

Adjudicator guidance on revised CRR Undertakings

1. *Can you outline the main changes to the Undertakings resulting from the Competition Commission review of CRR?*

The main change is that the definition of ITV1 now includes both ITV1 HD and ITV1+1.

2. *Are impacts delivered on ITV1 HD included within the monthly ITV1 regional SAPs (station average prices)?*

Yes, and this has been true since ITV1 HD launched in April 2010

3. *Will impacts delivered on ITV1+1 be included within the regional ITV1 SAP calculations?*

Yes, as soon as ITV1+1 launches.

4. *Will ITV1 HD impacts only count towards the ITV1 SOCI from the date that the new undertakings came into force?*

No. All impacts delivered on ITV1 HD in 2010 (including those delivered before the new undertakings came into force) will count towards the ITV1 2010 SOCI and will be included in any ARM calculation in relation to an advertiser's or media buyer's 2011 SOB commitments under CRR.

5. *Is it correct that ITV can reconcile airtime delivered on ITV1 HD against the ITV1 regional SAPs, and can it do so for airtime delivered on ITV1 HD prior to the revised undertakings coming into force?*

Yes, airtime delivered on ITV1 HD will be reconciled against the relevant ITV1 monthly regional SAPs.

As noted above, the impacts delivered on ITV1 HD have been included in the relevant ITV1 SAPs since the launch of ITV1 HD. Just as impacts delivered on ITV1 HD prior to the revised undertakings being accepted will count towards the ITV1 2010 SOCI, so too can airtime delivered on ITV1 HD prior to the revised undertakings coming into force be reconciled at the relevant ITV1 SAP.

6. *Is the ARM calculation any different as a result of the revised undertakings?*

There will be no fundamental change to the ARM calculation. The only difference is that now both ITV1 HD and ITV1+1 impacts will count towards the ITV1 SOCI.

Therefore, ARM calculations for 2011 share of broadcast commitments under CRR will be calculated based on comparing (i) 2010 ITV1 SOCI + 2010 ITV1 HD SOCI against (ii) the ITV1 SOCI in the base year relevant to each protected contract (2009 or earlier).

Similarly once ITV launches ITV1+1 in 2011, the comparison for calculations thereafter will be between;

- (i) ITV1 SOCI + ITV1 HD SOCI + ITV1+1 SOCI for that current year and
- (ii) either,

- a. the ITV1 SOCI in the base year relevant to each protected contract (where the base year is 2009 or earlier) or
- b. the 2010 ITV1 SOCI + 2010 ITV1 HD SOCI (for new 2011 protected contracts where the base year is 2010) or
- c. the ITV1 SOCI + ITV1 HD SOCI + ITV1+1 SOCI where the base year includes 2011 or later (for new annual protected contracts in 2012 and beyond or new protected contracts starting intra year in 2011 after ITV1+1 has began transmission).