

***Case No COMP/M.4611 -
EGMONT / BONNIER
(BOOKS)***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(2) NON-OPPOSITION
Date: 15/10/2007

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15/10/2007

SG-Greffe (2007) D/206141

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) and 6(2)
DECISION

To the notifying party:

Dear Sir/Madam,

**Subject: Case No COMP/M.4611 – Egmont/Bonnier (Books)
Notification of 27 August 2007 pursuant to Article 4 of Council Regulation
No 139/2004¹**

1. On 27 August 2007, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking Egmont Holding A/S ("Egmont", Denmark) acquires within the meaning of Article 3(1)(b) of the Council Regulation ("the Merger Regulation") control of the whole of the undertaking Bonnier Forlagene A/S ("Bonnier Forlagene", Denmark), which belongs to the Swedish media publishing group Bonnier ("the Bonnier group"), by way of purchase of shares.
2. On 21 September 2007, the notifying party submitted undertakings, which were subsequently refined on 12 October 2007. The proposed commitments were designed to eliminate the serious doubts identified by the Commission, in accordance with Article 6(2) of the Merger Regulation. After examination of the notification and in light of these undertakings, the Commission has concluded that the notified operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

¹ OJ L 24, 29.1.2004 p. 1.

I. THE PARTIES

3. Egmont is a Danish based media group engaged in a variety of media channels, including *inter alia* book publishing, especially focusing on the Scandinavian region. It also operates in Europe with more than 100 companies in 21 countries.
4. The Bonnier group is a family-owned media group based in Sweden. It comprises approximately 150 companies and units, active in more than 20 countries, with a particular focus on the Northern region of Europe. It is engaged in several media channels, as it publishes books, newspapers, magazines; it also produces and distributes films, music, radio and TV.
5. Bonnier Forlagene A/S is a subsidiary of the Bonnier group active as a book publisher in Denmark, comprising six publishers and a book club.

II. THE CONCENTRATION

6. The notified operation is one part of a wider transaction between the Bonnier group and Egmont, under which (i) Egmont is to acquire 100% of the shares in Bonnier Forlagene from the Bonnier group, and (ii) Egmont and the Bonnier group are to transfer their respective Norwegian book publishing activities into a newly created company which will be jointly controlled².
7. The two parts of the transaction were initially agreed as inter-conditional upon each other. On 21 June 2007, the parties lifted the inter-conditional clauses by amending their agreements. Nevertheless, the Commission considers that there is still a *de facto* unity between the two parts of the transaction, which therefore constitutes one single concentration within the meaning of Article 3 of the Merger Regulation. The fact that the clauses were included in the original agreements and that they have been waived at such a late stage in the proceedings (few days before Egmont and the Bonnier group submit a referral request to the Commission pursuant Article 4(4) of the Merger Regulation) gave sufficient indication that these transactions are, nevertheless, *de facto* inter-conditional. Furthermore, it can be noted that the two parts of the transaction are still "closely linked" inasmuch as they have been negotiated in parallel, the agreements have been signed simultaneously as well as the amendments.

III. PRE-NOTIFICATION REFERRAL REQUEST

8. On 27 June 2007, the Commission received from Egmont and the Bonnier group a request to refer the case to Norway and Denmark pursuant to Article 4(4) of the Merger Regulation. While the Norwegian authority accepted the referral of the Norwegian part of the transaction, the Danish authority expressed its disagreement as

² The Norwegian transaction entails the creation of a full-function joint venture to which the parties will contribute all assets and personnel necessary for the business and which will perform on a lasting basis all the functions of an autonomous economic entity. Egmont and Bonnier will each hold 50% of the shares of the joint venture company, they will each appoint an equal number of board members and each member shall have one vote; the chairman shall have no casting vote and the major business decision of the company shall be taken by unanimous decision.

regards the referral of the Danish part of the transaction³. As a result, the Commission retained jurisdiction over the acquisition by Egmont of Bonnier Forlagene.

