

**ANTICIPATED ACQUISITION BY
CO-OPERATIVE GROUP LIMITED OF SOMERFIELD LIMITED**

**UNDERTAKINGS TO BE GIVEN BY CO-OPERATIVE GROUP LIMITED TO
THE OFFICE OF FAIR TRADING PURSUANT TO SECTION 73 OF THE ENTERPRISE
ACT 2002**

WHEREAS:

- (a) In July 2008 CGL entered into a sale and purchase agreement under which CGL will acquire the entire share capital of Somerfield's holding company, Violet Holdings Limited;
- (b) It appears to the OFT that, as a consequence of that transaction, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation in the UK;
- (c) The OFT has a duty to refer an anticipated merger to the CC for further investigation where it believes that it is or may be the case that the creation of that merger situation may be expected to result in a substantial lessening of competition within any market or markets in the UK for goods or services;
- (d) Under section 73 of the Act the OFT may, instead of making such a reference and for the purpose of remedying, mitigating or preventing the substantial lessening of competition concerned or any adverse effect which may be expected to result from it, accept undertakings to take such action as it considers appropriate, from such of the parties concerned as it considers appropriate, in particular having regard to the need to achieve as comprehensive a solution as is reasonable and practicable to the substantial lessening of competition and any adverse effects resulting from it;
- (e) The OFT considers that, in the absence of appropriate undertakings, it would be under a duty to refer the acquisition of Somerfield by CGL to the CC; and
- (f) The OFT further considers that the undertakings given below by CGL are appropriate to remedy, mitigate or prevent the substantial lessening of competition, or any adverse effect which has or may have resulted from it, or may be expected to result from it, as specified in the Decision.

NOW THEREFORE CGL hereby gives to the OFT the following undertakings for the purpose of remedying, mitigating or preventing the substantial lessening of competition, or any adverse effect which has or may have resulted from it or may be expected to result from it.

Effective date of the undertakings

- 1.1 These undertakings shall take effect from the date that, having been signed by CGL, they are accepted by the OFT or the date on which the Acquisition completes, whichever is the latest.

Divestment of the Stage One Divestment Businesses

- 2.1 CGL shall, prior to acceptance of these undertakings by the OFT, enter into legally binding agreements to divest to the satisfaction of the OFT each of the Stage One Divestment Businesses as a going concern to the relevant Proposed Stage One Divestment Purchaser on terms approved by the OFT in advance of acceptance of these undertakings.
- 2.2 Without prejudice to the generality of paragraph 2.1 above, CGL shall use all reasonable endeavours to ensure the transfer of Key Staff with the divestment of the Stage One Divestment Businesses.
- 2.3 CGL shall be deemed to have complied with the obligation at paragraphs 2.1 and 2.2 if, prior to acceptance of these undertakings by the OFT, it has entered into legally binding agreements with the Proposed Stage One Divestment Purchasers, conditional on OFT approval, provided that the completion of the divestment of each of the Stage One Divestment Businesses contemplated by such agreements takes place within a period not exceeding three months from the date the undertakings take effect (as set out in paragraph 1.1 above).
- 2.4 Without prejudice to the generality of paragraph 2.1 above, CGL shall take the following measures to the extent they may be necessary in the opinion of the OFT to effect the sale of the Stage One Divestment Businesses in accordance with the provisions of these undertakings:
 - (a) the transfer or vesting of property, assets, rights, personnel, liabilities or obligations (including without prejudice any contracts, licences, authorisations, permits or consents);
 - (b) the adjustment of contracts, whether by discharge or reduction or assignment of any liability or obligation or otherwise;
 - (c) the creation, allotment, transfer, surrender or cancellation of any shares, stock or securities; and
 - (d) the formation or winding up of a company,

provided that, for the avoidance of doubt, nothing in this paragraph 2.4 shall be interpreted as (i) preventing or precluding CGL from using any co-operative (or similar) or Somerfield (or similar) brand used to denote stores or

(ii) requiring CGL to transfer or licence any such brand to a third party (other than on a short term, temporary basis).

- 2.5 Where CGL divests a Stage One Divestment Business over which it holds or Somerfield held a freehold interest by way of the grant of a long lease on normal commercial terms of not less than 25 years duration to the relevant Proposed Stage One Divestment Purchaser, it shall in addition sell the freehold interest in that Stage One Divestment Business to a person independent of and unconnected to CGL and the Group of Interconnected Bodies Corporate to which CGL belongs and any Associated Person or Affiliate of CGL or such Group of Interconnected Bodies Corporate with the completion of that sale occurring within a period not exceeding [X] from the date of the commencement of the lease.
- 2.6 CGL shall ensure that each sale and purchase agreement entered into for the purposes of paragraphs 2.1 and 2.3 above include a warranty that the purchaser has the financial resources, expertise (including the managerial, operational and technical capability) and incentive to maintain and operate the relevant Divestment Business as part of a viable and active business in competition with CGL and other competitors in the provision of grocery retailing.

Divestment of the Stage Two Divestment Businesses

- 3.1 CGL shall, using its best endeavours and acting in good faith, as soon as reasonably practicable, effect to the satisfaction of the OFT the divestment of each of the Stage Two Divestment Businesses as a going concern by the end of the Divestment Period to a purchaser or purchasers approved by the OFT in accordance with the provisions of these undertakings. In undertaking the sale of the Stage Two Divestment Businesses, CGL will use its best endeavours to sell the Stage Two Divestment Businesses in no more than 25 packages, save as the OFT otherwise agrees or directs.
- 3.2 Without prejudice to the generality of paragraph 3.1 above, CGL shall use all reasonable endeavours to ensure the transfer of Key Staff with the divestment of the Stage Two Divestment Businesses.

