GLOBAL-GMG MERGER INQUIRY

Lincs FM Group Limited operates eight commercial radio services in Lincolnshire and Yorkshire. It has grown mostly by winning licences rather than by acquisition.

(i) Information as to Global Radio's current competitors in the radio services industry in the UK, and what new competitors Global Radio may face in the future.

(ii) How easy or difficult it would be to enter this market

(iii) The effect of the acquisition on current and future customers, suppliers or competitors

Global Radio's competitors in the radio services industry are limited because there is no available FM spectrum for new services. Almost all significant licences have not become available over recent years for re-advertisement due to on-going commitment to DAB broadcasts (in many circumstances, analogue licences can be renewed without contest if a commitment is made to DAB carriage). Furthermore there is pressure for the abandonment of the 'beauty parade' process for the re-award of analogue licenses. This means that a new player can only enter the analogue radio market by acquiring licenses from an existing operator. To this extent Global is unlikely to face any significant new competitors and it they do, it will only be a replacement for an existing competitor.

The situation is different with regard to DAB transmission where there is some space capacity, even if as anticipated, regional DAB is closed down. However, it is uncertain, both if and when DAB will replace FM broadcasting.

The size of Global's completed acquisition, not only allows the company to dominate the nationally based advertising market, but also moves what was once considered 'local radio' or in some cases 'regional radio', ever close to national radio. It makes it easier for Global Radio to take a disproportionate share of available advertising budgets at the expense of smaller locally focussed radio operations such as ours.

Whilst many smaller operations are able to maintain good streams of local revenue, without access to national revenues, it is difficult to remain viable and owners will be tempted/forced to sell their operations to quasi-national operators who are able to access national markets more efficiently. We believe that this acquisition will significantly reduce the provision of local

commercial radio particularly with regard to its style and content. It will make it more difficult for smaller local advertisers to use the medium and will result in a significantly more homogenised approach with the sector failing to reflect the differences of the local areas that they were licenced to serve.

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