IV. COMMUNITY DIMENSION

9. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 2 500 million⁴; their combined aggregate turnover in Denmark, Sweden and Finland is more than EUR 100 million⁵; the individual turnover of two of the undertakings concerned (Egmont and the Bonnier group) in each of these three Member States is more than EUR 25 million⁶; two of the undertakings concerned (Egmont and the Bonnier group) have a Community-wide turnover in excess of EUR 100 million⁷, but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State.
10. The notified concentration therefore has a Community dimension within the meaning of Article 1(3) of the Merger Regulation.

V. COMPETITIVE ASSESSMENT

11. The proposed concentration concerns the book publishing sector in Denmark, at different levels of the value chain and in different categories of books.

A. Relevant markets

1. Relevant product markets

12. The relevant markets in which the parties are active along the "book value chain" concern the markets for (i) the acquisition of domestic and foreign publishing rights, (ii) sale of books to dealers, and the (iii) sale of books to final consumers. Within the latter category a separate market could be constituted by the distant sale segment, which includes book clubs, mail orders and sales via Internet, as the Commission indicated in the *Lagardère* case⁸. The parties are also active, as customers, in the market for book distribution services.
13. The market investigation confirmed that the above segmentation is appropriate, as it accurately reflects each level of the book value chain in Denmark. Furthermore, the market investigation did not bring forward any element on the basis of which a distinct "distant sale" market, including book clubs, mail orders and sales via Internet, could be

³ Letter from the Danish competition authority dated 18 September 2007.

⁴ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). Combined aggregate worldwide turnover: EUR 4 380 million, whereas Egmont's turnover is [...] and Bonnier group's is [...].

⁵ Denmark: [...], Sweden: [...]; Finland: [...].

⁶ Denmark: Egmont [...], Bonnier Forlagene (only active in Denmark) [...], Bonnier Group [...]. Sweden: Egmont [...], Bonnier group [...]. Finland: Egmont [...], Bonnier group [...].

⁷ Egmont: [...]; Bonnier group: [...].

⁸ See Commission decision in case COMP/M.2978 – Lagardère/Natexis/VUP.

identified within the overall market for the sale of books to final consumers. Rather, some replies indicated that, in Denmark, different sales channels, in which also the sales through supermarkets should be included, can be considered as part of one single market for sale of books to final consumers. Hence, for the purpose of the present case, the overall market for sale of books to final consumers will include the "distant sale" segment as described above.

14. The notifying party also proposed to delineate a further sub-division at every level of the book value chain according to different categories of books. The proposed delineations are in line with a previous Commission decision⁹.

15. The different book categories are

- a) general literature (large format);
- b) general literature (pocket format)¹⁰;
- c) children's books;
- d) factual prose (including reference works);
- e) strip cartoons¹¹;
- f) school books
- g) academic and professional books;
- h) electronic publications¹².

16. The investigation broadly confirmed that this further sub-division is upheld by publishers, authors and customers of the merging parties.

17. As regards specifically strip cartoons, a few replies from publishers considered that they could be exposed to some degree of competition from children books, strip magazines or science fiction and fantasy books. However, the notifying party itself - which is, with the target company, the main actor on this market in Denmark - some other publishers and some authors upheld the definition of strip cartoons as a separate market. As a whole, there is no clear indication suggesting that, under the current

⁹ COMP/M.2978 – Lagardère/Natexis/VUP.

¹⁰ It has been submitted that in Denmark the first edition is generally large format, whereas the secondary editions are generally pocket format. The market investigation confirmed this distinction.

¹¹ Strip cartoons have been defined in the Lagardère case as follows "A strip cartoon is a sequence of drawings telling the same story or presenting the same character. Strip cartoons differ from other works by their content, the fact that they are often in colour and the fact that they are often published in a series of successive volumes. Furthermore, strip cartoons are often sold in specialised bookshops and even more often are published by specialised publishers." See Commission decision in case COMP/M.2978 – Lagardère/Natexis/VUP, at para 241.

¹² Further book categories exist, for instance, art books, guides and manuals, low price books. However, overlaps occur only in the above-mentioned categories.

circumstances in Denmark, one should depart from the market definition established in the precedent Lagardère case.

