

Live Nation Entertainment, Inc.
Form 10-Q
July 28, 2016

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

Form 10-Q

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

For the quarterly period ended June 30, 2016

or

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

For the transition period from _____ to _____
Commission File Number 001-32601

LIVE NATION ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware 20-3247759
(State of Incorporation) (I.R.S. Employer Identification No.)
9348 Civic Center Drive
Beverly Hills, CA 90210
(Address of principal executive offices, including zip code)
(310) 867-7000
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

On July 21, 2016, there were 203,085,142 outstanding shares of the registrant's common stock, \$0.01 par value per share, including 1,114,683 shares of unvested restricted stock awards and excluding 408,024 shares held in treasury.

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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
Live Nation	Live Nation Entertainment, Inc. and subsidiaries
SEC	United States Securities and Exchange Commission
Ticketmaster	For periods prior to May 6, 2010, Ticketmaster means Ticketmaster Entertainment LLC and its predecessor companies (including without limitation Ticketmaster Entertainment, Inc.); for periods on and after May 6, 2010, Ticketmaster means the ticketing business of the Company.

See Notes to Consolidated Financial Statements

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

LIVE NATION ENTERTAINMENT, INC.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	June 30, 2016	December 31, 2015
	(in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	\$1,512,099	\$ 1,303,125
Accounts receivable, less allowance of \$18,216 and \$17,168, respectively	634,562	452,600
Prepaid expenses	779,743	496,226
Other current assets	43,548	36,364
Total current assets	2,969,952	2,288,315
Property, plant and equipment		
Land, buildings and improvements	822,761	840,032
Computer equipment and capitalized software	511,693	505,233
Furniture and other equipment	242,079	233,271
Construction in progress	85,720	47,684
	1,662,253	1,626,220
Less accumulated depreciation	949,441	894,938
	712,812	731,282
Intangible assets		
Definite-lived intangible assets, net	810,418	777,763
Indefinite-lived intangible assets	369,001	369,317
Goodwill	1,670,676	1,604,315
Other long-term assets	510,567	385,249
Total assets	\$7,043,426	\$ 6,156,241
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, client accounts	\$710,087	\$ 662,941
Accounts payable	103,722	58,607
Accrued expenses	778,101	686,664
Deferred revenue	1,347,953	618,640
Current portion of long-term debt, net	44,918	42,352
Other current liabilities	38,653	32,002
Total current liabilities	3,023,434	2,101,206
Long-term debt, net	1,985,190	2,002,662
Long-term deferred income taxes	198,617	199,472
Other long-term liabilities	127,887	142,267
Commitments and contingent liabilities		
Redeemable noncontrolling interests	292,516	263,715
Stockholders' equity		
Common stock	2,024	2,020
Additional paid-in capital	2,412,928	2,428,566
Accumulated deficit	(1,083,176)	(1,075,111)
Cost of shares held in treasury	(6,865)	(6,865)
Accumulated other comprehensive loss	(136,404)	(111,657)

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Total Live Nation stockholders' equity	1,188,507	1,236,953
Noncontrolling interests	227,275	209,966
Total equity	1,415,782	1,446,919
Total liabilities and equity	\$7,043,426	\$6,156,241

See Notes to Consolidated Financial Statements

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LIVE NATION ENTERTAINMENT, INC.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	(in thousands except share and per share data)			
Revenue	\$2,179,258	\$1,765,777	\$3,386,974	\$2,886,089
Operating expenses:				
Direct operating expenses	1,605,688	1,279,099	2,389,891	2,000,388
Selling, general and administrative expenses	374,826	329,570	712,040	643,702
Depreciation and amortization	95,424	88,571	190,379	173,112
Gain on disposal of operating assets	(279)) (76) (254) (37
Corporate expenses	29,440	26,368	54,049	50,614
Operating income	74,159	42,245	40,869	AF

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

..

6

CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7

SOLE VOTING POWER

-0-

8

SHARED VOTING POWER

7,469,668

9

SOLE DISPOSITIVE POWER

-0-

10

SHARED DISPOSITIVE POWER

7,469,668

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,469,668

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

o

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.6%

14

TYPE OF REPORTING PERSON

IN

7

CUSIP NO. 054540109

1 NAME OF REPORTING PERSON

Edward H. Braun

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

PF, OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
	8	-0- SHARED VOTING POWER
	9	90,000* SOLE DISPOSITIVE POWER
	10	-0- SHARED DISPOSITIVE POWER
		90,000*

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

90,000*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

IN

* Includes 80,000 shares underlying stock options that are currently exercisable.

