

MONOPOLIES AND MERGERS COMMISSION REPORT ON THE ACQUISITION BY LADBROKE GROUP PLC OF THE CORAL BETTING BUSINESS

UNDERTAKINGS GIVEN TO THE SECRETARY OF STATE FOR TRADE AND INDUSTRY BY HILTON GROUP PLC

Hilton Group plc hereby gives to the Secretary of State for Trade and Industry pursuant to section 88(2) of the Fair Trading Act 1973 the following undertakings for the purpose of remedying or preventing adverse effects specified in the report made by the Monopolies and Mergers Commission entitled *Ladbroke Group plc and the Coral betting business – a report on the merger situation* (CM 4030, September 1998):

Prohibition of acquisition of Coral betting business

1 Except with the prior written consent of the Secretary of State Hilton:

- (a) will not directly or indirectly:
 - (i) hold any interest in the Coral betting business;
 - (ii) hold any interest in any undertaking having control of or carrying on the Coral betting business; or
 - (iii) hold any option to acquire an interest referred to in sub-paragraph (i) or (ii) above;
- (b) will procure that no director or employee of Hilton holds any directorship or managerial position in any undertaking having control of or carrying on the Coral betting business and will not nominate any person to any such directorship or managerial position; and
- (c) will not participate in the formulation of or influence or attempt to influence the policy of any person having control of or carrying on the Coral betting business;

provided that nothing in this paragraph shall prevent Hilton from participating in the ordinary course of business in the activities of:

- (d) 49's Ltd, Tote Direct Ltd or Lucky Choice Ltd, or
- (e) the Bookmaker's Committee, the Betting Office Licensees Association Ltd or the Bookmakers' Afternoon Greyhound Services Ltd or any similar body.

2 Except with the prior written consent of the Director General Hilton will not directly or indirectly acquire any assets of the Coral betting business where the acquisition would result in the creation of a merger situation qualifying for investigation, provided that:

- (a) nothing in this paragraph shall prevent Hilton from acquiring assets of the Coral betting business if:
 - (i) it reasonably believes that the acquisition does not result in the creation of a merger situation qualifying for investigation; and
 - (ii) within one week of making the acquisition it notifies the Director General of the material facts about the acquisition; and
- (b) any consent given by the Director General shall be given without prejudice to the power of the Secretary of State to make a merger reference where it appears to him that:

- (i) (if carried into effect) arrangements in progress or contemplation relating to the acquisition, or
- (ii) the acquisition –

may give rise to a merger situation qualifying for investigation.

Compliance

- 3 Hilton will procure that each of its subsidiaries complies with these undertakings as if it had given them.
- 4 Hilton will forthwith provide to the Director General such information as he may from time to time reasonably require for the purpose of monitoring compliance by Hilton and its subsidiaries with these undertakings.
- 5 Hilton will comply with such written direction as the Director General may from time to time give to take such steps within its competence as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings.

INTERPRETATION

For these purposes of these undertakings:

- "the Act" means Fair Trading Act 1973;
- "arrangements in progress or contemplation" shall be construed in accordance with section 75(1) of the Act;
- "the assets of the Coral betting business" includes the business, undertakings and property of the Coral betting business at 31 March 1998;
- "business" has the meaning given by section 137(2) of the Act;
- "control" is to be construed in accordance with section 65 of the Act, and a person shall be deemed to have control of a body corporate if he holds or has an interest in shares of that body corporate amounting to 10 per cent of its issued share capital or carrying an entitlement to vote at its meetings amounting to 10 per cent of the total number of votes which may be cast at such meetings;
- "the Coral betting business" mean the assets set out in appendix 3.1 (except paragraphs 1(b), 7 and 8) to the report made by the Monopolies and Mergers Commission entitled *Ladbroke Group plc and the Coral betting business – a report on the merger situation* (CM 4030, September 1998);
- "the Director General" means the Director General of Fair Trading;
- "interest" excludes any asset, but includes shares, an interest in shares and any other interest carrying an entitlement to vote at meetings of shareholders; and an interest in shares includes an entitlement by a person other than the registered holder to exercise any right conferred by the holding of those shares and an entitlement to control the exercise of any such right;
- "Hilton" means Hilton Group plc;
- "material facts" shall be construed in accordance with section 64(4)(b) of the Act;
- "merger situation qualifying for investigation" has the meaning given in section 64(8) of the Act;
- "the Secretary of State" means the Secretary of State for Trade and Industry; and
- "year" means a calendar year commencing on the date of these undertakings.

On behalf of Hilton Group plc:

Signed

(director)

(director / secretary)

Date 27 October 1999