

12 November 2008

Mr Denis Kelly  
Inquiry Coordinator  
Competition Commission  
Victoria House  
Southampton Row  
London  
WC1B 4AD

Dear Mr Kelly,

**stv Central Limited and stv North Limited (together “stv”)**

**ANTICIPATED JOINT VENTURE BETWEEN BBC WORLDWIDE LIMITED, CHANNEL 4 TELEVISION CORPORATION AND ITV PLC RELATING TO THE VIDEO ON DEMAND SECTOR: PROJECT KANGAROO**

I refer to the above matter and welcome the opportunity to make a supplemental submission on behalf of stv.

In our initial submission, we expressed reservations that we had not received sufficiently detailed information from ITV plc to allow us to fully consider the impact of Kangaroo on the VoD commercial market and, in particular, on [www.stv.tv](http://www.stv.tv).

stv received a quantity of Kangaroo related documentation from ITV plc in late September 2008. We considered the documentation and posed written questions to them on 10<sup>th</sup> October. A preliminary response was received on 4<sup>th</sup> November ahead of a planned meeting with their representatives on 5<sup>th</sup> November at which we discussed matters further. ITV plc also provided supplementary marketing and financial information immediately prior to the meeting. [✂]

We do not yet feel that we have sufficient transparency around the transfer and ownership of content rights between ITV Network Limited (“ITV N”), ITV plc’s preferred contracting entity ITV Consumer Limited (“Consumer”) and Kangaroo. You will be aware that ITV N is the agent body appointed by all fifteen Channel 3 Regional Licensees to acquire rights in programming (including catch up rights, extended on demand rights and download to own rights) on behalf of the Regional Licensees.

We understand that ITV plc’s preferred option is that Consumer will pass catch-up rights to Kangaroo for use on a co-exclusive basis with Regional Licensees, whereas extended on demand rights and download to own rights will be passed for exclusive Kangaroo use. It should be noted that the rights which Consumer intends to pass to Kangaroo are rights acquired by the Regional Licensees through ITV N under the ITV Terms of Trade.

It remains unclear how Consumer, who is not a Regional Licensee, will acquire these ITV Network rights for Kangaroo. [✂]

Moreover, the capacity in which stv might participate in Kangaroo, access revenue streams and contribute to costs remains unsettled. The current proposal envisages a tri-partite

arrangement which is able to exploit ITV Network new media rights but which *prima facie* excludes non-ITV plc Regional Licensees from full membership. It lacks clarity on stv's financial position if it is not a full joint venture member but rather participates only in certain income streams. Further detail is required to ensure that independent Regional Licensees such as stv are able to understand fully the legal and financial implications of any proposed relationship with Kangaroo. [X]

[X]

[X]

[X]

Yours sincerely,

**Bobby Hain**

Director of Broadcast Services and Regulatory Affairs