



DETERMINATION OF MERGER NOTIFICATION M/08/022 – TESCO PLC/TPF

Section 21 of the Competition Act 2002

Proposed acquisition of Tesco Personal Finance Group Limited by Tesco plc

Dated 20/08/08

Introduction

1. On 30 July 2008 the Competition Authority (“the Authority”), in accordance with section 18(1)(a) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Tesco plc (“Tesco”) would acquire sole control of Tesco Personal Finance Group Limited (“TPF”).
2. The proposed transaction involves a move from joint control of TPF by Tesco and Royal Bank of Scotland (“RBS”) to sole control by Tesco. Pursuant to the proposed transaction Tesco will acquire the remaining 50% of the issued share capital of TPF and the remaining share capital of the TPF subsidiaries not already registered in the name of TPF or in the name of the TPF subsidiaries.

The Undertakings Involved

The Acquirer

3. Tesco is a publicly listed company incorporated in the UK. In Ireland the activities of Tesco are undertaken by Tesco Ireland Limited (“Tesco Ireland”) which is a wholly owned subsidiary of Tesco.
4. Tesco Ireland is involved in the food and non food retail sector. Tesco Ireland also offers customers online shopping, petrol retailing and mobile telephony services.
5. For the year ending 23 February 2008 Tesco and its affiliated companies achieved a total worldwide turnover of circa €59.7 billion of which circa €3 billion was generated in the State.

The Target

6. TPF is a 50:50 jointly owned holding company which is owned and controlled by Tesco and RBS. TPF has four wholly owned subsidiaries: Tesco Personal Finance Limited, Tesco Personal Finance Compare Limited, Tesco Personal Finance ATM Services Limited and Tesco Personal Finance Services LLP.
7. In Ireland TPF is active in both life and non-life insurance and also in retail banking which include the provision of:

- life assurance policies and mortgage life insurance policies which are ultimately provided by Hibernian Life and Pensions;
 - motor insurance policies which are underwritten and administered by Hibernian General;
 - personal loans which are ultimately provided by Ulster Bank¹; and,
 - the provision and operation of personal credit cards.
8. For financial year ended 31 December 2007, TPF and its affiliated companies achieved a total worldwide turnover of circa €[...] of which circa €[...] was generated in the State.

Analysis

9. There are no horizontal or vertical overlaps between the activities of the parties in the State. Apart from Tesco's involvement in TPF neither Tesco, nor Tesco Ireland, nor any other subsidiary of the Tesco Group holds any interest in any company active in the provision of financial services in or to the State.
10. The Authority therefore considers that the proposed transaction does not raise competition concerns in the State.

Ancillary Restraints

11. The share purchase agreement contains a non-compete covenant on behalf of RBS and its affiliated group of companies for the duration of [...]. This non-compete clause is deemed to be directly related and necessary to the implementation of the proposed transaction in order to protect the value of the good will and know transferred and does not go beyond what is necessary to protect same.

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 Tesco plc of the remaining 50% of the share capital of Tesco Personal Finance Group Limited 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

¹ UlsterBank is a wholly owned subsidiary of RBS.