18. As school books, academic and professional books and electronic publications (categories f), g) and h) above) do not constitute affected markets, they will not be discussed further in the present decision.
19. It can therefore be concluded that the relevant product markets are the markets for (i) the acquisition of domestic and foreign publishing rights, (ii) the distribution of books, (iii) the sales of books to dealers and the (iv) sales of books to final consumers and, within markets (i), (iii), and (iv), the categories of general literature (large format), general literature (pocket format), children's books, factual prose (including reference works), strip cartoons and other categories.

2. Relevant geographic market

20. The geographic scope of the above markets is proposed to be national within all the book groups along the entire value chain. The parties submit that there is marginal cross-border demand for books in Danish. Furthermore, a national regulatory regime is in place with respect to pricing.
21. The market investigation confirmed that the geographic scope of the above markets can be considered national within all the book groups along the entire value chain. Therefore, for the purpose of the present case, all relevant markets are considered to be national in scope.

B. Competitive assessment

22. The information provided in the notification suggested that the concentration might affect competition only in few of the Danish book markets. The parties submitted that the affected markets are the ones for: (i) acquisition of publishing rights, (ii) sale of books to dealers, and (iii) sale of books to final consumers. The book categories involved are a), b), c), d) and e) above.
23. The market investigation examined whether the significant increase of the parties' combined market share in a number of markets would actually lead to anti-competitive effects and would harm consumers.

1. Market for publishing rights

24. In this market authors and authors associations are the selling side whereas publishers are the buying side. The selling side is potentially very large, as the actual number of right holders willing to offer their intellectual property rights to publishers is unknown at any time. In Denmark there is no standard agreement between the Danish Publishers Association and the Danish Writers Association and negotiations are carried out individually.
25. The market investigation confirmed that, as submitted by the notifying party, in Denmark no official statistics are available concerning the market for publishing rights. The notifying party hence provided figures based on the percentage of new Danish titles launched in 2006 and backlist attributable to each of Egmont and the Bonnier group, on the basis of statistics from the Danish Library Centre Statistics. The combined market share for 2006 in this respect, when considering all the book

categories for both new titles and back lists, is below 15%. As far as single categories are concerned, the parties' combined market share would be 13% for factual prose, 34% for general literature and 22% for children's books. No data are available from the Danish Library Centre Statistics for the other book categories, notably for strip cartoons.

26. In order to cross-check and complement the information provided by the notifying party regarding the parties' position in the market for the acquisition of publishing rights, the Commission collected data regarding the top 20 best selling titles in each book category from the largest retail bookstore chain in Denmark, Bog & Idè, for the years 2005, 2006 and for the first half of 2007¹³. Each chart specifies the origin (Danish or foreign) of the book license concerned, the total number of copies sold and the retail price. The data shows that Egmont and the Bonnier group are both represented in the top charts of all book categories but also that several other publishers enjoy a similar or even better position in the charts, with the exception of strip cartoons. The data also highlights that all publishers regularly gain and lose chart positions from one year to the other, again with the exception of strip cartoons. Also when considering the top 20 best seller lists in each book category for the years 2005 and 2006 provided by the parties and by other publishers (including Gyldendal, Politiken, Modtryk and Borgen among others) it appears that the merging parties have no particularly strong position in the acquisition of publishing rights, with the exception of strip cartoons. Rather, the major competitor Gyldendal seems to be attracting significantly more Danish and foreign right holders than any other publisher.
27. The questionnaire's replies also highlighted that, with the exception of strip cartoons, authors and right holders are not concerned as regards the merger of two important publishers as in the Danish market the authors would still have choice among several other players, including Gyldendal, Politiken, Modtryk, Gad and Borgen.
28. In contrast to the above, the best seller lists provided by Bog & Idè and by publishers, including the parties, clearly indicate that Egmont and the Bonnier group are invariably significantly better represented than all the other publishers in the strip cartoons category and that their publications accounts for virtually all the 20 best seller titles in Denmark in this category over the years.
29. From a right holder's perspective, Egmont and the Bonnier group are considered to be the most attractive publishers which can acquire the most of the rights for strip cartoons in Denmark. This is due notably to their long-term established position on the market and the mutual trust relationship they have built with authors and right holders over many years¹⁴.
30. In addition, each of the parties has the capacity to conclude agreements with authors and right holders which cover the whole of the Northern region. In fact, Egmont and the Bonnier group are active as strip cartoons publishers also in other Nordic countries,

¹³ The bookstore chain Bog&Idè specified that the sales lists are compilations of data from the voluntary members that use the IT sales system provided by the bookstore itself. About 95% of the members use the said IT system.

