

REFERENCE RELATING TO THE ANTICIPATED ACQUISITION BY CELESIO AG OF SAINSBURY'S SUPERMARKETS UK PHARMACY BUSINESS

Notice of acceptance of interim undertakings pursuant to section 80 of the Enterprise Act 2002

On 29 July 2015 Lloyds Pharmacy Limited (Lloyds) entered into i) a Business Sale Agreement (which was on 30 June 2016 replaced by an amended Business Sale Agreement) and ii) a Cooperation Agreement to acquire Sainsbury's Supermarkets UK Pharmacy Business (the Target).

On 29 December 2015, the Competition and Markets Authority (CMA) referred the anticipated acquisition by Lloyds of the Target for further investigation and report by a Group of CMA Panel Members (the Inquiry Group) under section 33(1) of the Enterprise Act 2002 ('the Act'). The extended statutory deadline expires on 8 August 2016.

On 29 July 2016, the CMA published its final report concluding that the anticipated acquisition may be expected to result in a substantial lessening of competition (SLC) in 12 local areas (the 'Relevant Areas') and that this may be expected to lead to an adverse effect for customers in terms of a reduction in the quality of pharmacy services in the Relevant Areas.

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 action by the CMA which might 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.

Now pursuant to section 80(2) of the Act, for the purpose of preventing pre-emptive action, the CMA accepted Interim Undertakings from each of Celesio AG, Lloyds and Sainsbury's Supermarkets Limited as set out in Annex A below and accordingly these Interim Undertakings came into force pursuant to section 80(5) of the Act with immediate effect on the date on which they were signed.

Signed by authority of the CMA

Simon Polito

Group Chair
3 August 2016

**ANTICIPATED ACQUISITION BY CELESIO AG OF SAINSBURY'S
SUPERMARKETS UK PHARMACY BUSINESS**

**Interim Undertaking given by Celesio AG to the Competition and Markets
Authority pursuant to Section 80 of the Enterprise Act 2002**

On 29 July 2015 Lloyds Pharmacy Limited (Lloyds) entered into i) a Business Sale Agreement and ii) a Cooperation Agreement to acquire Sainsbury's Supermarkets UK Pharmacy Business (the Target).

On 29 December 2015, the Competition and Markets Authority (CMA) referred the proposed acquisition by Lloyds of the Target for further investigation and report by a Group of CMA Panel Members ('the Group') under section 33(1) of the Enterprise Act 2002 ('the Act').

On 29 April 2016, the CMA published its provisional findings *inter alia* to the effect that arrangements are in progress or in contemplation which, if carried into effect, will be expected to result in a substantial lessening of competition (SLC) in the supply of prescription-only medicines, pharmacy-only medicines and pharmacy services in certain local areas.

The CMA wishes to ensure that no action is taken pending final determination of the reference which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference. The reference has not been finally determined in accordance with section 79(1) and (2) of the Act.

Now Celesio AG (Celesio) hereby gives to the CMA the following Interim Undertaking pursuant to section 80 of the Act for the purpose of preventing pre-emptive action.

Commencement and Application

1. This Interim Undertaking shall come into force when accepted in accordance with section 80(5)(a) of the Act.
2. This Interim Undertaking is given by Celesio and its respective subsidiaries.
3. This Interim Undertaking shall terminate when the reference is finally determined in accordance with section 79(1) and (2) of the Act or earlier if agreed by the parties and the CMA.

Interim Undertaking

4. Except with the prior written consent of the CMA, Celesio undertakes that it will not take any action which may frustrate Lloyds' ability to comply with its Interim Undertaking as given by it to the CMA pursuant to section 80 of the Act dated 27 June 2016.

