



DETERMINATION OF MERGER NOTIFICATION M/08/002 – CITIGROUP/FACEY

Section 21 of the Competition Act 2002

Proposed acquisition by Citigroup Financial Products Inc. of Facey Commodity Company Limited

Dated 19/02/2008

Introduction

1. On 31 January 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 proposed acquisition by Citigroup Inc. (“Citigroup”) of joint control over Facey Commodity Company Limited (“Facey”) through Citigroup’s wholly owned subsidiary, Citigroup Financial Products Inc. (“CFPI”).
2. The proposed transaction involves the acquisition by CFPI of [...] of the issued share capital of Facey and the subscription by CFPI for preference shares convertible into [...] of the then outstanding ordinary shares of Facey. On conversion of its preference shares, CFPI will own [...] of Facey.
3. Pursuant to the proposed transaction, CFPI will also acquire veto rights over key strategic decisions affecting Facey and its subsidiaries. The proposed transaction will therefore involve a change from sole to joint control of Facey.

The Undertakings Involved

The Acquirer

4. CFPI is a wholly owned subsidiary of Citigroup Global Markets Holding Inc (“CGMHI”) and CGMHI is in turn a wholly owned subsidiary of Citigroup. Citigroup is a publicly traded company with listings on securities exchanges in various jurisdictions globally. It is a diversified global financial services holding company, whose businesses provide a broad range of financial services to corporate customers, consumers and governments. The financial products and services include consumer banking and credit, corporate and investment banking, insurance, and securities brokerage.
5. In the State, Citigroup offers a broad range of financial services and products to a range of customers, including multinational companies, Irish companies and public sector clients and also operates the Dublin Service Centre. The services and products offered by Citigroup to customers in the State include cash management, rate risk management, funding, investor products, corporate finance, trade services, custody, trustee services, fund administration, transfer agency, shareholder services, outsourcing and treasury solutions.

6. For the financial year ended 31 December 2006, Citigroup's total worldwide turnover was USD \$146.558 billion (approximately, €116.72 billion¹). In the State, Citigroup generated turnover in 2006 of approximately USD [...] (approximately, [...])².

The Target

7. Facey is a Caribbean-based logistics and distribution company headquartered in Jamaica. It is involved in providing value-added distribution and logistics services to clients in the food, pharmaceutical, telecom and business solutions sectors throughout the Caribbean, Central America and parts of Europe (including Ireland).
8. The current shareholders in Facey are Gatcombe Investments Limited ("Gatcombe") with [...] of the shareholding and approximately [...] minority shareholders owning the remaining [...]. However, prior to completion of the proposed transaction Gatcombe will acquire this [...] minority shareholding in Facey and will therefore become the sole shareholder of Facey.
9. Gatcombe, which is a holding company for the Facey investment, is a St Lucian International Business Company which is a wholly owned subsidiary of Musson (Jamaica) Limited ("Musson"). Gatcombe's only asset is the shares it owns in Facey.
10. All of the non-Jamaican subsidiaries of the Musson Group are held through Facey. Apart from these Facey operations, all Musson's activities are located in Jamaica. Musson's divisions and subsidiaries in Jamaica include (i) a food/office furniture/agri-products distribution company, (ii) a property and casualty insurer, (iii) a retailer of photography products, (iv) a manufacturer of cosmetic products, (v) a packaging manufacturing company, (vi) an electronics retailer, (vii) a property sales and appraisal company, (viii) a division that manufactures a variety of food/canned products and (ix) divisions that distribute a wide range of consumer goods including food.
11. In the State, Facey is involved only in the value-added distribution of telecom products via its wholly owned subsidiary, Radius Communications (Ireland) Limited ("Radius"). Radius is an importer and distributor of mobile phones and a fulfilment solutions specialist, representing leading mobile phone manufacturers.
12. For the financial year ended 31 December 2006, Facey's total worldwide turnover was USD [...] (approximately, [...])³. In the State, Facey, via its wholly owned subsidiary Radius, generated turnover in the last financial year of [...].

Analysis

13. There are no horizontal or vertical overlaps between the parties in the State. Citigroup is involved in the provision of a broad range of financial services and products to a broad range of corporate customers and public sector clients. Facey is involved in the value-added distribution of telecom products via its wholly owned Irish

¹ Based on the European Central Bank's average exchange rate for 2006 (1.2556).

² Based on the European Central Bank's average exchange rate for 2006 (1.2556).

³ Based on the European Central Bank's average exchange rate for 2006 (1.2556).

subsidiary, Radius. Therefore, the Authority considers that the proposed transaction does not raise competition concerns in the State.

Ancillary Restraints

14. The Authority also reviewed the non-compete covenants related to the proposed transaction. The Authority believes that these covenants are directly related and necessary for the implementation of the proposed transaction.

Determination

15. The 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 Citigroup Inc. ("Citigroup") of joint control over Facey Commodity Company Limited ("Facey") through Citigroup's wholly owned subsidiary, Citigroup Financial Products Inc. ("CFPI") will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

Dr. Paul K. Gorecki
Member of the Competition Authority