



DETERMINATION OF MERGER NOTIFICATION M/11/016 -

Dell/ CIT Group

Section 21 of the Competition Act 2002

Proposed acquisition by Dell Inc of Certain Assets from CIT Group Inc. and Certain of its Affiliates

Dated 15 June 2011

Introduction

1. On 20 May 2011, 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 Dell Inc (Dell"), through the establishment of a direct or indirect wholly-owned subsidiary, would acquire certain assets (collectively, the "Target Assets") from CIT Group Inc. ("CIT Group") and certain of its affiliates. The Target Assets relate to a vendor financing business that provides leasing and financing for certain Dell customers located in Europe.

The Undertakings Involved

Dell

2. Dell, which is headquartered in Round Rock Texas, U.S.A. is a leading Information technology ("IT") company. Dell offers a broad range of product categories, including mobility products, desktop personal computers, software and peripherals, servers and storage systems. Dell's services include a broad range of configurable information technology and business-related services, including infrastructure technology, consulting and applications and business process services.¹
3. Within the State, Dell offers the same range of IT products and services products as it does throughout the rest of the world.
4. For the financial year ended 28 January 2011 Dell's worldwide turnover was approximately €46,614 million,² of which approximately €[...] million was generated in the State.

CIT Group

5. CIT Group Inc., headquartered in New York City, U.S.A. is a bank holding company providing lending, advisory, and leasing services to small and middle market businesses. CIT Group's worldwide activities include corporate finance, international trade finance, transport finance

¹ For further information on the Dell group, see <www.dell.com>.

² Average ECB exchange rate for the period February 2010 – January 2011 of €1 = \$US1.3192.

and vendor finance (i.e., financing the purchase by customers of a particular vendor's products or services.)³

6. Within the State, CIT's wholly-owned subsidiary CIT Group Finance (Ireland) ("CIT GFI") is involved in corporate finance, trade finance, transport finance and vendor finance.
7. CIT's vendor financing operations are not limited to Dell products and services within Europe or within the State.

Target Assets to be acquired

8. The Target Assets are CIT Group assets involved in vendor finance for Dell products and services in Europe and in the State.⁴ CIT Group holds the Target Assets in numerous indirect wholly-owned subsidiaries located throughout Europe⁵ including CIT GFI in the State,
9. The parties submit that for the financial year ended 31 December 2009, the Target Assets' worldwide turnover was approximately €[...] million, of which approximately €[...] million was generated in the State.⁶

Target Assets' Right [...]

10. Dell has licensed to CIT Group the right to use the name "Dell Financial Services" (or such other Dell trademark as is agreed by CIT Group and Dell) to provide the financial services to Dell customers in many, but not all, European countries.
11. There is at present an arrangement between Dell and the Target Assets, including CIT GFI in the State. The arrangement described, below in relation to CIT GFI is replicated with other CIT subsidiaries in those countries where the arrangement applies.
12. [...].
13. The existing right [...], described above, does not preclude Dell customers, within the State, from obtaining finance from other providers and the parties state that this will not be affected by the proposed transaction.
14. The agreement will terminate upon completion of the proposed acquisition by Dell of the Target Assets.

Third Party Submissions

15. No submissions were received.

³ For further information on CIT Group's Vendor Finance business in Europe, within which the Target currently operates, see < <http://www.cit.com/cit-worldwide/europe/vendor-finance/index.htm>>.

⁴ The Target Assets are also involved in the resale of certain equipment at the expiration of lease terms.

⁵ For further information on CIT Group's Trade Finance business, within which the Target currently operates, see <<http://www.cit.com/cit-worldwide/europe/trade-finance/index.htm>>.

⁶ In the absence of audited figures to December 2010 the parties have submitted figures based on December 2009 company data. Estimates of turnover in Ireland are based on an estimate of gross revenues for loans and other financing originated in Ireland. [...]. The reported turnover estimate is based on loans originated in Ireland, not loans originating outside of Ireland.

Analysis

16. There is no horizontal overlap between the operations of the merging parties in Europe or in the State. Dell does not supply financial services to customers of its products or services. The Target Assets are not involved in the manufacture or supply of IT products or services.
17. The proposed transaction will transfer the financing function relating to Dell products and services within the State from CIT GFI to a wholly-owned Dell entity. A vertical concern might arise if, as a result of the transaction, Dell would be in a position to unduly influence consumers' choices about the purchase of IT products and services and/or the financing of purchases of IT products and services. It does not appear that the proposed transaction is likely to give rise to such concerns as Dell's customers currently have a range of options for financing purchases of Dell equipment and will continue to do so after the completion of the proposed transaction.⁷
18. Dell customers also have a range of choices for IT products and services within the State.⁸ Dell competitors for hardware include Hewlett Packard, Lenovo and Acer. Dell competitors for IT software and IT services include Microsoft, IBM Hewlett Packard and Fujitsu.
19. In light of the above, the Authority considers that the proposed transaction will not raise competition concerns in any market for goods or services in the State.

Ancillary Restraints

20. As part of the proposed transaction, the vendors have entered into non-compete and non-solicitation covenants, to apply for a duration of [...]. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

⁷ [...].

⁸ The parties estimate that Dell's worldwide market share is [0-20]% for IT hardware and less than [0-5]% for both of IT software and IT services. The parties estimate that Dell's market share in the State is [0-40]% for IT hardware, [0-5]% for IT software, and less than [0-5]% for IT 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 Dell Inc., through the establishment of a direct or indirect wholly-owned subsidiary, would acquire certain assets from CIT Group Inc. and certain of its affiliates, the vendor financing business, that provides leasing and financing for certain Dell customers located in Europe, will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

**Gerald FitzGerald
Member of the Competition Authority
Director, Mergers Division**