Interpretation

5. The Interpretation Act 1978 shall apply to this Interim Undertaking as it does to Acts of Parliament.

For the purposes of this Interim Undertaking:

'the Act' means the Enterprise Act 2002;

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

'the CMA' means the Competition and Markets Authority;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 36 of the Act;

'the proposed acquisition' means the proposed acquisition by Lloyds of the Target;

'written consent' shall include consent given by email;

'Celesio AG' means the company incorporated and registered in England and Wales with the registration number 05334208, whose registered office is located at Sapphire Court, Walsgrave Triangle, Coventry, Great Britain, CV2 2TX;

'the Target' means the UK pharmacy business of Sainsbury's Supermarkets Limited, a company incorporated and registered in England and Wales with the registration number 03261722, whose registered office is located at 33 Holborn, London, EC1 2HT;

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

FOR AND ON BEHALF OF Celesio

.....	Signature	.....	Signature
.....	Name	.....	Name
.....	Title	.....	Title

..... Date

..... Date

ANTICIPATED ACQUISITION BY CELESIO AG OF SAINSBURY'S SUPERMARKETS UK PHARMACY BUSINESS

Interim Undertakings given by Sainsbury's Supermarkets Limited to the Competition and Markets Authority pursuant to Section 80 of the Enterprise Act 2002

On 29 July 2015 Lloyds Pharmacy Limited (Lloyds) entered into i) a Business Sale Agreement and ii) a Cooperation Agreement to acquire Sainsbury's Supermarkets UK Pharmacy Business (the Target).

On 29 December 2015, the Competition and Markets Authority (CMA) referred the proposed acquisition by Lloyds of the Target for further investigation and report by a Group of CMA Panel Members ('the Group') under section 33(1) of the Enterprise Act 2002 ('the Act').

On 29 April 2016, the CMA published its provisional findings *inter alia* to the effect that arrangements are in progress or in contemplation which, if carried into effect, will be expected to result in a substantial lessening of competition (SLC) in the supply of prescription-only medicines, pharmacy-only medicines and pharmacy services in certain local areas.

The CMA wishes to ensure that no action is taken pending final determination of the reference which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference. The reference has not been finally determined in accordance with section 79(1) and (2) of the Act.

Now Sainsbury's Supermarkets Limited (Sainsbury's) hereby gives to the CMA the following Interim Undertakings pursuant to section 80 of the Act for the purpose of preventing pre-emptive action.

Commencement and Application

1. The Interim Undertakings shall come into force when accepted in accordance with section 80(5)(a) of the Act.
2. The Interim Undertakings are given by Sainsbury's and its respective subsidiaries.
3. These Interim Undertakings shall terminate when the reference is finally determined in accordance with section 79(1) and (2) of the Act or earlier if agreed by the parties and the CMA.

Management of the Target until determination of proceedings

4. Except with the prior written consent of the CMA, Sainsbury's undertakes that it will not until the reference is finally determined in accordance with section 79(1) and (2) of the Act take any action which might prejudice the reference concerned or impede the taking of any action under the Act by the CMA or other party which may be justified by the CMA's decisions on the reference, including any action which might:
 - (a) lead to the integration of the Target with the Lloyds business;
 - (b) transfer the ownership or control of the Target or any of its subsidiaries; or
 - (c) otherwise impair the ability of the Target to compete independently in any of the markets affected by the acquisition, or that may significantly impact on the operation of the business.

Interpretation

5. The Interpretation Act 1978 shall apply to these Interim Undertakings as it does to Acts of Parliament.

For the purposes of these Interim Undertakings:

'the Act' means the Enterprise Act 2002;

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

'the CMA' means the Competition and Markets Authority;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise but without having a controlling interest in that body corporate or in that enterprise, and in the case of a body corporate, a person shall for the purposes of these Interim Undertakings be deemed to control it if he or she holds, or has an interest in, shares of that body corporate which amount to 10 per cent or more of its issued share capital or which carry 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;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 36 of the Act;

'the proposed acquisition' means the proposed acquisition by Lloyds of the Target;

