

WEB ANNEXE C

UK MERGERS APRIL 2005 TO MARCH 2006

This annexe gives statistics for the OFT's merger work from 1 April 2005 to 31 March 2006.

The statistics shown in the tables which follow broadly relate only to those mergers that the OFT examined in the context of the OFT's responsibilities under the Enterprise Act 2002. They do not represent an estimate of total merger activity in the UK. The following points should be borne in mind:

- the figures do not include mergers handled by the European Commission under the European Community Merger Regulation
- the figures cover merger proposals as well as completed mergers and, where there is more than one proposal for a given target, each is counted separately
- the figures include requests for confidential guidance as well as publicly announced mergers, and
- because some time may elapse between the opening of a file on a case and a decision by the OFT on whether to make a reference to the Competition Commission (CC), the mergers that are referred in any particular year may not necessarily correlate to the cases first recorded in that year.

A better indicator of overall merger activity in the UK is provided by statistics collected by the Office for National Statistics (ONS) and published in *First Release: Acquisitions and Mergers involving UK companies*. These figures are shown in **Table C.1**. For more details go to the ONS website - www.statistics.gov.uk.

To qualify for reference to the CC under the terms of the Act, the UK turnover associated with the enterprise which is being acquired exceeds £70 million ('the turnover test') or lead to the creation or augmentation of a share of supply of particular goods or services of 25 per cent or more within the UK or a substantial part of the UK.

Merger activity considered April 2005 to March 2006

In 2005-06, the OFT considered 242 mergers and mergers proposals under the Enterprise Act. The number of cases considered that qualified for reference to the CC was 143. 32 of these cases were pre-notified. The number of qualifying confidential cases was six.

The OFT made 17 references to the CC under the Enterprise Act. The OFT decisions in the 17 reference cases were published on the OFT's website, as were those in the other cases in which the OFT decided that the merger did not qualify for investigation or should not be referred.

TABLE C.1 - MERGER ACTIVITY: 2003-04 – 2005-06

<i>Year</i>	<i>Proposals qualifying under the Enterprise Act 2002: all cases</i>	<i>First Release¹ Numbers of cases</i>	<i>Enterprise Act 2002 cases as percentage of First Release cases</i>
2003/04	117	642	18
2004/05	144	910	16
2005/06	143	1006	14

Source: Office of Fair Trading

¹ Number of acquisitions of UK companies published in a *First Release* by the Office for National Statistics.

TABLE C.2 - SUPPLEMENTARY DATA ON MERGERS EXAMINED AND REFERENCES TO THE CC: 2003-04 – 2005-06

Year	Total numbers of cases examined	Found not to qualify, proposals abandoned, and informal guidance cases	Qualifying cases		Confidential guidance cases	Pre-notified cases	Qualifying cases less confidential guidance cases	Total Refs as % of:		
			Nos	% change				Total Refs	Qualifying cases	Qualifying cases less Confidential Guidance cases
2003 /04	270	153	117	- 38%	13	29	104	12	10.3	11.5
2004 /05	257	113	144	+ 23%	4	31	140	18	12.5	12.9
2005 /06	242	99	143	- 0.7%	6	32	137	17	11.9	12.4

Source: Office of Fair Trading

**TABLE C.3 - REFERENCES TO THE CC UNDER ENTERPRISE ACT 2002:
2005-06**

<i>Findings of the CC</i>	<i>Qualification criteria under the Enterprise Act 2002</i>			
	<i>Share of supply of at least 25%</i>	<i>UK Turnover in excess of £70 million</i>	<i>Meeting both criteria</i>	<i>Totals</i>
Not expected to result in a substantial lessening of competition	3	5	0	8
Expected to result in a substantial lessening of competition	1	0	0	1
Proposal abandoned	3	3	0	6
Decision awaited	2	0	0	2
Totals	9	8	0	17
<i>as percentage of all qualifying mergers in this category</i>	6.6	5.8	0	12.4

Source: Office of Fair Trading