



## **DETERMINATION OF MERGER NOTIFICATION M/06/090– ESPN/NASN**

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### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition of NASN Limited by ESPN Inc.**

**Dated 03/01/07**

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### **Introduction**

1. On 8<sup>th</sup> December 2006 the Competition Authority (“the Authority”), in accordance with Section 18(1)(b) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby ESPN Global Inc. (“ESPN”), through its newly formed subsidiary, ESPN Global Limited, would acquire sole control of NASN Limited and its subsidiaries (“NASN”). As a result of the proposed transaction, the entire share capital of NASN would be held by ESPN Global Limited.
2. The Authority advised the Minister and the undertakings involved that it considers the proposed transaction to be a media merger, in accordance with section 23(1) of the Act.

### **The Undertakings Involved**

3. ESPN, the acquirer, is a US sports media and marketing company with substantial activities in cable and non-broadcast television, publishing, radio and new media. ESPN comprises six US television networks, ESPN and ESPN2 HD simulcast services, ESPN Regional Television, ESPN International, ESPN Radio, ESPN.com, *ESPN The Magazine*, ESPN Enterprises, ESPN Zones (sport-themed restaurants), and other growing new businesses, including ESPN360 (Broadband), Mobile ESPN, ESPN on Demand, ESPN Interactive and ESPN PPV. ESPN also syndicates sports programming material to agencies and channel operators worldwide.
4. Currently, there is only one ESPN channel, “ESPN Classic”, available in Ireland to subscribers to Sky. ESPN Classic broadcasts historical programme material mainly consisting of classic sporting events rather than live or delayed broadcast sporting events and it does not contain North American sports events. ESPN also has some syndication of programme business with customers in Ireland. ESPN also operates websites which, although not marketed in Ireland or targeted to Irish customers, are accessible through the Internet in Ireland. For the financial year ended 1 October 2006, ESPN generated turnover of c. €[ ] million in UK and Ireland.

5. NASN, the target, is a company registered in Ireland and is currently jointly owned by Setanta Media Holdings and Benchmark II, LP. NASN produces and operates a specialist television channel dedicated to North American sports, which is targeted at North American ex-pats and European based fans of American sports. NASN is broadcast in the UK and Ireland over the Sky, NTL/Chorus and ntl:Telewest (UK only) platforms. It is available as part of the Setanta Sports channel to Sky digital subscribers via direct subscription to Setanta and to NTL/Chorus digital subscribers via direct subscription to NTL/Chorus. For the financial year ended 31 December 2005, NASN generated turnover of c. €[] million in Ireland.

### **Analysis**

6. Internationally, the activities of both ESPN and NASN mainly overlap in three areas: (i) provision of sports television channels; (ii) syndication/licensing of programme material; and (iii) television advertising. The activities of the parties in each of these overlapping areas in the State are discussed below.

### ***Sports Television Channels***

7. Both ESPN and NASN provide sports television channels that are available to customers in the State. Sample programme listing of each of ESPN Classic and NASN show that the undertakings involved offerings are different. ESPN Classic contains mainly European sport events of at least one year old, while NASN contains mainly live and delayed broadcasts of North American sports events as well as current North American sports news shows. Accordingly, the Authority considers that there is no horizontal overlap in the activities of the undertakings involved concerning the provision of sports television channels in the State.

### ***Syndication/Licensing of Programme Material***

8. There is no horizontal overlap in relation to the syndication of programme material. NASN does not syndicate programme material to customers in the State. However, there is limited vertical overlap between the activities of the undertakings involved concerning an output deal between them. This is a short term deal under which ESPN has licensed to NASN programming including US NCAA College basketball and football games for the period from [..].

### ***Television Advertising***

9. ESPN carries advertising that is negotiated and concluded on an international level. Neither ESPN nor NASN carries advertising directed specifically at Irish customers. Also, NASN does not have any advertising customers in the State. Accordingly, the Authority considers that there is no horizontal overlap in the activities of the

undertakings involved concerning the television advertising in the State.

10. In the light of the above, the Authority considers that the proposed transaction does not raise competition concerns in the State.

### **Determination**

The Competition Authority, in accordance with Section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by ESPN Global Inc., through its newly formed subsidiary, ESPN Global Limited, of sole control of NASN Limited and its subsidiaries, will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect, subject to the provisions of Section 23(9)(a) of the Competition Act.

### **For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority