



News Release

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CC PUBLISHES ISSUES STATEMENT ON WATERSTONE'S/OTTAKAR'S MERGER

The Competition Commission (CC) has today published an issues statement as part of its inquiry into the anticipated acquisition of Ottakar's plc by HMV Group plc through Waterstone's plc.

The CC has been asked to decide whether the acquisition may be expected to result in a substantial lessening of competition in the market for the retail sale of books to consumers.

Chairman of the inquiry group, Diana Guy said:

We've yet to reach any conclusions at this early stage of our inquiry—this statement identifies the questions and areas we'll be looking at. We are very keen to hear from any interested parties, particularly customers, because it can only help us in reaching our decision. We're pleased to have received a lot of submissions and evidence so far in this inquiry and we'd encourage other people who are interested in these issues to get in touch with us as soon as possible.

The merger was referred by the Office of Fair Trading (OFT) on 6 December 2005 and the CC is required to publish its final report by 22 May 2006, although the inquiry group hopes to publish its provisional findings by the end of March.

The issues statement follows the initial process of gathering information, views and evidence and will form the basis for hearings with Waterstone's, Ottakar's and other interested parties. The full issues statement is available on the CC website at <http://www.competition-commission.org.uk/inquiries/ref2005/hmv/index.htm> and covers issues related to:

- assessment of the competitive effects of the proposed merger;
- the counterfactual—what would be likely to occur in the absence of the proposed merger;
- market definition; and
- relevant customer benefits that might arise as a result of the proposed merger.

If the inquiry group considers that the proposed merger may be expected to result in a substantial lessening of competition, it will consider whether and, if so, what remedies might be appropriate and issue a remedies statement at a later date. Any relevant customer benefits may be taken into account in determining remedies.

This issues statement should not be seen as implying that the inquiry group has established any competition concerns—the CC has yet to reach any conclusions on this inquiry. The purpose of making the statement of issues public is to inform all interested parties of these issues and give them an opportunity to raise any further points with the CC.

Anyone wishing to comment on any of the issues set out is requested to do so by Tuesday 7 February 2006 in writing to:

Alan Shearman
Inquiry Secretary (HMV/Ottakar's merger inquiry)
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

Or email: alan.shearman@cc.gsi.gov.uk

Notes to editors

1. The Enterprise Act 2002 empowers the OFT to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
2. The HMV/Ottakar's inquiry group consists of five members: Diana Guy (Group Chairman), Jayne Almond, Diane Coyle, Nicholas Garthwaite and Charles Henderson.
3. The CC has a 24-week period in which it is required to publish its report, which may be extended by no more than eight weeks if it considers that there are special reasons why the report cannot be published within that period.
3. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at: www.competition-commission.org.uk.
4. Media enquiries should be directed to Rory Taylor on 020 7271 0242 (email: rory.taylor@cc.gsi.gov.uk).