3.3 CGL shall be deemed to have complied with the obligation at paragraphs 3.1 and 3.2 if, as soon as reasonably practicable and in any event by the end of the Divestment Period, it has entered into a legally binding agreement or agreements with a purchaser or purchasers approved in advance by the OFT in writing pursuant to these undertakings (or a legally binding agreement or agreements conditional on such approval) provided that the completion of the divestment of each of the Stage Two Divestment Businesses contemplated by such agreement or agreements, if later than the end of the Divestment Period, takes place

(a) within a period not exceeding three months after the approval of the relevant purchaser or purchasers by the OFT (or within three months of the effective date of these undertakings, as set out in paragraph 1.1 above, whichever is later) or,

(b) within a period not exceeding 10 Working Days after all the necessary approvals and consents from third parties have been obtained,

whichever is later.

3.4 Without prejudice to the generality of paragraph 3.1 above, CGL shall take the following measures to the extent they may be necessary in the opinion of the OFT to effect the sale of the Stage Two Divestment Businesses in accordance with the provisions of these undertakings:

(a) the transfer or vesting of property, assets, rights, personnel, liabilities or obligations (including without prejudice any contracts, licences, authorisations, permits or consents);

(b) the adjustment of contracts, whether by discharge or reduction or assignment of any liability or obligation or otherwise;

(c) the creation, allotment, transfer, surrender or cancellation of any shares, stock or securities; and

(d) the formation or winding up of a company,

provided that, for the avoidance of doubt, nothing in this paragraph 3.4 shall be interpreted as (i) preventing or precluding CGL from using any co-operative (or similar) or Somerfield (or similar) brand used to denote stores or (ii) requiring CGL to transfer or licence any such brand to a third party (other than on a short term, temporary basis).

3.5 Where CGL divests a Stage Two Divestment Business over which it holds or Somerfield held a freehold interest by way of the grant of a long lease on normal commercial terms of not less than 25 years duration to the relevant purchaser, it shall in addition sell the freehold interest in that Stage Two Divestment Business to a person independent of and unconnected to CGL

and the Group of Interconnected Bodies Corporate to which CGL belongs and any Associated Person or Affiliate of CGL or such Group of Interconnected Bodies Corporate with the completion of that sale occurring within a period not exceeding [X] from the date of the commencement of the lease.

- 3.6 CGL shall ensure that each sale and purchase agreement entered into for the purposes of paragraphs 3.1 and 3.3 above include a warranty that that the purchaser has the financial resources, expertise (including the managerial, operational and technical capability) and incentive to maintain and operate the relevant Divestment Business as part of a viable and active business in competition with CGL and other competitors in the provision of grocery retailing.
- 3.7 In the event that CGL fails to divest one or more of the Stage Two Divestment Businesses in accordance with paragraphs 3.1, 3.2, 3.3 and 3.5 above, the OFT may, whether or not initiating the Trustee Functions set out below, require CGL to divest that or those Stage Two Divestment Businesses as a going concern to a purchaser or purchasers approved by the OFT. [X].
- 3.8 CGL shall notify the OFT in writing of the identity of each proposed purchaser that makes an offer for any of the Stage Two Divestment Businesses together with the value and terms of such offers as soon as reasonably practicable following the receipt of such offers and in any event within 10 Working Days of receipt of such offers.

Approval of purchaser and terms of divestment

- 4.1 For the purposes of the OFT approving a Divestment Purchaser in accordance with these undertakings, CGL shall, save as required or permitted by the OFT, satisfy the OFT that:
 - (a) the acquisition by the Divestment Purchaser remedies, mitigates or prevents the substantial lessening of competition concerned or any adverse effect which has or may have resulted from it, or may be expected to result from it, in particular, having regard to the need to achieve as comprehensive a solution as is reasonable and practicable to the substantial lessening of competition and any adverse effects resulting from it;
 - (b) the Divestment Purchaser is independent of and unconnected to CGL and the Group of Interconnected Bodies Corporate to which CGL belongs and any Associated Person or Affiliate of CGL or such Group of Interconnected Bodies Corporate;
 - (c) the Divestment Purchaser has the financial resources, expertise (including the managerial, operational and technical capability) and incentive to maintain and operate the relevant Divestment Business as

part of a viable and active business in competition with CGL and other competitors in the provision of grocery retailing;

- (d) the Divestment Purchaser is reasonably to be expected to obtain all necessary approvals, licences and consents from any regulatory or other authority including landlord's consent to the transfer of any leasehold interest; and
- (e) the acquisition by the Divestment Purchaser of the relevant Divestment Business (or Divestment Businesses) does not create a realistic prospect of a substantial lessening of competition within any market or markets in the UK.

4.2 The OFT may require CGL and/or a Divestment Purchaser to provide it with such information and documentation as it may reasonably require to satisfy the OFT that the proposed purchaser will fulfil the requirements set out in paragraph 4.1 above.

Appointment of a Trustee

5.1 The provisions of paragraphs 5.2 to 5.7 below shall apply only as long as CGL has not satisfied, or where the OFT has reasonable grounds for believing that CGL will not satisfy, all or any part of the obligation to divest each of the Stage Two Divestment Businesses in accordance with paragraphs 3.1, 3.2, 3.3 and 3.5 above.