¹⁴ For example, Bonnier has been the publisher of all Tintin albums in Denmark for more than 30 years.

which allows them to allocate costs and risks on different countries and ensure the best total sales and, hence, the highest royalties for authors or right holders.

31. The strong position held by Egmont and the Bonnier group in the upstream market for the acquisition of strip cartoons rights is also unlikely to evolve in the near future as it reflects their strong position at the downstream level in the market for the sale of strip cartoons to dealers (see below).
32. Evidence gathered in the course of the market investigation indicates that Egmont and the Bonnier group compete with each other for the acquisition of publishing rights to strip cartoons¹⁵.
33. In the course of the market investigation, many authors and right holders expressed concerns as regards the fact that after the merger there would be *de facto* a single publisher with a strong contractual power in Denmark.
34. In conclusion, the merging parties appear to be the only significant acquirer of strip cartoons rights in Denmark for both right holders and authors.
35. Therefore, the Commission concludes that the proposed concentration raises serious doubts as to its compatibility with the Common Market with regard to the Danish market for the acquisition of strip cartoons publishing rights. .

2. Sale of books to dealers

36. This market comprises sales from publishers to bookstores or bookstore chains and to super/hypermarkets¹⁶. The parties' combined market share in value for the year 2006 for each book category is: general literature large format [10-20]%, general literature pocket format [20-30]%, factual prose [20-30]%, children's books [40-60]%, and strip cartoons [70-80]%. In view of the parties' position, only the two latter categories will be discussed below.

2.1 Children's books

37. On this small market (of just more than EURO 3 million in 2006) the parties' estimate of their combined post merger market share is [40-50]% by value and [50-60]% by volume. The market investigation revealed that, in this book category, the merged entity would have a strong competitor (Gyldendal) with a [30-40]% market share in value in 2006 which competes head-to-head with Egmont and the Bonnier group in the top 20 charts. In this respect, it is worth mentioning that Gyldendal holds the publishing rights for the best seller "Harry Potter" series. Several other competitors constantly publish children's books which are represented in the top 20 best seller lists and can therefore exercise competitive pressure on the merged entity. Furthermore, the market has seen recent entries or expansion by publishers already active in other categories, such as the publishing houses Mangismo, Phabel and Politiken. The latter, which introduced in the Danish market the successful "celebrity children's books"

¹⁵ For example, publishing rights to Lucky Luke and Spirou albums have been transferred from the Bonnier group to Egmont in 2000 and 2002 respectively.

¹⁶ Publishers sell directly to retailers in the absence of wholesalers who are not active on the Danish book markets.

concept, has a [10-20]% market share in value in the year 2006¹⁷. Furthermore, supermarket chains have also started to publish co-editions of children's books at low-end prices, exercising price pressure on traditional publishers. For instance, the large supermarket chain Dansk Supermarkt has recently introduced its own book label. These elements and the fact that market shares are fluctuating year by year show that barriers to entry and expansion in this segment are relatively low and that the market is certainly contestable.

38. Therefore, the Commission concludes that the proposed concentration does not raise serious doubts as to its compatibility with the Common Market with regard to the market for the sale of children's books to dealers.

2.2 Strip Cartoons

39. The investigation confirmed that Egmont and the Bonnier group hold together the vast majority of titles for strip cartoons in the Danish market. Egmont and the Bonnier group together would also hold the most popular titles (including Tintin, Asterix, Lucky Luke and a "Northern mythology" series called Valhalla) published in Denmark.
40. Indeed, in the Danish market for the sale of strip cartoons to dealers, the parties' combined market share in 2006 was [70-80]% in value and [80-90]% in volume. The parties' combined market share has been stable since 2004. No other major Danish publisher is present in this market. There are a few "fringe" publishers, generally established as a single man company, which publish specific titles and not always manage to remain on the market for long, as sales figures rarely reach a "critical mass" that would justify further editions of strip cartoons albums. In addition, most market players observe that the strip cartoons' is a small (the estimated overall value in 2006 was of EUR 2.2 million) market in Denmark. The fact that Egmont and the Bonnier group together hold all the best seller titles and enjoy a strong position in the upstream market for the acquisition of strip cartoons publishing rights constitutes a strong barrier to entry and strong barrier to expansion for fringe players.
41. In conclusion, the merging parties are the only two significant strip cartoons publishers in Denmark and their position does not appear to be easily contestable.
42. Therefore, the Commission concludes that the proposed concentration raises serious doubts as to its compatibility with the Common Market with regard to the Danish market for the sale of strip cartoons to dealers.

