

ANTICIPATED MERGER BETWEEN LADBROKES PLC AND CERTAIN BUSINESSES OF GALA CORAL GROUP LIMITED

Directions issued pursuant to paragraph 14 of the interim undertakings accepted by the Competition and Markets Authority on 18 July 2016 pursuant to section 80 of the Enterprise Act 2002

On 24 July 2015, Ladbrokes plc (Ladbrokes) agreed to merge with certain businesses (Coral) of Gala Coral Group Limited (Gala Coral) by way of the acquisition by Ladbrokes of the entire issued share capital of GC Group (Jersey) Limited, which is the holding company of Coral.

On 11 January 2016, the Competition and Markets Authority (CMA) made a reference (the Reference) to its chair in accordance with section 33(1) of the Enterprise Act 2002 (the Act) for the constitution of a Group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 to investigate and report on the proposed merger between Ladbrokes and Coral.

On 26 July 2016, the CMA published its final report to the effect that the anticipated merger, if carried into effect, will result in the creation of a relevant merger situation, which may be expected to result in a substantial lessening of competition (SLC) within certain local markets in Great Britain for the supply of gambling products in licensed betting offices (LBOs) and in the national market for the supply of gambling products in Great Britain as a result of the aggregated loss of competition at the local level. The CMA found that divestiture of a Ladbrokes LBO or a Coral LBO to a suitably qualified purchaser in each of the SLC areas would be an effective and proportionate remedy, noting that it may be possible for the divestiture of one LBO to solve the SLC in more than one area. The CMA also found that if the divestiture package proposed by Ladbrokes and Gala Coral does not turn out to be an effective remedy, then prohibition would be the only remaining effective and proportionate remedy.

The CMA wishes to ensure that no action is taken pending final determination of the Reference which might prejudice the Reference or impede the taking of any action by the CMA which may be justified by the CMA's decisions on the Reference. The Reference has not yet been finally determined in accordance with section 79(1) and (2) of the Act. On 18 July 2016, the CMA accepted undertakings from Ladbrokes and

Gala Coral (Interim Undertakings) for the purpose of preventing pre-emptive action pursuant to section 80(2) of the Act.

The CMA now issues written directions under paragraph 14 of the Interim Undertakings that, for the purpose of securing compliance with the Interim Undertakings, Ladbrokes and Gala Coral must appoint a monitoring trustee in accordance with the terms provided for in the Annex and must comply with the obligations set out in the Annex.

Signed by authority of the CMA

(signed) Martin Cave

Group Chair

26 July 2016

ANNEX

Directions to appoint a monitoring trustee

Interpretation

1. In these Directions:

'Act' means the Enterprise Act 2002.

'CMA' means the Competition and Markets Authority.

'Coral' means the businesses of Gala Coral which will be merged with Ladbrokes.

'Interim Undertakings' means the Interim Undertakings accepted by the CMA on 18 July 2016.

'Final Report' means the Final Report published by the CMA on 26 July 2016.

'Gala Coral' means Gala Coral Group Limited.

'Ladbrokes' means Ladbrokes plc.

'MT' means the monitoring trustee appointed in accordance with paragraph 2 below.

Terms and expressions defined in the Interim Undertakings have the same meaning in these Directions, unless the context requires otherwise.

Appointment

2. Ladbrokes and Gala Coral shall appoint an MT in accordance with the requirements set out in paragraphs 14 to 22 of the Interim Undertakings.

Functions

3. The functions of the MT shall be as provided for in paragraphs 23 and 24 of the Interim Undertakings. The MT shall also be required to provide such assistance as the CMA may require in taking any remedial action which may be required.

Obligations of Ladbrokes and Gala Coral

4. Ladbrokes and Gala Coral shall cooperate fully with the MT as provided for in paragraphs 25 and 26 of the Interim Undertakings.

Reporting functions

5. The MT shall provide an initial written report to the CMA no later than 5pm (UK time) on 9 August 2016, giving details of compliance with the Interim Undertakings, including the viability of the shops to be divested, and an overview of the current status of the divestiture process.
6. The MT shall also provide a written statement to the CMA no later than 5pm (UK time) on the date which falls every two weeks following the date of the initial written report (or otherwise as required in writing by the CMA) stating whether, in his or her view, Ladbrokes and Gala Coral have complied with the Interim Undertakings. At the same time, the MT shall provide the CMA with a report setting out the basis for the MT's view as to whether the Interim Undertakings have been complied with and in particular:
 - (a) whether anything has caused him or her to be concerned as to whether Ladbrokes and Gala Coral have complied with the Interim Undertakings, and if anything has caused such concerns, whether those concerns have been resolved and how;
 - (b) whether he or she has any remaining doubts or uncertainties as to whether Ladbrokes and Gala Coral have complied with the Interim Undertakings;
 - (c) whether anything causes him or her to be concerned about a possible future breach of the Interim Undertakings (whether deliberate or inadvertent);
 - (d) the extent to which Ladbrokes and Gala Coral have cooperated with the MT in his or her task of monitoring their compliance with the Interim Undertakings and details of any aspects of the cooperation of Ladbrokes and Gala Coral that he or she considers could be improved;
 - (e) the extent to which the MT considers that he or she is in an appropriate position to monitor the compliance of Ladbrokes and Gala Coral with the Interim Undertakings and if there is anything that the MT considers would assist him or her further in monitoring compliance;
 - (f) whether there are any current or anticipated requests for a derogation from the Interim Undertakings; and

- (g) the information the MT used to compile the report.
7. The MT shall also include in the report to be provided pursuant to paragraph 6, a description as to the progress that Ladbrokes and Coral have made in the identification of a suitable purchaser or purchasers of the proposed divestiture package and the status of the divestiture process.
 8. When providing a report to the CMA the MT shall ensure that he or she does not disclose any information or documents to the CMA which any of Ladbrokes and Gala Coral has identified to the MT as information or documents which the relevant party would be entitled to withhold from the CMA on the grounds of legal privilege.
 9. The MT shall immediately notify the CMA in writing if he or she forms a reasonable suspicion that the Interim Undertakings have been breached. In addition, the MT shall immediately notify the CMA in writing if he or she considers that he or she is no longer in a position effectively to carry out his or her functions. In that situation, the MT shall give reasons for his or her view, including any supporting evidence available (subject to complying with paragraph 8 above).
 10. All communications between the MT and the CMA (including the statements and reports referred to in paragraphs 5 and 6) shall be treated as confidential and shall not be disclosed to Ladbrokes or Gala Coral, save with the prior written consent of the CMA. The MT shall not disclose such communications to third parties.