5.2 Within 15 Working Days of the OFT notifying in writing CGL that it must do so, CGL shall propose to the OFT for approval:

- (a) the names of at least two individuals to exercise the Trustee Functions; and
- (b) the full terms of a mandate in accordance with which the Trustee shall carry out the Trustee Functions.

5.3 CGL and/or any individuals nominated pursuant to paragraph 5.2 shall satisfy the OFT that, save as required or permitted by the OFT:

- (a) such nominated individuals are each EU nationals with the necessary qualifications to carry out their mandates, and employees or partners of an investment bank, bank, building society or law firm or accountancy firm with an established reputation either nationwide or in a substantial part of the UK or in another EU member state;
- (b) such nominated individuals are each independent of CGL and of the Group of Interconnected Bodies Corporate to which CGL belong and of any Associated Person or Affiliate of CGL or of such Group of Interconnected Bodies Corporate and of any proposed purchasers of

the Stage Two Divestment Businesses and, in the reasonable opinion of CGL, are appropriate to be appointed as Trustee; and

- (c) such nominated individuals neither are nor are likely to become exposed, either directly or indirectly, to a conflict of interest that impairs or may be likely to impair their objectivity or independence in discharging the Trustee Functions.

5.4 Within 20 Working Days of the OFT approving, at its discretion, one or more of the persons nominated by CGL and their proposed mandates pursuant to paragraph 5.2 above, and subject to any modifications the OFT deems necessary for the Trustee to carry out the Trustee Functions, CGL shall use its best endeavours to appoint from the persons so approved one person to carry out the Trustee Functions in accordance with the mandate approved by the OFT pursuant to paragraph 5.2.

5.5 In the event that:

- (a) CGL fails to propose any person or persons in accordance with paragraph 5.2 above; or
- (b) none of the persons proposed by CGL pursuant to paragraph 5.2 is approved by the OFT; or
- (c) CGL are unable for any reason to appoint within the time limit stipulated in paragraph 5.4 any such person following approval by the OFT,

CGL shall use its best endeavours to appoint from persons nominated by the OFT one person to carry out the Trustee Functions on the terms of a mandate approved by the OFT. CGL shall use its best endeavours to make such appointment within seven Working Days of receiving the nominations from the OFT.

5.6 The appointment of the Trustee pursuant to paragraph 5.4 or 5.5 shall be irrevocable unless:

- (a) a conflict of interest that impairs or may be likely to impair the objectivity or independence of the Trustee in discharging the Trustee Functions arises;
- (b) the Trustee ceases to perform the Trustee Functions; or
- (c) the OFT is otherwise satisfied that there is good cause for the appointment to be terminated in advance of the satisfactory fulfilment of the Trustee Functions.

- 5.7 In the event that the appointment of the Trustee is terminated in accordance with paragraph 5.6 above, CGL shall, if requested to do so in writing by the OFT, use its best endeavours to appoint from persons nominated by the OFT one person to carry out the Trustee Functions in accordance with such mandate as is approved by the OFT. CGL shall use its best endeavours to make such appointment within seven Working Days of receiving the nominations from the OFT. Where required by the OFT, the outgoing Trustee shall continue as Trustee until a new Trustee is in place and a full handover of all relevant information has taken place.

The Mandate

6. The terms of the mandate proposed by CGL pursuant to paragraph 5.2 above shall, as a minimum, contain all provisions necessary to enable the Trustee to carry out the Trustee Functions including, without limitation to the generality of this paragraph:
- (a) an exclusive, irrevocable mandate to sell any of the Stage Two Divestment Businesses as required by paragraph 7.1 below to a purchaser or purchasers approved in writing in advance by the OFT at no minimum price and on such reasonable terms and conditions as the Trustee considers appropriate to effect an expedient sale;
 - (b) a mandate to take any other steps necessary for, or incidental to, the Trustee's mandate under sub-paragraph (a) above [~~✗~~];
 - (c) a comprehensive power of attorney to the Trustee (including the authority to grant sub-powers of attorney to the Trustee's officers, employees and agents) to enable it to take all steps necessary or appropriate to effect the sale of such Stage Two Divestment Businesses;
 - (d) a mandate to comply with any orders and/or directions given by the OFT; and
 - (e) a mandate to appoint at CGL's expense such advisers as the Trustee reasonably considers necessary or appropriate in connection with the performance of the Trustee Functions.

Functions of Trustee

- 7.1 The Trustee shall seek to procure, within such period as may be specified in writing by the OFT, the completion of the sale of the Stage Two Divestment Businesses at no minimum price, to a purchaser or purchasers approved by the OFT in accordance with paragraph 7.3 below.
- 7.2 Without prejudice to the generality of paragraph 7.1, the Trustee shall take any of the measures set out in paragraph 3.4 above in relation to the

Divestment Businesses to the extent to which such measures may be necessary to effect the divestment of the Stage Two Divestment Businesses in accordance with that provision.