3. Sale of books to final consumers

43. In the retail market for sale of books to final consumers irrespective of the sales channel and book category, the parties' combined market share is [0-10]% in value in 2006. In this market, the position of Egmont and the Bonnier group, which are only active through book clubs, is rather weak as they are under competitive constraints from other vertically integrated publishers which own book clubs (e.g. Gyldendal with a market share in 2006 of [0-10]%) and/or bookstores (e.g. Gyldendal, Arnold Busch and Gad), as well as from several independent bookstore chains (Indeks Retail/Bog &

¹⁷ Source: Parties' estimates.

Idè with a market share of [20-30]%, Arnold Boger with a market share of [0-10]%) and supermarket chains (which account for [20-30]% of the market).

44. When looking at each individual book category, the parties' highest combined market shares reaches a maximum of [10-20]% by value in 2006 in the general literature large format category.
45. The position of the future entity in this market has not raised any concern amongst the market participants.
46. Therefore, the Commission concludes that the proposed concentration does not raise serious doubts as to its compatibility with the Common Market with regard to the market for the sale of books to final consumers.

4. Distribution of books

47. The notifying party did not identify the market for the distribution of books as an affected market. Nevertheless, the investigation revealed that the Danish distributors are only two, DBK and NBC. DBK is a foundation formed by the Publisher's Association and the Book Trade Association in 1921 as an independent and institution. NBC belongs to Gyldendal, Denmark's strongest competitor to Egmont and the Bonnier group. The two distributors do not buy and resell books, but act as service providers to the publishers. Both Egmont and the Bonnier group are served by DBK, and their combined share as customers based on revenue is [40-50]%.
48. In view of this high share, the Commission has assessed whether the merged entity would have the ability to force DBK to price discriminate or to hinder access by other publishers to its distribution services. Regarding price discrimination, it should be mentioned that logistics account only for 7% on average of the total retail price of books in Denmark. Therefore, even if logistics costs for other publishers were unduly (i.e. beyond the normal quantity rebates) raised, this would have a non significant impact on the retail price paid by final consumers. As books are, by nature, differentiated goods, such limited price increase would hardly affect the sales of other publishers.
49. On the other hand, despite its high share of DBK's revenue, the merged entity would have little leverage on DBK to force it to hinder access by other publishers to its distribution services, since its only alternative would be to switch to NBC, which belongs to their main competitor. This option does not seem to be realistic and therefore does not constitute a credible threat for DBK.
50. Therefore, the Commission concluded that the proposed concentration does not raise serious doubts as to its compatibility with the Common Market with regard to the Danish market for the distribution of books.

VI. COMMITMENTS OFFERED BY THE NOTIFYING PARTY

51. In order to address the serious doubts raised by the proposed concentration, the notifying party proposed remedies pursuant to Article 6(2) of the Merger Regulation. The submission of these commitments on 21 September 2007, refined on 12 October 2007, extended the legal deadline for the Commission's decision to 15 October 2007.