'Sainsbury's' means Sainsbury's Supermarkets Limited, the company incorporated and registered in England and Wales with the registration number 03261722, whose registered office is located at 33 Holborn, London, EC1 2HT;

'the Target' means the UK pharmacy business of Sainsbury's Supermarkets Limited;

'written consent' shall include consent given by email;

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

FOR AND ON BEHALF OF Sainsbury's

.....	Signature	.....	Signature
.....	Name	.....	Name
.....	Title	.....	Title
.....	Date	.....	Date

ANTICIPATED ACQUISITION BY CELESIO AG OF SAINSBURY'S SUPERMARKETS UK PHARMACY BUSINESS

Undertakings given by Lloyds Pharmacy Limited to the Competition and Markets Authority pursuant to Section 80 of the Enterprise Act 2002

On 29 July 2015 Lloyds Pharmacy Limited (Lloyds) entered into i) a Business Sale Agreement and ii) a Cooperation Agreement to acquire Sainsbury's Supermarkets UK Pharmacy Business (the Target).

On 29 December 2016, the Competition and Markets Authority (CMA) referred the proposed acquisition by Lloyds of the Target for further investigation and report by a Group of CMA Panel Members ('the Group') under section 33(1) of the Enterprise Act 2002 ('the Act').

On 29 April 2016, the CMA published its provisional findings *inter alia* to the effect that arrangements are in progress or in contemplation which, if carried into effect, will be expected to result in a substantial lessening of competition (SLC) in the supply of prescription-only medicines, pharmacy-only medicines and pharmacy services in certain local areas.

The CMA wishes to ensure that no action is taken pending final determination of the reference which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference. The reference has not been finally determined in accordance with section 79(1) and (2) of the Act.

Now Lloyds hereby gives to the CMA the following Interim Undertakings pursuant to section 80 of the Act for the purpose of preventing pre-emptive action.

Commencement and Application

1. The Interim Undertakings shall come into force when accepted in accordance with section 80(5)(a) of the Act.
2. The Interim Undertakings are given by Lloyds and its respective subsidiaries.
3. These Interim Undertakings shall terminate when the reference is finally determined in accordance with section 79(1) and (2) of the Act or earlier if agreed by the parties and the CMA.

Management of the Target until determination of proceedings

4. Except with the prior written consent of the CMA, Lloyds undertakes that it will not until the reference is finally determined in accordance with section 79(1)

and (2) of the Act take any action which might prejudice the reference concerned or impede the taking of any action under the Act by the CMA or other party which may be justified by the CMA's decisions on the reference, including any action which might:

- (a) lead to the integration of the Target with the Lloyds business;
- (b) transfer the ownership or control of the Target or any of its subsidiaries; or
- (c) otherwise impair the ability of the Target to compete independently in any of the markets affected by the acquisition, or that may significantly impact on the operation of the business.

Interpretation

5. The Interpretation Act 1978 shall apply to these Interim Undertakings as it does to Acts of Parliament.

For the purposes of these Interim Undertakings:

'the Act' means the Enterprise Act 2002;

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

'the CMA' means the Competition and Markets Authority;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise but without having a controlling interest in that body corporate or in that enterprise, and in the case of a body corporate, a person shall for the purposes of these Interim Undertakings be deemed to control it if he or she holds, or has an interest in, shares of that body corporate which amount to 10 per cent or more of its issued share capital or which carry 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;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 36 of the Act;

'the proposed acquisition' means the proposed acquisition by Lloyds of the Target;

'written consent' shall include consent given by email;

'the Target' means the UK pharmacy business of Sainsbury's Supermarkets Limited, a company incorporated and registered in England and Wales with the registration number 03261722, whose registered office is located at 33 Holborn, London, EC1 2HT;

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

FOR AND ON BEHALF OF Lloyds

.....	Signature	.....	Signature
.....	Name	.....	Name
.....	Title	.....	Title
.....	Date	.....	Date