- 7.3 The Trustee shall not sell or permit the divestment of any of the Stage Two Divestment Businesses to a proposed purchaser unless it has obtained the OFT's prior written approval in respect of the identity of that proposed purchaser. The Trustee shall notify the OFT of the identity of a proposed purchaser as soon as reasonably practicable prior to the signing of a legally enforceable agreement and in any event at least 20 Working Days in advance of the proposed completion of the proposed sale and purchase agreement in question.
- 7.4 Pending the divestment of the Divestment Businesses pursuant to paragraph 7.1 above, the Trustee shall monitor CGL's compliance with their obligations under paragraphs 8.1 and 8.2 of these undertakings and shall take such measures as it considers necessary to ensure such compliance.
- 7.5 The Trustee may give written directions to CGL to take such steps as may be specified or described in the directions for the purpose of securing CGL's compliance with its obligations under these undertakings or enabling the Trustee to carry out the Trustee Functions. Save as otherwise provided in paragraph 6(b) the Trustee may not require CGL to accept any actual or contingent liability towards a purchaser or otherwise in connection with the divestment of the Stage Two Divestment Businesses which would be unusual in scope, duration or financially having regard to the price and usual market practice in relation to similar disposals.
- 7.6 The Trustee shall, as soon as reasonably practicable, comply at all times with any reasonable instructions or written directions made by the OFT for the purposes of carrying out or securing compliance with the undertakings (or any matter incidental thereto) and shall provide to the OFT such information and reports in relation to the carrying out of the Trustee Functions as the OFT may require. The Trustee shall promptly report in writing to the OFT if the Trustee concludes on reasonable grounds that CGL is failing to comply with any of its obligations under these undertakings.
- 7.7 For the purpose of fulfilling the Trustee Functions, the Trustee shall not be bound by instructions of CGL nor shall the Trustee Functions be extended or varied in any way by CGL save with the prior express written consent of the OFT.

Obligations of CGL following appointment of Trustee

- 8.1 CGL shall not give any instruction or request to the Trustee which conflicts with the Trustee Functions.

- 8.2 CGL shall take all such steps as are reasonably necessary to enable the Trustee to carry out the Trustee Functions, including but not limited to:
- (a) complying with such written directions as the Trustee may from time to time give pursuant to paragraph 7.5 above; and
 - (b) providing the Trustee with all such assistance and information as it may reasonably require in carrying out the Trustee Functions.

Remuneration of Trustee

9. CGL shall pay the Trustee a reasonable remuneration for the services it provides in carrying out the Trustee Functions, and shall pay the Trustee in a way that does not impede the independent and effective fulfilment of the Trustee Functions, which shall be set out in the Trustee's mandate referred to in paragraph 6 above.

Interim action

10. Pending the divestment of the Divestment Businesses to the satisfaction of the OFT in accordance with the provisions of these undertakings, CGL shall ensure that:
- (a) without accepting any duty to make any substantial capital investment additional to investment arrangements in place at the time of the Acquisition, each of the Divestment Businesses is maintained as a going concern and sufficient resources are made available for the development of each of the Divestment Businesses on the basis of its pre-merger plans;
 - (b) except in the ordinary course of business, no substantive changes are made to the organisational structure of the Divestment Businesses or the management responsibilities within the Divestment Businesses;
 - (c) except with the prior written consent of the OFT, the Divestment Businesses are maintained and preserved, including facilities and goodwill;
 - (d) the nature, description, range and standard of goods and services currently supplied by the Divestment Businesses are maintained and preserved;
 - (e) the separate trading name and/or the separate sales or brand identity of each of the Divestment Businesses is maintained;
 - (f) except in accordance with paragraphs 2.1, 2.2, 2.3, 2.4, 2.5, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7 or 7 above, no assets of the Divestment

Businesses are disposed of, and no Interest in such assets is created or disposed of, other than in the ordinary course of business;

- (g) there is no integration or, in the case of those Divestment Businesses that have been carried on by CGL prior to the Acquisition, no further integration of the information technology used by CGL with that used by any of the Divestment Businesses and the software and hardware platforms of the Divestment Businesses shall remain essentially unchanged, except for routine changes and maintenance;
- (h) all reasonable steps are taken to encourage all Key Staff to remain with the Divestment Businesses; and
- (i) to the extent it has not already occurred and except as detailed below, no Confidential Information relating to any of the Divestment Businesses shall pass, directly or indirectly from any of the Divestment Businesses (or any employees, directors, agents or Affiliates of the Divestment Businesses) to CGL (or any of its employees, directors, agents or Affiliates), or vice versa, except where strictly necessary in the ordinary course of business or in any of the following circumstances:
 - (a) the transfer of any accounting information necessary to allow CGL's Chief Executive, Chief Financial Officer and Group Secretary and the CGL Board to monitor and review the financial performance of the Divestment Businesses provided that such accounting information is not passed on to any other person within CGL;
 - (b) the transfer of any information required in connection with CGL's dealings with the OFT;
 - (c) the transfer of any information necessary for compliance with any statutory or accounting obligations to the extent that such compliance cannot be achieved separately by each of the businesses and including for the avoidance of doubt the compilation of consolidated accounts in line with CGL and Somerfield's existing accounting practices; and
 - (d) any steps necessary in order for CGL to comply with these undertakings,

provided that, upon divestment of any of the Divestment Businesses, any records or copies (electronic or otherwise) of Confidential Information held by CGL in relation to that Divestment Business (or vice versa) shall be returned to the relevant business and any copies destroyed.

