



DETERMINATION OF MERGER NOTIFICATION M/07/036 -

Intesa/Pirelli RE

Section 21 of the Competition Act 2002

Proposed acquisition of joint control by Intesa Sanpaolo S.p.A of the real estate facility management business of Pirelli & C. Real Estate S.p.A ("Pirelli RE").

Dated 23/07/07

Introduction

1. On July 2nd, 2007 the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposal whereby Intesa Sanpaolo S.p.A ("Intesa") will acquire joint control of the real estate facility management business of Pirelli & C. Real Estate S.p.A ("Pirelli RE").

The Undertakings Involved

2. Intesa is a new Italian banking group resulting from the merger between Banca Intesa and Sanpaolo IMI which came into effect on January 1, 2007. Intesa provides a full range of banking services, including loans, deposits, bancassurance and asset management. Intesa has Irish subsidiaries which provide a range of banking and related services in Ireland including investment funds management, banking, financial services, private equity investment and insurance.
3. Intesa's subsidiaries in Ireland are Fideuram Asset Management (Ireland) Ltd., Sanpaolo IMI Bank Ireland plc., Tobuk Limited, Sanpaolo Invest Ireland Limited, Comit Investments (Ireland) Ltd, Intesa Bank Ireland plc, Intesa Global Finance Company Ltd., Sailview Company and Eurizonlife Limited. In 2006 Intesa had turnover in Ireland of approximately [.]
4. Pirelli RE is a management company that manages funds and companies that own real estate and non-performing loans, in which it invests minority stakes and to which it provides, as well as to other customers, specialised real estate services. Pirelli RE has no activities in Ireland.
5. Pirelli RE is part of the Pirelli & C. S.p.A group ("Pirelli Group"). In addition to real estate the Pirelli Group is active in the manufacture of tyres, broadband solutions, environmental solutions, technology research and telecoms.

6. The Pirelli Group is active in the State through Pirelli Tyre, Pirelli Reinsurance Company Limited¹ and in telecoms, through its indirect interest in Telecom Italia.²

The Proposed Transaction

7. The proposed transaction will be effected as follows:
- Intesa will acquire 49%³ of Pirelli RE Facility Management Netherlands B.B. ("NewCo"), which is a Dutch wholly-owned subsidiary of Pirelli RE that has been formed by Pirelli RE to acquire and hold interests in companies specialising in the business of real estate facility management in various European countries, in particular, Italy, Germany, Poland and Central European countries.
 - NewCo has 100% of the share capital of a non-operational Italian company NewCo RE 2 S.r.l. ("NewCo I"), which in turn has 100% of the issued share capital of Pirelli & C. Real Estate Facility Management S.p.A (together with its subsidiaries) ("Pirelli RE FM"). Pirelli RE FM is an Italian company which operates the existing real estate facility management business of Pirelli RE in Italy.
 - Pirelli RE FM owns Ingest Facility S.p.A. which owns real estate facility management business in Spain, Portugal Greece and Poland.
8. As a result of the proposed transaction Intesa will acquire joint control of NewCo, and through NewCo, joint control of Pirelli RE FM and its subsidiaries (including Ingest Facility S.p.A.). Pirelli RE will retain joint control of Pirelli RE FM following the proposed transaction.

Analysis

9. There is no horizontal or vertical overlap in the State in the activities of Intesa and Pirelli RE. The Authority considers, therefore that the proposed transaction does not raise competition concerns.

Ancillary Restraint

10. The Authority also reviewed restrictive arrangements agreed by the Parties contained in their Joint Venture ("JV") Agreement. The JV Agreement contains an exclusivity obligation which states that Pirelli RE will not be able to conduct, be it directly or indirectly, any real estate facility management operations within the geographic areas in which Pirelli RE FM, Ingest, relative subsidiaries and possible future companies incorporated by NewCo operate except for the provisions specified in the JV agreement.

¹ Pirelli Reinsurance Company Limited is active in the reinsurance sector; however it did not generate any sales in Ireland in the most recent financial year.

² Pirelli Group has an 80% shareholding in Olimpia, which in turn has a 17.99% controlling interest in Telecom Italia. However, on 28th April, 2007, Pirelli and Edizione Holding (now Sintonia S.p.A.) entered into an agreement for the sale of 100% of Olimpia to a group of companies including Assicurazioni Generali, Intesa, Mediobanca, Sintonia SA and Telefonica SA. The closing of the transaction is scheduled for October 2007.

³ The proposed transaction provides that Intesa grants Pirelli RE a put option in respect of 1% of the issued share capital of NewCo which is exercisable within a specified period. Following the exercise of the Put Pirelli RE and Intesa would each hold 50% of the issued share capital of NewCo. Prior to the exercise of the Put Intesa will have veto rights in respect of key strategic commercial decisions of NewCo.

11. The Authority considers that these arrangements are in line with its approach in respect of ancillary restraints in mergers and are directly related and necessary to ensure the implementation of the proposed acquisition.

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 of joint control by Intesa Sanpaolo S.p.A of the real estate facility management business of Pirelli & C. Real Estate S.p.A 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

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Member of the Competition Authority