



DETERMINATION OF MERGER NOTIFICATION M/10/010 -

RBS Plc/Cardinal Health

Section 21 of the Competition Act 2002

Proposed acquisition by RBS Plc of Cardinal Health U.K. 433 Limited and its subsidiaries.

Dated 29 April 2010

Introduction

1. On 13 April 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 Royal Bank of Scotland Group Plc ("RBS") would acquire, through its subsidiary AAC Capital NEBO Sub LP ("NEBO LP"),¹ sole control of certain subsidiaries of Cardinal Health Inc. ("Cardinal Health"). The subsidiaries of Cardinal Health to be acquired are Cardinal Health U.K. 433 Limited ("Cardinal Health U.K.") and its subsidiaries: Aurum Pharmaceuticals Limited (currently dormant), MacCarthy Limited, Macarthys Laboratories Limited, Cardinal Health U.K. 434 Limited, Martindale Pharmaceuticals Limited, Martindale Pharma GmbH and Eldon Laboratories Limited.

The Undertakings Involved

The Acquirer

2. RBS is the holding company of a global banking and financial services group, listed on the London Stock Exchange and headquartered in Edinburgh, Scotland, United Kingdom ("U.K."). RBS operates through two principal subsidiaries, the Royal Bank of Scotland and NatWest. RBS's business divisions include: global & banking markets, U.K. retail, U.K. corporate, RBS retail & commercial banking, Europe & Middle East, RBS insurance, citizens financial group and business services. In 2008, RBS generated a turnover in the State of approximately €[...] billion.²

¹ NEBO LP is an investment fund established as an English limited partnership. RBS has no involvement in the day to day operations or investment decisions of NEBO LP. The investments made by NEBO LP are principally controlled, by means of advisory and management agreements, by AAC Capital Partners Limited and AAC Capital Partners Management B.V. RBS does not have any control over these companies or their parent company, AAC Capital Partners Holding B.V.

² This figure was calculated by the parties in accordance with Article 5(3) of the EC Merger Regulation No. 139/2004. A similar figure for the year ending 2009 is, according to the parties, not yet available.

The Target Group

3. Cardinal Health is a global health care products and services company headquartered in Ohio, U.S.A. Cardinal Health U.K. is incorporated in England and Wales and is a holding company with its subsidiaries³ involved in the manufacture and sale of speciality pharmaceutical products to hospitals, retail pharmacies and wholesalers in the U.K. and internationally. Cardinal Health U.K. and its subsidiaries comprise the Target Group.
4. For the year ending 30 June 2009, the Target Group had a turnover in the State of approximately €[...]⁴ generated from the sale of pharmaceutical products. The Target Group has no physical presence on the island of Ireland.

Third Party Submissions

5. No submissions were received.

Analysis

6. There is no horizontal or vertical overlap between the activities of the Acquirer and Target Group in the State. Neither RBS nor any of the companies controlled by it are active in the State in the market(s) for specialty pharmaceutical products and services.
7. The Authority considers that the proposed merger is unlikely to raise any competition concerns in the State as there is no overlap of the activities of the parties in the State.

Ancillary Restraints

8. The proposed transaction imposes non-compete and non-solicitation obligations on Cardinal Health U.K. 432 Limited, the vendor of the Target Group, for a period of [...] from the completion date of the proposed transaction. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

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 whereby Royal Bank of Scotland Group Plc would acquire, through its subsidiary AAC Capital NEBO Sub LP, sole control of certain subsidiaries of Cardinal Health Inc. will not be to substantially lessen

³ Aurum Pharmaceuticals Limited, one of the subsidiaries, is currently dormant.

⁴ Calculated by the parties using the average ECB exchange rate for the period 1 July 2008 to 30 June 2009.

competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Stanley Wong

Member of the Competition Authority