
Anticipated acquisition by Virgin Group Investments Limited and Stagecoach Group plc of the Intercity East Coast Mainline Franchise

The OFT's decision on reference under section 33 given on 14 April 2005. Full text of decision published 20 April 2005

1. The bid by Virgin Holdings Limited, a wholly owned subsidiary of Virgin Group Investments Limited (Virgin), and Stagecoach Group plc (Stagecoach) for the Intercity East Coast Mainline Franchise (ICEC) was notified to the OFT on 27 October 2004. The OFT believed that it may be the case that there were arrangements in progress which, if carried into effect, would result in a relevant merger situation for the purposes of section 33(1)(a) of the Enterprise Act 2002 (the Act). It also believed that it was or might be the case that the creation of that merger situation might be expected to result in a substantial lessening of competition within a market or markets in the UK
2. However, the OFT did not at that time refer the bid to the Competition Commission because it was considering whether, instead of making a reference, to accept appropriate undertakings from Virgin and Stagecoach to address the competition concerns it believed might arise from the merger if it were carried into effect. (See OFT decision of 21 December 2004, Anticipated Acquisition by Virgin Group Investments Limited and Stagecoach Group Plc of the Intercity East Coast Mainline Franchise.)
3. On 22 March 2005, the Strategic Rail Authority announced that GNER had been awarded the new franchise to operate the ICEC. As a result of this development, the OFT no longer believes that it is or may be the case that arrangements are in progress or in contemplation whereby Virgin and Stagecoach might obtain control of the ICEC. Therefore the OFT is no longer seeking undertakings from Virgin and Stagecoach and will not be making a reference to the Competition Commission in relation to the notified transaction under s.33(1) of the Act.