



DETERMINATION OF MERGER NOTIFICATION M/06/084 – BT/PLUSNET

Section 21 of the Competition Act 2002

**Proposed acquisition of PlusNet plc by British
Telecommunications plc**

Dated 18/12/06

Introduction

1. On 27th November 2006 the Competition Authority (“the Authority”), in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby British Telecommunications plc (“BT”) would acquire the entire issued shares of PlusNet plc (“PlusNet”). As a result of the proposed transaction, PlusNet will become a wholly owned subsidiary of BT.

The Undertakings Involved

2. BT, the acquirer, is a wholly-owned subsidiary of BT Group plc (“BT Group”). BT encompasses virtually all of the business and assets of BT Group. BT’s business is divided into four activities:
 - BT Retail: provision of electronic communications services to business and residential customers;
 - BT Wholesale: operation of BT's networks and provision of network services and solutions to other communication companies;
 - BT Global Service: BT's global managed services and solutions provider and serving multi-site organisations worldwide; and
 - Openreach: a new business line that has been created to own, maintain and develop the access network which links homes and businesses to the networks of the UK's communications providers.

In the State, BT operates mainly through its wholly-owned subsidiary, BT Telecommunications Limited (also known as BT Ireland). BT Ireland provides telecommunications products and services (voice, data and internet) to domestic and corporate consumers. For the financial year ended March 2006, BT generated turnover of [...] million in the State.

3. PlusNet, the target, is only active in the UK where it provides electronic communications services (that is, fixed-line, broadband, and narrowband internet) to business customers. PlusNet is not active in the State. However, PlusNet is active in Northern Ireland where it generated turnover of [...] million for the year ended 31 December 2005.

Analysis

4. In the UK context, both BT and PlusNet are active in the provision of electronic communications services. There is limited overlap in the activities of the undertakings involved in Northern Ireland. However, there is no overlap in their activities in the State.
5. Therefore, the Authority considers that the proposed transaction does not raise competition concerns in the State.

Determination

The Competition Authority, in accordance with Section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by British Telecommunications plc of the entire issued shares of PlusNet plc, will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Paul K. Gorecki
Member of the Competition Authority