram's artists and repertoire staff.
127. Admit that in July 1996, Roland Kommerrell was president of Decca Record Company, Limited.
128. Admit that in July 1996, Roland Kommerrell was skeptical that the prospects for the Three Tenors III project would justify the needed investment.
129. Admit that in July 1996, Roland Kommerrell was concerned that the exhibitionistic milking of the Three Tenors formula may take away a lot of the myth, charm, and surprise of a third Three Tenors recording project.

130. Admit that in 1996, Roland Kommerrell wanted to add a guest performer to the Three Tenors III concert.
131. Admit that Chris Roberts wanted to add a guest performer to the 1998 Three Tenors concert.
132. Admit that Chris Roberts wanted to add Madonna as a guest performer at the 1998 Three Tenors concert.
133. Admit that sales of the 1990 Three Tenors album substantially exceeded PolyGram's pre-concert sales forecasts.
134. Admit that sales of the 1990 Three Tenors album substantially exceeded PolyGram's pre-concert expectations.
135. Admit that Pavarotti, Domingo, and Carreras received no royalties on sales of the 1990 Three Tenors album.
136. Admit that in 1996, Placido Domingo was unhappy with Decca Record Company Limited, feeling that he had not been fairly compensated for the 1990 Three Tenors album.
137. Admit that in 1996, Jose Carreras was unhappy with Decca Record Company Limited, feeling that he had not been fairly compensated for the 1990 Three Tenors album.
138. Admit that in 1996, Luciano Pavarotti offered to guarantee that the Three Tenors III project would go to Decca Record Company Limited, provided, *inter alia*, that Decca agreed to match the offer of Warner Music Group.
139. Admit that in 1996, Luciano Pavarotti proposed that Decca Record Company Limited make payments to Placido Domingo and Jose Carreras to gain their consent to having the

Three Tenors III project go to Decca. Pavarotti suggested that Decca purchase a Ferrari automobile for each of them.

140. Admit that in July 1996, Roland Kommerell advised Tibor Rudas that Decca Record Company Limited would match the offer of Warner Music Group for the Three Tenors III project.
141. Admit that in July 1996, Roland Kommerell advised Tibor Rudas that Decca Record Company Limited would match the offer of Warner Music Group to pay \$14 million for audio and home video rights for the Three Tenors III project.
142. Admit that during 1998, PolyGram operating companies required the consent of Decca Record Company Limited in order to sell the 1990 Three Tenors album at a mid-price level.
143. Admit that during 1998, Decca Record Company Limited determined the all in fee for the 1990 Three Tenors album.
144. Admit that between August 1, 1998 and October 15, 1998, one PolyGram operating company requested that Decca Record Company Limited consent to the sale of the 1990 Three Tenors album at a mid-price level.
145. Admit that between August 1, 1998 and October 15, 1998, fewer than five PolyGram operating companies requested that Decca Record Company Limited consent to the sale of the 1990 Three Tenors album at a mid-price level.
146. Admit that during the 1990s, PolyGram Music Group spent millions of dollars each year advertising its audio products in the United States.
147. Admit that during the 1990s, PolyGram Music Group spent millions of dollars each year

advertising its audio products in the United States for the purpose of increasing the sales of such audio products.

148. Admit that the term “all in fee” refers to a fee paid by a PolyGram operating company selling an album, and paid to the PolyGram business unit whose investment procured the copyrighted work.
149. Admit that in connection with the sale of the 1990 Three Tenors album in the United States during 1998, an all in fee was paid by PolyGram Classics & Jazz to Decca Record Company Limited.
150. Admit that in connection with the sale of the 1990 Three Tenors album during 1998, the applicable all in fee was determined by Decca Record Company Limited.
151. Admit that the term “PPD” refers to PolyGram’s published price to dealers for a particular album.
152. Admit that as retailers may be offered discounts from the published price by PolyGram, the PPD is not necessarily the same as PolyGram’s actual transaction price for a particular album.
153. Admit that in connection with the sale of the 1990 Three Tenors album during 1998, the applicable PPD was reduced from top level to mid level only when the PolyGram operating company first obtained the approval of Decca Record Company Limited.
154. Admit that in connection with the sale of the 1990 Three Tenors album in the United States during 1998, the applicable PPD could be reduced from top level to mid level only with the approval of Decca Record Company Limited.
155. Admit that in connection with the sale of the 1990 Three Tenors album in the United

States during 1998, the applicable PPD could be reduced from top level to mid level only with the approval of PolyGram Classics & Jazz.

