

Cofece-026-2022

Cofece imposes fines of more than 51 million Mexican pesos to AT&T and Warner Bros. Discovery for not notifying a concentration

Mexico City, September 08, 2022.- The Federal Economic Competition Commission (Cofece or Commission) fined *AT&T, Inc. (AT&T)* and *Warner Bros. Discovery, Inc. (Warner Bros. Discovery)* for a total of 51 million 573 thousand 920 Mexican pesos, for omitting the notification of a concentration in terms of the Federal Economic Competition Law (LFCE or Law).

The sanction is related to an international operation in which the acquisition by *Discovery, Inc.* of *AT&T's* business known as *Warnermedia* was originally proposed, including the Mexican business, as well as the purchase by the shareholders of *AT&T* of 71 percent of the stock of the company resulting from the transaction, which would be rebranded as *Warner Bros. Discovery, Inc.*

However, before Cofece issued its authorization, the economic agents carried out a series of acts through which they separated only a part of *Warnermedia's* business in Mexico, which created, at least for a time, market structures and legal relationships that were not considered in the originally notified operation and that for this reason could not be analyzed preventively by Cofece.

Derived from the acts to transfer *Warnermedia's* international business, including arrangements to separate only a part of the Mexican business, the concentration, in its new terms, exceeded the thresholds established in Article 86, section II of the LFCE, for which it should be notified to Cofece, which did not happen, which prevented this authority from analyzing the operation in accordance with what is established in the Law. It is worth mentioning that in this transaction various foreign subsidiaries with effects and material nexus in Mexico were acquired, as income and sales originate in the national territory.

Due to the foregoing, the verification procedure was initiated (file number VCN-005-2022) and it was considered that the concentration did not imply risks to the process of competition and free market access, for which it was authorized. Nonetheless, the sanctions

corresponding the omission to notify a concentration in the terms established by the LFCE were imposed.

Once the matter has been resolved and the parties have been notified, the sanctioned economic agents have the right to appear before the Judicial Power of the Federation to review the legality of the actions of Cofece.¹

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MORE COMPETITION FOR A STRONGER MEXICO

*The Federal Economic Competition Commission safeguards competition and free market access.
Through its work, it seeks better conditions for consumers, that more services
are supplied with higher quality and that there is a “level-playing-field” for companies*

¹ The public version of the resolution may be consulted on the portal for opinions and resolutions of the Cofece’s website within the legal timeframe established in Article 47 of the Regulatory Provisions of the Federal Economic Competition Law.