

DETERMINATION OF MERGER NOTIFICATION M/10/036 -

Barclays Bank /Total Fitness

Section 21 of the Competition Act 2002

Proposed acquisition by Barclays Bank PLC of Total Fitness (UK) Limited (In Administration) and Total Fitness Holdings (Ireland) Limited

Dated 2 November 2010

Introduction

1. On 12 October 2010, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Barclays Bank PLC ("Barclays"), would acquire sole control of the business and assets of Total Fitness (UK) Limited (in Administration) and acquire sole control of Total Fitness Holdings (Ireland) Limited, (collectively "Total Fitness"),¹ from the Total Fitness Group ("TFG").

The Undertakings Involved

The Acquirer

2. Barclays is a major global financial service provider engaged in retail and commercial banking, credit cards services, investment banking, wealth management and investment management services. Barclays operates in over sixty countries worldwide.
3. In the State, Barclays provides financial services to high net-worth individuals, large corporate clients, government and institutional clients. These services include integrated banking and strategic advisory services, financing and risk management services, investment management, fiduciary and brokerage services.
4. For the financial year ended 31 December 2009, Barclays generated a worldwide turnover of approximately €[...] million of which €[...] million was generated within the State.

The Target

5. Total Fitness operates 24 health and fitness clubs across the State, Northern England and Wales. Within the State, Total Fitness operates three health and fitness centres.

¹ Total Fitness will be acquired by Aghoco 1035 Limited ("Aghoco"), a UK company newly incorporated, primarily for this transaction. Aghoco is owned by Broomco (4224) Limited, which in turn is jointly owned by Barclays, which has a 29.19% shareholding, capped at 49.9%, and veto rights, Cooperative Bank PLC (Co-op Bank) which has a 19.99% shareholding, and Total Fitness management who will have a 50.82% shareholding. By virtue of its veto rights in Broomco, following completion Barclays will have sole control of Total Fitness.

6. For the financial year ended March 31 2010, Total Fitness generated a worldwide turnover of approximately €[...] million of which €[...] million² was generated within the State.

Rationale for the Proposed Transaction

7. According to the parties, the proposed transaction is intended to secure the stability and future of Total Fitness. The parties also submit that the transaction will secure the investment of Co-operative Bank PLC³ ("Co-op Bank") in Total Fitness. As indicated by the parties, Co-op Bank had a £[...] debt arrangement with Total Fitness Holdings (UK) Limited, a wholly owned subsidiary of TFG, which entered into administration on 8 October 2010. Subsequent to TFG having difficulties in meeting its debt requirements, Co-op Bank and TFG agreed to a debt for equity restructuring including Barclays as an investor.

Third Party Submissions

8. No submissions were received.

Analysis

9. There is no overlap in the activities of the parties within the State. Neither Barclays, nor any of its portfolio companies, is active within the State in the provision of health and fitness services.
10. The proposed transaction does not give rise to vertical concerns since there is no vertical relationship between Barclays and Total Fitness in the State.
11. The Authority therefore considers that the proposed transaction does not raise competition concerns in the State.

² Using the conversion rate of €1=£0.89094 for the period ending 31 December 2009 as per the ECB.

³ Co-op Bank, a minority shareholder in this transaction, is active primarily in the UK and is not active within the State in the provision of health and fitness services.

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 transaction whereby Barclays Bank PLC, would acquire sole control of the business and assets of Total Fitness (UK) Limited (In Administration) and sole control of Total Fitness Holdings (Ireland) Limited will not be to substantially lessen competition in markets for goods or services in the State.

For the Competition Authority

Dr Stanley Wong
Member of the Competition Authority