1. Description of the commitments

52. In order to remove the competition concerns raised by the notified operation in the Danish strip cartoons books market, Egmont commits to sign an amendment to the Share Sale and Purchase Agreement of Bonnier Forlagene. According to the amendment, the Bonnier group's strip cartoons business in Denmark will be carved out from the transaction. As a consequence, the Bonnier group will retain its strip cartoons business in Denmark, whereas Egmont will acquire all the other book publishing activities of the Bonnier group in this country. The strip cartoons business will be transferred to a newly formed subsidiary of the Bonnier group, to be named Bonnier Comics A/S.
53. As a result of the proposed commitments, the Bonnier group will retain all the strip cartoons licences it currently holds in Denmark, including those relating to albums which have not yet been published, as listed in Annex A to the remedy proposal. The only exception concerns the "Valhalla" series, whose publishing rights will be transferred to Egmont¹⁸. The amendment also stipulates that the Bonnier group shall not be prevented from publishing strip cartoons and that it will remain free to develop its strip cartoons business in Denmark in competition with Egmont.
54. The proposed commitments also specify that the Bonnier group will retain the stock of the printed strip cartoons albums (except those of the Valhalla series), and that it will be entitled to use the Carlsen trademark free of charge for the sale of the stock of strip cartoons albums printed under that trademark during a transitional period of [...]. In addition, the proposed commitments specify that the current executive editor of the majority of the Bonnier group's current licensed strip cartoons business will, post transaction, be employed as manager of the new strip cartoons entity within the Bonnier group.
55. Finally, Egmont also commits not to take over any strip cartoons licence which will be retained by the Bonnier group until the term of the licence as specified in the license agreement, even if such license is terminated earlier. In the event that a license will be terminated before the term specified in the license agreement, and is therefore "free on the market", Egmont may request the Commission to review this commitment.

2. Assessment of the commitments

56. Overall, the market test of the remedies confirmed that the competition concerns raised by the transaction in the Danish market for the acquisition of strip cartoons rights and the Danish market for the sale of strip cartoons to dealers will be solved as a result of the carve out of the Bonnier group's strip cartoons business from the transaction.
57. Firstly, the market test revealed that the Bonnier group's strip cartoons business is an independent stand alone business, representing a significant share of the Danish strip cartoons market ([30-40]% in value and [50-60]% in volume in 2006). The

¹⁸ The Valhalla series was written by the illustrator Peter Madsen and the former publishing director of Carlsen, one of the business units of Bonnier Forlagene. Carlsen has established a close working relationship Peter Madsen in other book categories, including children's books. The notifying party claims that if the publishing rights relating to the Valhalla series were to remain with the Bonnier group, Carlsen's future work relation with Peter Madsen in other book categories could be affected.

respondents to the market test did not raise any concerns with respect to the access of the strip cartoons business to distribution and retail sale channels, nor do they express concerns as to its attractiveness for strip cartoons authors or right holders.

58. As regards the Valhalla series, its importance for the Bonnier group's strip cartoons business is limited. According to information provided by the notifying party, this series accounted in 2006 for [10-20]% of all the Bonnier groups sales of strip cartoons both in volume and value and for approximately [0-10]% of the total sale of strip cartoons in Denmark in value. [...] ¹⁹. [...].
59. Finally, Egmont's commitment not to take over any strip cartoons license that will be retained by the Bonnier group until the term of the licence as specified in the license agreement, even if such license is terminated earlier, ensures the viability and sustainability of the Bonnier group's strip cartoons business in the coming years. In order to ensure its effectiveness, this commitment is to be interpreted in the sense that it prevents Egmont to indirectly take over any of those licenses by acquiring the Bonnier group's strip cartoons business.
60. Secondly, the Bonnier group's strip cartoons business will be inserted in a structure active in adjacent markets, and would benefit from experience, know-how and relevant relationships. Indeed, the Bonnier group is a large media group, active also in the magazines and film production sectors in Denmark, and is still active as a strip cartoons album publisher in Sweden and Germany. Therefore, the Bonnier group would have the ability to maintain and develop its strip cartoons business as a competitive force in the Danish market. In this respect, the market test revealed that the connection with the magazine department of the Bonnier group seems to be particularly relevant as regards the future development and sustainability of the strip cartoons business.
61. Some respondents to the market test expressed doubts as to the commitment of the Bonnier group to continue to invest in its Danish strip cartoons business over years. However, these concerns appear to be linked with the current situation of the Danish strip cartoons market, and not with the viability of the Bonnier group's strip cartoons business nor with the Bonnier group's capability of maintaining and developing this business as a competitive force in the market.