Continued separation

11. Except with the prior written consent of the OFT, following the divestment of a Divestment Business, CGL or any member of the Group of Interconnected Bodies Corporate to which CGL belongs:
- (a) shall not, directly or indirectly, hold, acquire, re-acquire or use:
 - (i) any Interest in that Divestment Business other than the leasehold reversionary interest of that Divestment Business that is divested by way of a leasehold interest;
 - (ii) any Interest in any company carrying on or having Control of that Divestment Business (other than any investments made in the ordinary course of the operation of any of the employee benefit and pension schemes of CGL or of any members of the Group of Interconnected Bodies Corporate to which CGL belongs of not more than three per cent in aggregate of the issued equity share capital in any such company, whose shares are listed or dealt with on any recognised investment exchange, which carries no more than three per cent of the voting rights exercisable at meetings of such company); or
 - (iii) other than in the ordinary course of business, any of the assets of that Divestment Business;
 - (b) shall procure that no employee or director of CGL or of any member of the Group of Interconnected Bodies Corporate to which CGL belongs holds or is nominated to any directorship or managerial position in that Divestment Business or any company or other undertaking utilising or having Control of that Divestment Business without the OFT's prior written consent;
 - (c) shall not participate in the formulation of, or (other than in the ordinary course of business) influence or attempt to influence, the policy of that Divestment Business or any company or other undertaking carrying on or having Control of that Divestment Business; and
 - (d) shall not enter into or carry out any agreement or arrangement with any person, if the carrying out of the agreement or arrangement is intended to result or will result in any Associated Person or Affiliate of CGL or of any member of the Group of Interconnected Bodies Corporate to which CGL belongs directly or indirectly acquiring that Divestment Business or doing any of the things listed in subparagraphs (a), (b) and (c) above.

Compliance

- 12.1 CGL shall comply promptly with such written directions as the OFT may from time to time give:
- (a) to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings; or
 - (b) to do or refrain from doing anything so specified or described which it might be required by these undertakings to do or to refrain from doing.
- 12.2 CGL shall procure that any member of the same Group of Interconnected Bodies Corporate as CGL complies with these undertakings as if it had given them and actions and omissions of the members of the same Group of Interconnected Bodies Corporate as CGL shall be attributed to CGL for the purposes of these undertakings.
- 12.3 Where any Affiliate of CGL is not a member of the same Group of Interconnected Bodies Corporate as CGL, CGL shall use its best endeavours to procure that any such Affiliate shall comply with these undertakings as if it had given them.

Extension of time limits

13. The OFT may, in response to a written request from CGL, or otherwise at its own discretion, grant an extension to any time period referred to in these undertakings.

Provision of Information

14. CGL shall furnish promptly to the OFT such information as the OFT considers necessary in relation to or in connection with the implementation and/or enforcement of and/or the compliance with these undertakings, including for the avoidance of doubt, any Confidential Information.

Interpretation

- 15.1 The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.
- 15.2 References in these undertakings to any English law term for any legal status, interest, concept or thing shall in respect of any jurisdiction other than England and Wales be deemed to include what most nearly approximates in that jurisdiction to the English law term.

15.3 In these undertakings the word "including" shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word "include" and its derivatives shall be construed accordingly.

15.4 For the purposes of these undertakings:

"Acquisition" means the anticipated acquisition by CGL of Somerfield pursuant to a sale and purchase agreement dated 15 July 2008;

"the Act" means the Enterprise Act 2002;

"Affiliate" of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

"Associated Person" means a person or persons associated with CGL within the meaning of section 127(4) of the Act and includes any Subsidiary of such a person or persons;

"business" has the meaning given by section 129(1) and (3) of the Act;

"CC" means the Competition Commission;

"CGL" means Co-operative Group Limited;

"Confidential Information" means any business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature;

"Control" shall be construed in accordance with section 26 of the Act, and in the case of a body corporate, a person shall be deemed to Control it if he holds, or has an interest in, shares of that body corporate amounting to 10 per cent or more of its issued share capital or carrying an entitlement to vote at meetings of that body corporate of 10 per cent or more of the total number of votes which may be cast at such meetings;

"Decision" means the OFT's decision under section 33 of the Act dated 20 October 2008 in connection with the Acquisition;

"Divestment" shall include, in addition to the sale of freehold property, the transfer of a leasehold interest or the grant of a long lease on normal commercial terms of not less than 25 years duration and the word "divest" and its derivatives shall be construed accordingly; and "purchase", "purchaser", "acquire" and "acquisition" and "attempted divestment" shall be construed to include both freehold and leasehold transactions;

“Divestment Businesses” means the Stage One Divestment Businesses and the Stage Two Divestment Businesses;

“Divestment Period” means the period of time determined by the OFT and notified in writing to CGL by the OFT;

“Divestment Purchaser” means a Proposed Stage One Divestment Purchaser for the relevant Stage One Divestment Business or a proposed purchaser for a Stage Two Divestment Business;

“Group of Interconnected Bodies Corporate” has the meaning given in section 129(2) of the Act; references to a Group of Interconnected Bodies Corporate shall be to the Group of Interconnected Bodies Corporate as constituted from time to time;

“Interest” includes shares, an interest in shares and any other interest carrying an entitlement to vote at shareholders’ meetings; and for this purpose “an interest in shares” includes an entitlement by a person other than the registered holder, to exercise any right conferred by the holding of these shares or an entitlement to Control the exercise of such right;

“Key Staff” means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the Divestment Business;

“OFT” means the Office of Fair Trading;

“Proposed Stage One Divestment Purchaser” means the proposed purchaser for the relevant Stage One Divestment Business as listed in Annex 1;

“Somersetfield” means Somersetfield Limited;

