



NEWS RELEASE

26th August 2005

The Competition Authority attaches conditions to the purchase of Highland Radio by Scottish Radio Holdings

The Competition Authority has today, 26th August, announced its determination that the proposed acquisition of Donegal Highland Radio Limited (trading as Highland Radio) by Scottish Radio Holdings plc. may be put into effect subject to a number of conditions (Merger Notification M/05/025).

As this is a media merger under the Competition Act 2002, the matter is now referred to the Minister for Enterprise, Trade & Employment for independent review. While the Competition Authority must make its determination based on competition issues the Minister may make independent findings based on separate, non-competition, criteria. If the Minister makes no order within 10 days the determination of the Authority is final.

Determination of The Competition Authority

On June 1, 2005 The Competition Authority was notified on a mandatory basis of the proposed acquisition of Highland Radio by Scottish Radio Holdings under Section 18 of the Competition Act, 2002.

After an extended Phase 1 investigation The Competition Authority has, in accordance with Section 21(2) of the Competition Act, 2002, and having taken into account the proposal (outlined below) made by SRH in accordance with Section 20(3) of the Act, has determined that, in its opinion, the result of the proposed transaction will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the proposed transaction may be put into effect subject to the following proposal:

“Scottish Radio Holdings plc and Donegal Highland Radio Limited (trading as Highland Radio) shall cease any and all forms of participation in the advertising sales of Independent Radio Sales Limited (IRS) on or before six months after the date of completion of the proposed acquisition. The parties commit to relinquish any shareholding in IRS, to cease any involvement in the management of IRS and to remove themselves from the board of IRS within the same timeframe.

For the avoidance of doubt, this commitment shall not have the effect of preventing IRS from purchasing airtime from Highland Radio for resale to advertisers on an arm's length basis subject to Highland Radio not participating in any way in the profits accruing to IRS or in the resale of this airtime by IRS.”

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The Parties involved in the transaction

Scottish Radio Holdings (SRH) is a media group whose activities, through its subsidiaries, include radio broadcasting and publishing in the United Kingdom and the Republic of Ireland. SRH owns two analogue radio stations which are broadcast in the State: **Today FM** (a national commercial radio station) and **FM104** (a local commercial radio station broadcasting in the Dublin City and County region). Both broadcasting services are licensed by the Broadcasting Commission of Ireland (BCI).

Highland Radio is a local radio station licensed by the Broadcasting Commission of Ireland to broadcast in North Donegal.