VII. CONCLUSION

62. In view of the foregoing, the Commission has concluded that the remedies submitted by the notifying party are sufficient to remove the serious doubts raised by the concentration. Accordingly, subject to the full compliance with the commitments submitted by the notifying party, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) and Article 6(2) of Council Regulation (EC) No 139/2004.

¹⁹ [...].

63. The detailed text of the commitments is annexed to this decision. The full text of the annexed commitments forms an integral part to this decision.

For the Commission
signed by
Leonard ORBAN
Member of the Commission

The European Commission
DG Comp
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12 October 2007
176730 MKO/JSH
Doc no: 1524221-3

Dear Mr. Rakovsky and case team,

M 4611: EGMONT/BONNIER - REVISED PROPOSAL FOR REMEDY

Reference is made to our letter of 21 September 2007 proposing a commitment to remedy the concern identified by the European Commission during its market tests on the strip cartoons market.

We understand that the Commission's market test revealed a concern among strip cartoon right holders that post transaction there would in reality only be one publisher of strip cartoons on the Danish market and accordingly only "one party to negotiate publishing contracts with".

[BUSINESS SECRETS]

Accordingly, provided that the European Commission should conclude upon its review of the case that a remedy is indeed necessary, the parties hereby formally propose the following revised structural remedy:

The parties commit to "carve out" Bonnier's strip cartoon publications and all attaching license rights from the transaction, and transfer these activities to another subsidiary within the Bonnier Group. The said "carve out" shall include (i) Bonnier's current licenses, (ii) Bonnier's "new licenses" relating to strip cartoons which have not yet been published, (iii) the stock of Bonnier's published strip cartoons, (iv) translations if any, (v) an [BUSINESS SECRETS] royalty free trademark license so as enable Bonnier to dispose of the inventories printed under the Carlsen trademark and (vi) Carsten Søndergaard who is now the executive editor of the majority of Bonnier's current licensed strip cartoon publications and who will post transaction be employed as manager of the new subsidiary within the Bonnier Group.

Egmont further commits not to take over any such license, which has been "carved out" and assigned to another subsidiary within the Bonnier Group, during the term of the licence as

specified in the licence agreement, even if such licence is terminated earlier. In this connection, however, Egmont confirms that in the event that a license is terminated early and therefore becomes "free in the market" before the end of the term as specified, the Commission may review this commitment, where appropriate, in response to a request from Egmont showing good cause and accompanied by relevant information.

The strip cartoon activities fit very well into the Bonnier Group's similar activities in Denmark for example in the market for magazines as well as the group's similar strip cartoon activities in for example the neighbouring countries of Sweden and Germany.

The activities to remain in the Bonnier Group are detailed in Annex A ("Bonnier's strip cartoon licenses") to the parties' Amendment no. 2 to the transaction documents. In addition to the titles and series, Annex A provides information on sales and inventory, ownership of the Danish language translation, whether the licenses include change of control provisions, the contract term, the presence of any renewal clauses, etc.

The Danish strip cartoon Valhalla has been omitted from Annex A. The reason for this is that the Carlsen company is the proprietor of the rights in the Valhalla series and Carlsen has a close working relationship with the author of Valhalla within other book categories as well. As a result, the parties agree that Valhalla is best placed with Egmont. In fact, pre-transaction, Bonnier had already granted a license to Egmont to publish Valhalla in Sweden and Norway.

Amendment no. 2 to the transaction documents also stipulates explicitly that there is no non-competition clause or any other restrictive covenant applicable to the strip cartoon activities and that the Egmont and Bonnier accordingly are free to develop their respective strip cartoon activities and compete against each other.

Finally, Amendment no. 2 to the transaction documents stipulates a royalty free right for Bonnier to use the Carlsen trademark for [BUSINESS SECRETS] so as to enable Bonnier to clear the inventories of the strip cartoon publications in question which have all been printed under the Carlsen trademark.

Kind regards.

Yours sincerely,

Kromann Reumert

Morten Kofmann

Amendment [BUSINESS SECRET] dated [] October 2007

to

Share Sale and Purchase Agreement

between

Egmont Holding A/S (“Egmont DK”)

and

Bonnier Publications A/S (“Bonnier DK”)

Dated 6 June 2007 (the “SPA”)

1. DEFINITIONS AND AMENDMENT TO PREVAIL

Terms used and/or defined in the SPA shall, when used herein, have the same meaning as in the SPA, unless otherwise specified herein.