CUSIP NO. 054540109

1 NAME OF REPORTING PERSON

Stephen L. Domenik

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		-0-
	8	SHARED VOTING POWER
		-0-
	9	SOLE DISPOSITIVE POWER
		-0-
	10	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

-0-

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 054540109

1 NAME OF REPORTING PERSON

Richard J. Faubert

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
	8	-0- SHARED VOTING POWER
	9	-0- SOLE DISPOSITIVE POWER
	10	-0- SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

-0-

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 054540109

1 NAME OF REPORTING PERSON

John T. Kurtzweil

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		-0-
	8	SHARED VOTING POWER
		-0-
	9	SOLE DISPOSITIVE POWER
		-0-
	10	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

-0-

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 054540109

1 NAME OF REPORTING PERSON

Peter J. Simone

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		-0-
	8	SHARED VOTING POWER
		-0-
	9	SOLE DISPOSITIVE POWER
		-0-
	10	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

-0-

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 054540109

The following constitutes Amendment No. 2 to the Schedule 13D filed by the undersigned (the “Amendment No.2”). This Amendment No. 2 amends the Schedule 13D as specifically set forth herein.

Item 2. Identity and Background.

Item 2 is hereby amended to add the following:

In connection with the Agreement defined and described in Item 4 below, Messrs. Braun, Domenik, Faubert, Kurtzweil, and Simone are no longer members of the Section 13(d) group and shall cease to be Reporting Persons immediately after the filing of this Amendment No. 2. The remaining Reporting Persons will continue filing as a group statements on Schedule 13D with respect to their beneficial ownership of securities of the Issuer to the extent required by applicable law. Each of the remaining Reporting Persons is party to the Joint Filing Agreement, as further described in Item 6 below.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and restated to read as follows:

The Shares beneficially owned by each of Vertex Opportunities and VSO II were purchased with working capital in open market purchases, except as otherwise noted, including certain Shares which were acquired as a result of a capital contribution, as set forth in Schedule A to the Schedule 13D. The aggregate purchase price of the 967,709 Shares beneficially owned by Vertex Opportunities is approximately \$1,702,867, excluding brokerage commissions. The aggregate price of the 6,501,959 Shares contributed to and beneficially owned by VSO II is approximately \$12,878,054, excluding brokerage commissions.

The 10,000 Shares beneficially owned by Mr. Braun were purchased with personal funds in open market purchases. The aggregate purchase price of the 10,000 Shares beneficially owned by Mr. Braun is approximately \$15,678, excluding brokerage commissions. The 80,000 Shares underlying stock options that are beneficially owned by Mr. Braun were awarded to him in his capacity as a director of the Issuer.

Item 4. Purpose of Transaction.

Item 4 is hereby amended to add the following:

On March 5, 2015, Vertex Capital and certain of its affiliates (collectively, “Vertex”) entered into a Nomination and Standstill Agreement with the Issuer (the “Agreement”). The following description of the Agreement is qualified in its entirety by reference to the Agreement, which is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

Pursuant to the terms of the Agreement, the Issuer agreed, among other things: (i) to nominate and solicit proxies for the election of Richard J. Faubert and John T. Kurtzweil (collectively, the “New 2015 Nominees”), to the Board of Directors of the Issuer (the “Board”) at the 2015 annual meeting of stockholders of the Issuer (the “2015 Annual Meeting”); (ii) to appoint each of the New 2015 Nominees as an observer to the Board until the 2015 Annual Meeting; (iii) to appoint each of the New 2015 Nominees to at least one committee of the Board at the first meeting of the Board following the election of the New 2015 Nominees to the Board; and (iv) to use its reasonable best efforts to hold the 2015 Annual Meeting no later than May 13, 2015. If either of the New 2015 Nominees is unable to serve as a director during the Standstill Period (as defined in the Agreement) and at such time Vertex beneficially owns in the aggregate at least 3.0% of the Issuer’s then outstanding Shares, then Vertex can recommend substitute person(s) who

meet certain independence and experience criteria for approval by the Nominating and Governance Committee of the Board and appointment by the Board within five (5) business days after such committee's approval.

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Pursuant to the terms of the Agreement, Vertex agreed, among other things: (i) to withdraw its nomination letter submitted to the Issuer nominating six (6) candidates for election to the Board at the 2015 Annual Meeting and any and all materials in connection therewith; (ii) not to nominate any person for election at the 2015 Annual Meeting; (iii) not to submit any proposal for consideration at, or bring any other business before, the 2015 Annual Meeting; (iv) not to initiate, encourage or participate in any "withhold" or similar campaign with respect to the 2015 Annual Meeting; and (v) to appear in person or by proxy at the 2015 Annual Meeting and vote all Shares beneficially owned by it in favor of the election of the Issuer's nominees to the Board and in accordance with the Board's recommendation with respect to the Issuer's "say-on-pay" proposal, the proposal to amend the 2012 Equity Incentive Plan and the proposal to ratify the appointment of the Issuer's registered public accounting firm unless, as it relates solely to the "say-on-pay" or 2012 Equity Incentive Plan proposals, Institutional Shareholder Services Inc. recommends otherwise.

In addition, Vertex agreed to certain customary standstill provisions, effective as of the date of the Agreement through the earlier of (a) fifteen (15) business days prior to the deadline for the submission of stockholder nominations for the 2016 annual meeting of stockholders and (b) one-hundred (100) days prior to the first anniversary of the 2015 Annual Meeting. The standstill provisions generally restrict Vertex's ability to engage in certain proxy solicitations, make certain stockholder proposals, call meetings of stockholders or solicit consents from stockholders, obtain additional representation on the Board and seek to remove any of the Issuer's directors.

Item 5. Interest in Securities of the Issuer.

Item 5 is hereby amended and restated as follows:

The aggregate percentage of Shares reported owned by each Reporting Person is based upon 112,615,790 Shares outstanding, which is the total number of Shares outstanding as of December 31, 2014, as reported in the Issuer's Preliminary Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on March 3, 2015.

A. Vertex Opportunities

(a) As of the close of business on March 5, 2015, Vertex Opportunities beneficially owned 967,709 Shares.

Percentage: Less than 1%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: 967,709
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: 967,709

(c) The transactions in the Shares by Vertex Opportunities since the filing of Amendment No.1 to the Schedule 13D are set forth in Schedule A and are incorporated herein by reference.

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B. VSO II

(a) As of the close of business on March 5, 2015, VSO II beneficially owned 6,501,959 Shares.

Percentage: Approximately 5.8%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: 6,501,959
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: 6,501,959

(c) The transactions in the Shares by VSO II since the filing of Amendment No.1 to the Schedule 13D are set forth in Schedule A and are incorporated herein by reference.

C. Vertex GP

(a) Vertex GP, as the general partner of Vertex Opportunities, may be deemed the beneficial owner of the 967,709 shares owned by Vertex Opportunities.

Percentage: Less than 1%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: 967,709
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: 967,709

(c) Vertex GP has not entered into any transactions in the Shares since the filing of Amendment No.1 to the Schedule 13D. The transactions in the Shares on behalf of Vertex Opportunities since the filing of Amendment No. 1 to the Schedule 13D are set forth in Schedule A and are incorporated herein by reference.

D. VSO GP II

(a) VSO GP II, as the general partner of VSO II, may be deemed the beneficial owner of the 6,501,959 shares owned by VSO II.

Percentage: Approximately 5.8%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: 6,501,959
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: 6,501,959

(c) VSO GP II has not entered into any transactions in the Shares since the filing of Amendment No. 1 to the Schedule 13D. The transactions in the Shares on behalf of VSO II since the filing of Amendment No. 1 to the Schedule 13D are set forth in Schedule A and are incorporated herein by reference.

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E. Vertex Capital

(a) Vertex Capital, as the investment manager of Vertex Opportunities and VSO II, may be deemed the beneficial owner of the (i) 967,709 Shares owned by Vertex Opportunities and (ii) 6,501,959 Shares owned by VSO II.

Percentage: Approximately 6.6%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: 7,469,668
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: 7,469,668

(c) Vertex Capital has not entered into any transactions in the Shares since the filing of Amendment No. 1 to the Schedule 13D. The transactions in the Shares on behalf of each of Vertex Opportunities and VSO II, since the filing of Amendment No. 1 to the Schedule 13D are set forth in Schedule A and are incorporated herein by reference.

F. Eric Singer

(a) Mr. Singer, as the managing member of Vertex GP, VSO GP II and Vertex Capital, may be deemed the beneficial owner of the (i) 967,709 Shares owned by Vertex Opportunities and (ii) 6,501,959 Shares owned by VSO II.

Percentage: Approximately 6.6%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: 7,469,668
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: 7,469,668

(c) Mr. Singer has not entered into any transactions in the Shares since the filing of Amendment No. 1 to the Schedule 13D. The transactions in the Shares on behalf of each of Vertex Opportunities and VSO II, since the filing of Amendment No. 1 to the Schedule 13D are set forth in Schedule A and are incorporated herein by reference.