“Stage One Divestment Business” means the businesses listed in the “Store to be divested” column from each numbered row of the table in Annex 1 comprising, in respect of each such business, the whole or substantially the whole of the rights, assets, interests and obligations of or associated with that business as operated immediately prior to the date of the Acquisition, including without prejudice to the foregoing, save as required or permitted by the OFT:

- (a) where capable of being transferred, all or substantially all tangible and intangible assets which contribute to the current operation or are necessary to ensure the viability or competitiveness of the business;
- (b) where capable of being transferred, all or substantially all licences, permits, consents and authorisations issued by any governmental organisation for the benefit of the business;

- (c) where capable of being transferred, all or substantially all contracts, leases, commitments and customer orders of or associated with the business; and
- (d) all customer, credit and other records of the business,

provided that, for the avoidance of doubt, nothing in this definition shall be interpreted as (i) preventing or precluding CGL from using any co-operative (or similar) or Somerfield (or similar) brand used to denote stores or (ii) requiring CGL to transfer or licence any such brand to a third party (other than on a short term, temporary basis).

“Stage Two Divestment Business” means either the Somerfield business or, where listed, the CGL business (or all the CGL businesses) from each numbered row of the table in Annex 2 comprising, in respect of each such business, the whole or substantially the whole of the rights, assets, interests and obligations of or associated with that business as operated immediately prior to the date of the Acquisition, including without prejudice to the foregoing, save as required or permitted by the OFT:

- (a) where capable of being transferred, all or substantially all tangible and intangible assets which contribute to the current operation or are necessary to ensure the viability or competitiveness of the business;
- (b) where capable of being transferred, all or substantially all licences, permits, consents and authorisations issued by any governmental organisation for the benefit of the business;
- (c) where capable of being transferred, all or substantially all contracts, leases, commitments and customer orders of or associated with the business; and
- (d) all customer, credit and other records of the business,

provided that, for the avoidance of doubt, nothing in this definition shall be interpreted as (i) preventing or precluding CGL from using any co-operative (or similar) or Somerfield (or similar) brand used to denote stores or (ii) requiring CGL to transfer or licence any such brand to a third party (other than on a short term, temporary basis);

“Subsidiary” shall be construed in accordance with section 736 of the Companies Act 1985 (as amended), unless otherwise stated;

“Trustee” means the person appointed pursuant to paragraph 5.4, 5.5 or 5.7 to carry out the Trustee Functions;

“Trustee Functions” means the functions set out in paragraph 7;

“UK” means the United Kingdom of Great Britain and Northern Ireland; and

"Working day" means any day of the week other than a Saturday or a Sunday or any day that is a public holiday in England.

FOR AND ON BEHALF OF **CO-OPERATIVE GROUP LIMITED**

..... Signature

..... Name

..... Title

..... Date

Authorised Signatory

Annex 1 –

**Stage One Divestment Businesses and corresponding
Proposed Stage One Divestment Purchasers**

Number	Postcode of Somerfield store	Location of Somerfield store	Postcode of overlapping CGL store(s)	Location of overlapping CGL store(s)	Store to be divested	Proposed Purchaser
1.	BS16 5NS	Bristol - Staple Hill	BS16 5NP	Staple Hill	CGL	Tesco
2.	SG9 9AE	Buntingford	SG9 9HT	Buntingford	Somerfield	Musgrave
3.	BB12 8BA	Burnley - Padiham	BB12 8DB	Padiham	CGL	Tesco
4.	PE16 6BH	Chatteris	PE16 6RN	Chatteris	Somerfield	Musgrave
5.	GL53 7LT	Cheltenham - Bath Road	N/A	N/A	Somerfield	Spar
6.	DH7 8JG	Durham - Langley Moor	DL16 6YQ	Spennymoor	Somerfield	Tesco
			DH7 8NN	Brandon NE		
			DL15 8ND	Crook		
			DL15 0AD	Willington		
7.	G42 7RP	Glasgow - Victoria Road	G41 3EA	Shawlands	Somerfield	Lidl
8.	BH23 5EG	Highcliffe On Sea	BH25 6HY	New Milton	CGL	Morrison
9.	PE12 8LA	Holbeach	N/A	N/A	Somerfield	Musgrave
10.	EX14 1JW	Honiton	EX14 1LR	Honiton	Somerfield	Musgrave
11.	SE12 0DU	London - Grove Park	BR1 5HR	Downham Way	Somerfield	Spar
12.	WA13 OHP	Lymm	M31 4EL	Partington	Somerfield	Spar
			WA4 1JR	The Bridges, Latchford		
			WA15 8ST	Hale Barns		
			WA1 4NB	Holes Lane		

13.	NR6 7HS	Norwich - Catton	N/A	N/A	Somerfield	Musgrave
14.	NG8 2QP	Nottingham - Wollaton	NG8 3AP	Strelley	Somerfield	Spar
			NG8 2DH	Trowell Road		
			NG9 7AN	Stapleford		
15.	OX2 7HN	Oxford - Summertown	N/A	N/A	Somerfield	Tesco
16.	SK12 1JG	Poynton	SK12 1RE	Poynton	Somerfield	Morrison
			SK7 4AG	Hazel Grove		
17.	S10 3BB	Sheffield - Broomhill	S10 1TG	Crookes	Somerfield	Spar
18.	S2 1GQ	Sheffield - Manor Top	S2 1WE	Manor Park	Somerfield	Tesco
19.	SO30 4FQ	Southampton - Hedge End	SO30 4DY	Hedge End	CGL	Musgrave
20.	SN2 1AA	Swindon - Cricklade Road	N/A	N/A	Somerfield	Morrison
21.	SN4 9LN	Swindon - Wroughton	N/A	N/A	Somerfield	Spar
22.	M29 8AW	Tyldesley	M29 8DR	Tyldesley	Somerfield	Morrison
			M46 0DP	Atherton		
23.	G71 7ET	Uddingston	N/A	N/A	Somerfield	Tesco
24.	CT5 1BQ	Whitstable	CT5 1DG	Whitstable	Somerfield	Musgrave

Note: N/A (not applicable) arises in those areas in which the OFT was concerned about the loss of competition, resulting from the merger, between an existing Somerfield store and a regional co-operative. In these instances there are no CGL stores in the local area to divest.

