

**COMPLETED ACQUISITION BY CO-OPERATIVE GROUP LIMITED OF PLYMOUTH
& SOUTH WEST CO-OPERATIVE LIMITED**

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

WHEREAS:

- (a) On 6 September 2009 PSW transferred its engagements to CGL under section 51(1) of the Industrial and Provident Societies Act 1965;
- (b) The OFT believes that as a consequence of the Transaction a relevant merger situation has been created in the UK;
- (c) The OFT has a duty to refer a completed merger to the CC for further investigation where it believes that it is or may be the case that the merger situation in question has resulted, or 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 has or may have resulted from it, or 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 Transaction 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 the Transaction or may be expected to result from it.

Effective date of the undertakings

- 1 These undertakings shall take effect from the date that, having been signed by CGL, they are accepted by the OFT.

Divestment of the Divestment Funeral Business

- 2.1 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 the Divestment Funeral Business as a going concern by the end of the Divestment Period to a purchaser approved by the OFT in accordance with the provisions 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 Divestment Funeral Business.
- 2.3 CGL shall be deemed to have complied with the obligation at paragraphs 2.1 and 2.2 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 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 the Divestment Funeral Business contemplated by such agreement, 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,
 - (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.
- 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 to effect the sale of the Divestment Funeral Business 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.
- 2.5 If CGL divests a Divestment Funeral Business over which it holds or PSW 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 proposed purchaser, it shall in addition sell the freehold interest in that Divestment

Funeral 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 three months from the date of the commencement of the lease.

- 2.6 CGL shall ensure that the sale and purchase agreement entered into for the purposes of paragraphs 2.1 and 2.3 above includes a warranty that the proposed purchaser has the financial resources, expertise (including the managerial, operational and technical capability), incentive and intention to maintain and operate the Divestment Funeral Business as part of a viable and active business in competition with CGL and other competitors in funeral services in the relevant local area.
- 2.7 In the event that CGL fails to divest the Divestment Funeral Business in accordance with paragraphs 2.1, 2.2 and 2.3 above, the OFT may, whether or not initiating the Trustee Functions set out below, require CGL to divest the Divestment Funeral Business as a going concern at no minimum price to a purchaser approved by the OFT.
- 2.8 CGL shall notify the OFT in writing of the identity of each proposed purchaser that makes an offer for the Divestment Funeral Business 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.

Purchaser Approval

- 3.1 For the purposes of the OFT approving a proposed purchaser for the Divestment Funeral Business in accordance with these undertakings, CGL and/or any proposed purchaser shall satisfy the OFT that:
 - (a) acquisition by the proposed 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 proposed 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 proposed purchaser has the financial resources, expertise (including the managerial, operational and technical capability), incentive and intention to maintain and operate a funeral business from the Divestment Funeral Business Property as a viable and active business in competition with CGL and other competitors;

- (d) the proposed 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 proposed purchaser of the Divestment Funeral Business does not itself create a realistic prospect of a substantial lessening of competition within any market or markets in the UK.
- 3.2 The OFT may require CGL and/or a proposed 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 in paragraph 3.1 above.

Appointment of a Trustee

- 4.1 The provisions of paragraphs 4.2 to 4.7 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 the Divestment Funeral Business in accordance with paragraphs 2.1, 2.2 and 2.3 above.
- 4.2 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.
- 4.3 CGL and/or any individuals nominated pursuant to paragraph 4.2 shall satisfy the OFT that:
- (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 belongs and of any Associated Person or Affiliate of CGL or of such Group of Interconnected Bodies Corporate and of any proposed purchasers of the Divestment Funeral Businesses to be sold pursuant to these undertakings, and, in the reasonable opinion of CGL, are appropriate to be appointed as Trustee; and
 - (c) such nominated individuals neither are nor shall 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.

4.4 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 4.2 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 4.2.