G. Edward H. Braun

(a) As of the close of business on March 5, 2015, Mr. Braun beneficially owned 10,000 Shares and may be deemed to beneficially own an additional 40,000 Shares underlying stock options that are currently exercisable at a purchase price of \$1.60 per Share and 40,000 Shares underlying stock options that are currently exercisable at a purchase price of \$2.74 per Share.

Percentage: Less than 1%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: 90,000
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: 90,000

(c)

Mr. Braun has not entered into any transactions in the Shares since the filing of Amendment No. 1 to the Schedule 13D.

CUSIP NO. 054540109

H. Stephen L. Domenik, Richard J. Faubert, John T. Kurtzweil, and Peter J. Simone

(a) As of the close of business on March 5, 2015, Messrs. Domenik, Faubert, Kurtzweil, and Simone did not own any Shares.

Percentage: 0%

- (b)
1. Sole power to vote or direct vote: -0-
 2. Shared power to vote or direct vote: -0-
 3. Sole power to dispose or direct the disposition: -0-
 4. Shared power to dispose or direct the disposition: -0-

(c) Messrs. Domenik, Faubert, Kurtzweil, and Simone have not entered into any transactions in the Shares since the filing of Amendment No. 1 to the Schedule 13D.

(d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares.

(e) Not applicable

The filing of this Schedule 13D shall not be construed as an admission that the Reporting Persons are, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, the beneficial owners of any of the securities reported herein. Each Reporting Person disclaims beneficial ownership of such Shares except to the extent of his or its pecuniary interest therein.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Item 6 is hereby amended to add the following:

On March 5, 2015, Vertex and the Issuer entered into the Agreement defined and described in Item 4 above and attached as Exhibit 99.1 hereto.

On March 5, 2015, the Reporting Persons entered into a Joint Filing Agreement in which the Reporting Persons who will remain Reporting Persons subsequent to this Amendment No. 2 agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer to the extent required by applicable law. A copy of this agreement is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended to add the following exhibits:

99.1 Settlement Agreement by and among Vertex Opportunities Fund, LP, Vertex GP, LLC, Vertex Special Opportunities Fund II, LP, Vertex Special Opportunities GP II, LLC, Vertex Capital Advisors, LLC, Eric Singer and Axcelis Technologies, Inc., dated March 5, 2015.

99.2 Joint Filing Agreement by and among Vertex Opportunities Fund, LP, Vertex GP, LLC, Vertex Special Opportunities Fund II, LP, Vertex Special Opportunities GP II, LLC, Vertex Capital Advisors, LLC, and Eric

Singer, dated March 5, 2015.

CUSIP NO. 054540109

Signature Page to Amendment No. 2 to the Schedule 13D

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: March 5, 2015

Vertex Opportunities Fund, LP

By: Vertex GP, LLC
General Partner

By: /s/ Eric Singer
Name: Eric Singer
Title: Managing Member

Vertex GP, LLC

By: /s/ Eric Singer
Name: Eric Singer
Title: Managing Member

Vertex Special Opportunities Fund II, LP

By: Vertex Special Opportunities GP II, LLC General
Partner

By: /s/ Eric Singer
Name: Eric Singer
Title: Managing Member

Vertex Special Opportunities GP II, LLC

By: /s/ Eric Singer
Name: Eric Singer
Title: Managing Member

Vertex Capital Advisors, LLC

By: /s/ Eric Singer

Name: Eric Singer
Title: Managing Member

/s/ Eric Singer
ERIC SINGER, Individually and as
Attorney-in-Fact for Edward H. Braun,
Stephen L. Domenik, Richard J. Faubert, John
T. Kurtzweil, and Peter J. Simone

CUSIP NO. 054540109

SCHEDULE A

Transactions in Securities of the Issuer Since the Filing of Amendment No. 1 to the Schedule 13D

Nature of the Transaction	Securities Purchased/(Sold)	Price Per Share(\$)	Date of Purchase / Sale
VERTEX OPPORTUNITIES FUND, LP			
Sale of Common Stock	(2,951)	2.8307	02/25/2015
Sale of Common Stock	(1,286)	2.8501	02/25/2015
Sale of Common Stock	(3,445)	2.9200	02/26/2015
Sale of Common Stock	(5,850)	2.9158	02/26/2015
VERTEX SPECIAL OPPORTUNITIES FUND II, LP			
Sale of Common Stock	(19,749)	2.8307	02/25/2015
Sale of Common Stock	(8,605)	2.8501	02/25/2015
Sale of Common Stock	(23,055)	2.9200	02/26/2015
Sale of Common Stock	(39,150)	2.9158	02/26/2015