Annex 2 –

Stage Two Divestment Businesses

Number	Postcode of Somerfield store	Location of Somerfield store	Postcode of overlapping CGL store(s)	Location of overlapping CGL store(s)
25.	SY23 1PB	Aberystwyth	SY23 3QH	Aberystwyth
26.	DD11 3ES	Arbroath	N/A	N/A
27.	DE6 1GF	Ashbourne	N/A	N/A
28.	CV9 1AB	Atherstone	N/A	N/A
29.	DE56 1PX	Belper	N/A	N/A
30.	DA17 5JG	Belvedere	DA17 5QQ	Belvedere
			SE18 1PP	Lakedale Road
31.	TD15 1JS	Berwick On Tweed	TD15 2DS	Tweedmouth
32.	EX39 2JT	Bideford	N/A	N/A
33.	LL41 3HW	Blaenau Ffestiniog	LL41 3AG	Blaenau Ffestiniog
34.	BL6 7AE	Bolton – Horwich	PR6 9NA	Adlington Fm
35.	BH18 8DP	Bournemouth - Broadstone	BH21 3LE	Corfe Mullen, Towers Way
36.	DT6 3QP	Bridport	DT6 4RR	Bridport
37.	EH52 5EE	Broxburn	N/A	N/A
38.	AB56 1PJ	Buckie - East Cathcart Street	AB56 1AB	Buckie
39.	CH7 2EG	Buckley	CH7 2ED	Buckley
40.	EX23 8ND	Bude	EX23 8AU	Bude
41.	ML8 4AT	Carluke - Rankin Gait Centre	N/A	N/A
42.	OX18 3JL	Carterton	N/A	N/A
43.	TA20 2DN	Chard	TA20 1PT	Chard
44.	CM1 4UX	Chelmsford	N/A	N/A
45.	OX7 5NA	Chipping Norton - Market PI	N/A	N/A
46.	GL16 8HA	Coleford - High Street	N/A	N/A

47.	CV5 9AF	Coventry - Westmede	N/A	N/A
48.	TA18 7JS	Crewkerne	TA18 7LU	Crewkerne
49.	PH7 4DE	Crieff	PH7 3AE	Crieff
50.	FK6 5DN	Denny	FK6 6DJ	Denny
51.	LL40 2YF	Dolgellau	LL40 1HR	Dolgellau
			LL42 1PH	Barmouth
52.	DN8 5AP	Doncaster - Thorne	DN8 5BA	Thorne
53.	CO12 3PD	Dovercourt	N/A	N/A
54.	DY3 2UB	Dudley - Gornal Wood	N/A	N/A
55.	DY3 1SB	Dudley - Sedgley	N/A	N/A
56.	EH42 1DX	Dunbar	N/A	N/A
57.	PA23 8BJ	Dunoon	PA23 8AX	Dunoon
58.	TN8 5AD	Edenbridge	TN8 5LN	Edenbridge
59.	HX5 OHQ	Elland	HX5 OEE	Elland
60.	DD8 3AE	Forfar	N/A	N/A
61.	AB43 9DA	Fraserburgh - Saltown Square	AB43 9JJ	Fraserburgh - Saltown Square
62.	PO40 9AL	Freshwater - low	N/A	N/A
63.	PR3 1EL	Garstang - Park Hill Road	PR3 1EA	Garstang
64.	ME7 1AL	Gillingham - Kent	ME7 1AQ	High Street, Gillingham
65.	G41 3RS	Glasgow - Shawlands Arcade	G41 3EA	Shawlands
66.	CO9 2JB	Halstead	N/A	N/A
67.	GU27 2AB	Haslemere	GU27 1LD	Haslemere
68.	YO32 2LU	Haxby	YO32 3SA	Haxby
69.	PO11 9BL	Hayling Island	N/A	N/A
70.	DH5 9PE	Houghton Le Spring - Hetton	DH4 4BJ	Houghton Le Spring
71.	EX34 9QE	Ilfracombe	EX34 8AY	Wilder Road, Ilfracombe
72.	TD5 7DH	Kelso - Roxborough Street	N/A	N/A