4.5 In the event that:

- (a) CGL fails to propose any person or persons in accordance with paragraph 4.2 above; or
- (b) none of the persons proposed by CGL pursuant to paragraph 4.2 is approved by the OFT; or
- (c) CGL is unable for any reason to appoint within the time limit stipulated in paragraph 4.4 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.

4.6 The appointment of the Trustee pursuant to paragraph 4.4 or 4.5 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 its 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.

4.7 In the event that the appointment of the Trustee is terminated in accordance with paragraph 4.6 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

5. The terms of the mandate proposed by CGL pursuant to paragraph 4.2 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 the Divestment Funeral Businesses as required by paragraph 6.1 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 Divestment Funeral 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 OFT and/or the Trustee reasonably considers necessary or appropriate in connection with the performance of the Trustee Functions.

Functions of Trustee

- 6.1 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 Divestment Funeral Business at no minimum price, to a purchaser or purchasers approved by the OFT in accordance with paragraph 6.3 below.
- 6.2 Without prejudice to the generality of paragraph 6.1, the Trustee shall take any of the measures set out in paragraph 2.4 above in relation to the Divestment Funeral Business to the extent to which such measures may be necessary to effect the divestment of the Divestment Funeral Business in accordance with that provision.
- 6.3 The Trustee shall not sell or permit the divestment of the Divestment Funeral Business to a proposed purchaser unless it has been directed to do so by the OFT or 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 signing of the proposed sale and purchase agreement in question.
- 6.4 Pending the divestment of the Divestment Funeral Business pursuant to paragraph 6.1 above, the Trustee shall monitor CGL's compliance with its obligations under paragraphs 7.1 and 7.2 of these undertakings and shall take such measures as it considers necessary to ensure such compliance.

- 6.5 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. The Trustee may not require CGL to:
- (a) offer any reverse premium or similar inducement to a purchaser; or
 - (b) accept any actual or contingent liability towards a purchaser or otherwise in connection with the divestment of the Divestment Funeral Businesses which would be unusual in scope, duration or financially having regard to the price and usual market practice in relation to similar disposals.
- 6.6 The Trustee shall, as soon as reasonably practicable, comply at all times with any reasonable instructions or 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.
- 6.7 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

- 7.1 CGL shall not give any instruction or request to the Trustee which conflicts with the Trustee Functions.
- 7.2 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 6.5 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

8. 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 5 above.

Interim Action

9. Pending the completion of the divestment of the Divestment Funeral Business to the satisfaction of the OFT in accordance with the provisions of these undertakings, and save as otherwise agreed in advance in writing by the OFT, 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 Transaction, each of the Specified Funeral Businesses is maintained as a going concern and sufficient resources are made available for the development of each of the Specified Funeral 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 each of the Specified Funeral Businesses or the management responsibilities within each of the Specified Funeral Businesses;
 - (c) each of the Specified Funeral Businesses are maintained and preserved, including facilities and goodwill;
 - (d) the nature, description, range and standard of goods and services currently supplied by each of the Specified Funeral Businesses are maintained and preserved;
 - (e) the separate trading name and/or the separate sales or brand identity of each of each of the Specified Funeral Businesses is maintained;
 - (f) except in accordance with paragraph 2.1, paragraph 2.2 or paragraph 6.1 above, no assets of each of the Specified Funeral 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 of the information technology used by CGL with that used by any of the Specified Funeral Businesses and the software and hardware platforms of each of the Specified Funeral Businesses shall remain essentially unchanged, except for routine changes and maintenance;
 - (h) all reasonable steps are taken (including appropriate incentive schemes (based on industry practice)) to encourage all Key Staff to remain with each of the Specified Funeral Businesses; and
 - (i) to the extent it has not already occurred and except as detailed below, no Confidential Information relating to the PSW Specified

Funeral Business shall pass, directly or indirectly from the PSW Specified Funeral Business (or any employees, directors, agents or Affiliates of the PSW Specified Funeral Business) to the CGL Funeral Business (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:

- (i) the transfer of any accounting information necessary to allow CGL's Chief Executive, Deputy Chief Executive and Group Secretary and the CGL Board to monitor and review the financial performance of the Specified Funeral Businesses provided that such accounting information is not passed on to any other person within CGL;
- (ii) the transfer of any information required in connection with CGL's dealings with the OFT;
- (iii) 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's existing accounting practices; or
- (iv) any steps necessary in order for CGL to comply with these undertakings

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

Continued Separation

10.1 Except with the prior written consent of the OFT, following the divestment of the Divestment Funeral Business pursuant to paragraph 2.1 or paragraph 6.1, 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 Funeral Business other than any freehold interest in the property associated with that Divestment Funeral Business pending divestment of that freehold proprietary interest pursuant to paragraph 2.5 and any leasehold reversionary interest of that Divestment

Funeral Business where that Divestment Funeral Business is divested by way of granting a sublease;

- (ii) any Interest in any company carrying on or having Control of that Divestment Funeral 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 the Divestment Funeral Business;
- (b) shall procure that no employee or director of CGL or of any members of the Group of Interconnected Bodies Corporate to which CGL belongs holds or is nominated to any directorship or managerial position in the Divestment Funeral Business or any directorship or managerial position in any company or other undertaking carrying on or having Control of that Divestment Funeral 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 the Divestment Funeral Business or of any company or other undertaking carrying on or having Control of the Divestment Funeral 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 the Divestment Funeral Business or doing any of the things listed in subparagraphs (a), (b) and (c) above.

10.2 Where CGL (or any member of the Group of Interconnected Bodies Corporate to which CGL belongs) divests a Divestment Funeral Business by way of granting a sub-lease and is the landlord of the purchaser of the Divestment Funeral Business (or the purchaser's successor where the Divestment Funeral Business Property continues to be used for carrying on a business of funeral directing), then for the duration of the sub-lease, CGL shall within 10 working days of being requested to do so (unless agreed otherwise by the OFT):

- (a) consent to any matter requiring landlord's approval under the terms of the lease between CGL and the purchaser of the

Divestment Funeral Business (except where CGL is required to obtain such consent from another person); and/or

- (b) pass on any request for consent to the freehold owner of the property or relevant third party, as appropriate.

11. New Divestment if CGL obtains possession of a Divestment Funeral Business Property

11.1 In the event that, following divestment of the Divestment Funeral Business in a manner that has involved CGL assigning an existing lease or granting a sub-lease to the purchaser of the Divestment Funeral Business, CGL benefits from or becomes subject to an Occupation Interest (so long as CGL so benefits or becomes so subject during the term of the lease assigned or sub-lease granted by CGL as part of such divestment), CGL shall:

- (a) within 10 Working Days of becoming aware that it is so benefitting or is so subject inform the OFT in writing of that fact; and
- (b) using its best endeavours and acting in good faith comply with such written directions as the OFT may give to CGL to effect a new divestment of the Occupation Interest to a new purchaser approved by the OFT in accordance with the provisions of these undertakings, provided always that such written directions must be of a similar nature to those contained in these undertakings with regard to the original divestment of the Divestment Funeral Business.

11.2 In the event that CGL fails to divest the Occupation Interest in accordance with paragraph 11.1 above, the OFT may, whether or not initiating the Trustee Functions set out in these undertakings, require CGL to divest the Occupation Interest at no minimum price to a purchaser approved by the OFT.

11.3 CGL shall notify the OFT in writing of the identity of each proposed purchaser that makes an offer for the Occupation Interest 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.

11.4 In the event that the OFT gives written directions under paragraph 11.1 for CGL to effect a new divestment of the Occupation Interest, paragraphs 3, 4, 5, 6, 7 and 8 shall apply to the new divestment in the same way that they applied to the original divestment obligation save that references to 'Divestment Funeral Business' in those paragraphs shall be construed as references to 'Occupation Interest'.