In the case of a conflict between the contents of this Amendment [BUSINESS SECRET] and the SPA, the contents of this Amendment [BUSINESS SECRET] shall prevail.

2. PURPOSE OF AMENDMENT

Clauses 2 and 9.1.1 of the SPA provide that the licensed strip cartoon publications marketed by the Company, acting in this respect under the secondary name of Forlaget Carlsen , are included in the transaction contemplated by the SPA, and consequently that neither Bonnier AB nor or any Bonnier Group Company for a period of [BUSINESS SECRET] following Completion shall publish strip cartoon publications in Denmark.

Considering the concern expressed by the European Commission that subsequently to the transfer of the Shares the number of strip cartoon publishers might affect the license market in Denmark, Bonnier DK and Egmont DK have agreed to carve out the Company’s current licensed strip cartoon publications from the transaction, and prior to the Completion Date transfer such activities from the Company, to another company within the Bonnier Group.

Accordingly, the SPA shall hereby be deemed amended as prescribed below.

3. THE CARVE OUT

The carve out shall comprise all assets including Intellectual Property Rights and liabilities pertaining to the licensed strip cartoon publications specified in Annex A, including but not limited to the entire stock of such publications, which at the date of the transfer belongs to the Company (the “Carve Out”). For the avoidance of doubt the Carve Out shall have no effect on the Valhalla strip cartoon.

During a term of [BUSINESS SECRET] following the Completion Date (the "License Period") the acquiring Bonnier Group company shall be granted a royalty free license to use the name "Forlaget Carlsen" as imprint in connection with the sale of assets comprised by the Carve Out. Subsequent to the expiry of the License Period the license to use "Forlaget Carlsen" as imprint or in any other manner shall cease to exist.

4. PURCHASE PRICE

[BUSINESS SECRET]

5. RESTRICTIVE COVENANTS

Further to the exceptions specified in clause 9.1.1 the Parties agree that the restrictive covenant specified shall not prevent Bonnier AB either directly or indirectly through a subsidiary to publish strip cartoons in Denmark following the Completion Date and Bonnier AB shall accordingly remain free to further develop its strip cartoon activities in Denmark on the basis of current and new licences.

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This Amendment no. 2 is made in two originals, one for each of the Parties.

Copenhagen/Oslo [] October 2007

Egmont Holding A/S

Bonnier Publications A/S

As guarantors in accordance with the SPA

Egmont International Holding A/S

Bonnier AB

La
vengeance
du comte
Skarbak

Monsieur
Blaireau et
Madame
Renarde

Partie de
chasse +
Rendez-vous
à Paris

Jeremiah
Le vol du
corbeau
La terre sans
mal

Valerian
Jo, Zette et
Sjoko
Morbus
Gravis

Muchacho

Face de Lune
Toto
l'ornithorynque

Peter Pan

Idees Noires

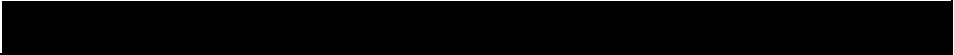
Thorgal
Tintin (old
version +
specials)

Tintin (new
version)
Vlad
l'Empaleur

Yakari

	Yoko Tsuno	
	L'Ascension du haut mal	
	Pyongyang	
	City of Stones	
	Broderies	
	Poulet aux prunes	
	Persepolis	
Total		

2006 - Current Danish licenses			
			Historien om en mor
			The Story of a Mother
			Krononautens påske
			Nofret
			Skalken Joff
Total			

2006 - Licenses currently sold at reduced prices and soon to be destroyed			
Various	Variou s	Various older	Various older titles
			

titles

Total

Grand total 2006

Licensors	Author	Danish title(s) (number of issues contracted in 2007)	Original title(s)	Copies sold	Total revenue (DKK)	Number of copies in stock	Owner of translation	Contract information:	Change of control clause (license)	License term (from-to, last volume contracted)	Renewal clause	Out of print period (months)	Royalty payment
2007 - New foreign licenses (not published yet)													