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Following the re-notification of the acquisition of TPS and CanalSatellite by Vivendi Universal and Canal Plus, the *Autorité de la concurrence* has opened an in-depth examination of the acquisition

Having yesterday received commitments from Canal Plus, it will decide – within a maximum of two weeks – on which procedure to follow regarding the take-over of the channels Direct 8 and Direct Star

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Take-over of TPS and CanalSatellite by Vivendi Universal and Canal Plus Group: opening of phase 2

Following the withdrawal of its authorization to acquire TPS and CanalSatellite as a result of the failure by Vivendi Universal and Canal Plus Group to comply with commitments that were a condition of the decision authorizing the transaction in 2006 (see decision 11-D-12 of 20 September of the Autorité de la concurrence and the related press release), Vivendi Universal and Canal Plus Group renotified the transaction to the Autorité de la concurrence on 24 October 2011. The application, which did not contain all the required information to allow proper investigation of the request, was completed on 21 February 2012.

Within the framework of the merger review, and after conducting a initial market test, the *Autorité* considers that the merger raises serious concerns about the impact on effective competition and thereby requires the opening of an in-depth investigation (phase 2).

The initial analysis phase revealed that the competitive position of the parties, notably in the upstream market of broadcasting rights acquisition – relating to broadcasting on pay TV – , in the market for the production and commercialization of thematic channels and in the downstream market for the retail distribution of pay-TV, had become significantly stronger since the acquisition of TPS in 2006.

During the phase 2 investigation, in accordance with applicable regulations, the Autorité will seek the opinion of the Audiovisual Regulator (*Conseil Supérieur de l'Audiovisuel*, or CSA) and the Telecommunications and Posts Regulator (*Autorité de Régulation des Communications Électroniques et des Postes*, or ARCEP). It will also consult more widely with market players. The *Autorité* will be particularly careful to determine whether or not the strong positions of Canal Plus Group affect competition, taking into account the current competitive operation of the markets concerned. Should it prove necessary, the Autorité will also seek market players' opinion on remedies to remove the competition concerns identified.

Legislation provides that such an investigation should take place within a period of 65 working days, beginning with the commencement of phase 2. This period may be extended, however, either to finalize commitments or if a new material event occurs.

Take-over of the channels Direct 8 and Direct Star: Canal + submits commitments

At the same time, regarding the projected take-over of the channels Direct 8 and Direct Star, yesterday the *Autorité de la concurrence* received proposed commitments from Canal Plus Group, the submission of which extends the phase 1 deadline by a maximum of 15 working days. The examination of these commitments by the *Autorité*, which will include a new consultation of market players, however does not – within the framework of this second file – exclude the opening of an in-depth investigation (phase 2) if the Autorité considers that, despite these commitments, serious concerns remain regarding the impact on competition of the projected acquisition.

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