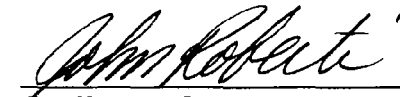
156. Admit that it is common in the music industry for an artist, over the course of a career, to release albums with more than one music group.
157. Admit that several artists currently under contract to record for Universal Music Group have previously released albums with a different music group.
158. Admit that several artists formerly under contract with Universal Music Group have in more recent times released albums with a different music group.
159. Admit that Universal Music Group has re-promoted catalog albums during the time when the artist is touring and performing live concerts.
160. Admit that Universal Music Group has re-promoted catalog albums when the artist releases a new album.
161. Admit that there are instances where Universal Music Group has re-promoted a catalog album when the artist releases a new album with a competing music group.
162. Admit that media advertising of audio products is intended by Universal Music Group, in part, to bring consumers into record stores. However, there is no certainty that such consumers will then purchase the advertised product.
163. Admit that media advertising of audio products by Universal Music Group draws consumers to record stores, where such consumers may be exposed to and purchase audio products marketed by competing music groups.
164. Admit that it is common that advertising funded by Universal Music Group will benefit a competing music group.

165. Admit that it is common that advertising funded by a competing music group will benefit Universal Music Group.
166. Admit that Universal Music Group has entered into several recording agreements with artists that authorize Universal to issue an album in a territory smaller than the whole world.
167. Admit that in 1998 Warner Music Group provided certain U.S. retailers with point of sale displays in the shape of the Eiffel Tower. Such displays were designed with space suitable for the placement of compact discs. Warner could have directed retailers to place only the 1998 Three Tenors album in such displays.
168. Admit that in 1998 PolyGram Music Group provided certain non-U.S. retailers with point of sale displays in the shape of the Eiffel Tower. Such displays were designed with space suitable for the placement of compact discs. PolyGram could have directed retailers to place only the 1998 Three Tenors album in such displays.
169. Admit that all documents produced by Respondents in this investigation (FTC File No. 001-0231) and litigation (FTC Docket No. 9293) are true and correct copies of documents maintained by Respondents or its affiliates in the regular course of business.
170. Admit that all documents produced by Warner in the Three Tenors investigation (FTC File No. 001-0231) are true and correct copies of documents maintained by Warner in the regular course of business.
171. Admit that the Three Tenors performed together at the Baths of Caracalla in Rome, on the eve of the 1990 World Cup final match.
172. Admit that on July 16, 1994, The Three Tenors performed at Dodger Stadium in Los

Angeles, California on the eve of the final match of the World Cup.

173. Admit that the 1994 Three Tenors concert was organized by concert promoter Tibor Rudas.
174. Admit that during 1996 and 1997, the Three Tenors participated in a worldwide tour, including concerts in Tokyo, London, Munich, New York, Johannesburg, and Melbourne.
175. Admit that from August 1, 1998 through October 15, 1998, PolyGram Group Distribution, Inc. did not sell the 1990 Three Tenors album in the United States at a mid-price level -- with the exception of sales by mail order, to record clubs, and special project clients.

Respectfully Submitted,



Geoffrey M. Green
John Roberti

Counsel Supporting the Complaint

Bureau of Competition
Federal Trade Commission
Washington, D.C. 20580

Dated: November 16, 2001

CERTIFICATE OF SERVICE

I, John Roberti, hereby certify that on November 16, 2001, I caused a copy of the Complaint Counsel's Complaint Counsel's First Request for Admissions to be served upon the persons listed below:

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John Roberti