

ACQUISITION BY BRITISH SKY BROADCASTING PLC OF 17.9% OF THE SHARES IN ITV PLC

TERMS OF REFERENCE

Whereas the Secretary of State has given an intervention notice in relation to a relevant merger situation, as defined in section 23 of the Enterprise Act 2002 ("the Act"), and has received a report of the Office of Fair Trading and of OFCOM under sections 44 and 44A of the Act in relation to the matter.

Whereas the Secretary of State believes that it is or may be the case that –

- (a) a relevant merger situation has been created in that:
 - (i) enterprises carried on by or under the control of ITV plc have ceased to be distinct from enterprises carried on by or under the control of British Sky Broadcasting Group plc (BSkyB); and
 - (ii) the value of the turnover in the United Kingdom of the enterprise taken over exceeds £70 million;
- (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services including the respective UK-wide markets for (1) all TV; (2) premium pay TV; (3) television advertising; and (4) acquisition of premium sports rights;
- (c) the media public interest consideration specified in the intervention notice is relevant to a consideration of the relevant merger situation concerned; and
- (d) taking account only of the substantial lessening of competition and the media public interest consideration concerned, the creation of the relevant merger situation operates or may be expected to operate against the public interest.

Now, therefore, the Secretary of State, in exercise of his powers under section 45(2) of the Act, hereby refers to the Competition Commission ("the Commission") for investigation and report within a period ending on 7 November 2007 the questions referred to in section 47(1), (2), (7) and (8) of the Act.

In relation to the question whether a relevant merger situation has been created, which arises under section 47(1) of the Act, the Commission shall exclude from consideration one of subsections (1) and (2) of section 23 of the Act if the Commission finds that the other is satisfied.

Thursday 24 May 2007

Andrew Rees
An official of the Department of Trade and Industry