11.5 Where the OFT is satisfied that, by reason of any change of circumstances since the Decision or otherwise, it would not be appropriate to direct CGL to effect a divestment of the Occupation

Interest under paragraph 11.1, then the OFT shall notify CGL in writing accordingly and CGL shall thereupon be released from its other obligations under this paragraph 11.

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 CGL 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 such member 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.

Provision of Information

13. 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.

Extension of time limits

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

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:

“**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 Cooperative Group Limited;

“**CGL Funeral Business**” means the funeral business carried on by CGL;

“**CGL Specified Funeral Businesses**” means the CGL Specified Funeral Businesses listed in Annex 1;

“**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 on reference under section 33 of the Act given on 4 September 2009;

“**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 in 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 Funeral Business" means either the PSW Specified Funeral Business or the CGL Specified Funeral Businesses comprising, in respect of each such Specified Funeral 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 Transaction date, including without prejudice to the foregoing:

- (a) where specific solely to the individual Specified Funeral Business, and 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 Specified Funeral Business;
- (b) where specific solely to the individual Specified Funeral Business, and capable of being transferred, all or substantially all licences, permits, consents and authorisations issued by any governmental organisation for the benefit of the Specified Funeral Business;
- (c) where specific solely to the individual Specified Funeral Business, and capable of being transferred, all or substantially all contracts, leases, commitments and customer orders of or associated with the Specified Funeral Business;
- (d) where specific solely to the individual Specified Funeral Business, and capable of being transferred, all trading names associated with the Specified Funeral Business; and
- (e) all customer, credit and other records of the Specified Funeral Business;

"Divestment Funeral Business Property" means the property associated with the Divestment Funeral Business as at the date of these undertakings.

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

"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 materially affects the viability of any Divestment Funeral Business;

"Occupation Interest" means an interest in the Divestment Funeral Business Property by virtue of which CGL enjoys an unconditional right or is under an unconditional obligation to occupy the Divestment Funeral Business Property provided always that (i) the original purchaser (or his successor) is not in occupation of the Divestment Funeral Business Property; and/or (ii) before such interest in the Divestment Funeral Business Property arose, the most recent use to which the Divestment Funeral Business Property had been put was that of carrying on a business of funeral directing;

"OFT" means the Office of Fair Trading;

"PSW" means Plymouth and South West Co-operative Limited;

"PSW Specified Funeral Business" means the PSW Specified Funeral Business listed in Annex 1;

"Specified Funeral Businesses" means each of the PSW Specified Funeral Business and the CGL Specified Funeral Businesses;

"Subsidiary" shall be construed in accordance with section 1159 of the Companies Act 2006, unless otherwise stated;

"Transaction" means the transfer of PSW's engagements to CGL under section 51(1) of the Industrial and Provident Societies Act 1965 effected on 6 September 2009;

"Trustee" means the person appointed pursuant to paragraph 4.4, 4.5 or 4.7 to carry out the Trustee Functions;

"Trustee Functions" means the functions set out in paragraph 6;

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

"Working Days" mean any days of the week other than a Saturday, Sunday or any other day that is a public holiday in England; and

unless the context requires otherwise, the singular shall include the plural and vice versa.

FOR AND ON BEHALF OF COOPERATIVE GROUP LIMITED

.....Signature

.....Name

.....Title

.....Date

Authorised Signatory

Annex 1

PSW Specified Funeral Business

PSW Specified Funeral Business Name	Address
Trapnell & Sherborne Funeral & Monumental Services	Park House, Park Avenue, Bideford EX39 2QH

CGL Specified Funeral Businesses

CGL Specified Funeral Businesses Names	Address
Dafforn & Son	6 New Street, Great Torrington EX38 8BN
L Clarke & Sons	1 Caen Shopping Centre, Caen Street, Braunton, Devon, EX33 1EE