73.	BS31 1EA	Keynsham - High Street	BS31 1ST	Keynsham
74.	NG17 8AB	Kirkby In Ashfield- Station St	NG17 7BQ	Kirkby In Ashfield
75.	SA48 7DS	Lampeter	SA48 7AF	Lampeter
76.	BN15 9BA	Lancing	BN15 8AG	Lancing
			BN11 1JU	Worthing
77.	ML9 1EP	Larkhall	ML9 1EF	Larkhall
78.	LE7 2JT	Leicester - Syston	N/A	N/A
79.	PL14 3AB	Liskeard	PL17 7BE	Callington
			PL14 6AD	Liskeard
80.	LD1 5YG	Llandrindod Wells	LD2 3ED	Builth Wells
81.	LL61 5YX	Llanfairpwllgwyngyll	LL77 7PN	Llangefni
			LL59 5EA	Menai Bridge
82.	SE2 9PS	London - Abbey Wood	DA17 5QQ	Belvedere
			SE18 1PP	Lakedale Road
83.	SE18 1JQ	London - Plumstead	DA17 5QQ	Belvedere
			SE18 1PP	Lakedale Road
84.	LN11 9AB	Louth - East Gate	LN11 0LT	Louth
85.	GL15 5PE	Lydney - Hams Road	N/A	N/A
86.	OL2 5PT	Manchester - Royton	OL2 5QD	Royton
87.	NG20 0AH	Mansfield - Warsop Sf	NG19 8AN	Mansfield Woodhouse
			NG20 8AQ	Shirebrook
88.	SN12 6LP	Melksham	SN12 7HS	Melksham
89.	TA24 5UQ	Minehead - The Avenue	TA24 5AZ	Minehead
90.	CH7 1NH	Mold	CH7 2ED	Buckley
91.	DD10 8DE	Montrose - Basin View	N/A	N/A
92.	BH25 6JD	New Milton	BH25 6HY	New Milton ¹
93.	NE4 8BE	Newcastle Upon Tyne - Benwell	NE21 5BT	Blaydon

¹ See row 8 of Annex 1.

94.	TR7 1LP	Newquay	TR7 1RN	Newquay
95.	DG8 6NQ	Newton Stewart	DG8 6NL	Newton Stewart
96.	SY16 1BP	Newtown	SY16 1AF	Ladywell Centre, Newtown
			SY16 1DG	Poole Rd, Newtown
97.	NG9 2JG	Nottingham - Beeston Sf	NG8 2DH	Trowell Road
98.	NG2 7RS	Nottingham - Compton Acres	NG11 6HD	Ruddington
			NG11 9LQ	Clifton
			NG2 6AP	West Bridgeford
			NG8 2DH	Trowell Road
99.	WF5 9BT	Ossett Sf	WF5 9DB	Ossett
			WF4 5LN	Horbury
100.	WR10 2EY	Pershore - Racecourse Road	WR10 1QU	Pershore
101.	WF9 4HL	Pontefract - Hemsworth	S71 4RF	Royston, Yorks
			S72 8JJ	Cudworth
			WF9 2BP	Moorthorpe
			WF7 7NB	Ackworth
			WF9 4JY	Hemsworth Market St
102.	NE20 9NH	Ponteland - Main Street	NE15 9AB	Throckley
			NE20 9PW	Ponteland
103.	BS20 6EH	Portishead - 60 High Street	BS20 8LR	Portishead
104.	LL53 5NF	Pwllheli	LL53 5HG	Pwllheli
105.	PE26 1HA	Ramsey	N/A	N/A
106.	SK6 4DS	Romiley	SK6 6AU	Marple
107.	S66 7BN	Rotherham - Maltby	S66 8LG	Maltby

108.	NE40 3RA	Ryton	NE15 9AB	Throckley
109.	IP17 1EP	Saxmundham	N/A	N/A
110.	TD7 4JX	Selkirk	N/A	N/A
111.	BN43 6PA	Shoreham	BN15 8AG	Lancing
112.	PE23 5HD	Spilsby	N/A	N/A
113.	KA3 5EL	Stewarton	KA15 2DJ	Beith
114.	ST8 6AR	Stoke On Trent - Biddulph High St	ST8 6AS	Biddulph
115.	ST8 6AG	Stoke On Trent - Biddulph Wharf Rd	ST8 6AS	Biddulph
116.	BH19 1AF	Swanage	BH19 1HP	Swanage
117.	LN4 4LJ	Tattershall	N/A	N/A
118.	SA70 7LT	Tenby	SA68 0YA	Kilgetty
119.	CF40 1AN	Tonypany	CF39 9BA	Porth
120.	PL11 2JR	Torpoint	N/A	N/A
121.	CF42 6AS	Treorchy	CF42 6UA	Treorchy
122.	AB53 4EN	Turriff	AB54 7TD	Aberchirder
			AB53 4DU	Turriff
123.	BH20 4NX	Wareham	BH20 4AB	Wareham
124.	TA21 8AQ	Wellington - Somerset	TA21 8RQ	Wellington
125.	PO31 7AY	West Cowes - low	N/A	N/A
126.	NE16 5BY	Whickham - Oakfield Road	NE16 4DN	Whickham
127.	YO21 3BB	Whitby	YO21 1DH	Whitby
128.	KW1 5AE	Wick	KW1 5LW	Wick
129.	CA7 9AE	Wigton Sf	CA7 9EH	Wigton
130.	BN11 1LZ	Worthing - Guildbourne Centre	BN15 8AG	Lancing
131.	S75 3RF	Dodworth	S71 4RF	Royston, Yorks
			S36 6BZ	Penistone
			S75 6BW	Mapplewell
			S75 3RF	Dodworth

132.	SK22 4BS	New Mills	SK22 4NG	New Mills
			SK7 4AG	Hazel Grove
			SK6 6AU	Marple
			SK23 0EZ	Chapel-En-Le-Frith
			SK13 8BS	Glossop
			SK22 4BS	Torr Top Street
133.	IP4 1HA	Ipswich Carr Street	N/A	N/A

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