

## Terms of reference and conduct of the inquiry

### Terms of reference

1. On 3 April 2007 the OFT sent to the CC the following reference:
  1. Whereas in exercise of its duty under section 22(1) of the Enterprise Act 2002 (“the Act”) to make a reference to the Competition Commission (“the CC”) in relation to a completed merger the Office of Fair Trading (“the OFT”) believes that it is or may be the case that—
    - (a) a relevant merger situation has been created in that:
      - (i) Woolworths Group PLC (“Woolworths”) acquired sole control of Bertram Group Limited (“Bertram”) on 1 February 2007 such that enterprises carried on by or under the control of Bertram have ceased to be distinct from enterprises carried on by or under the control of Woolworths; and
      - (ii) the value of turnover in the United Kingdom of the enterprises acquired exceeds £70 million; and
    - (b) the creation of that situation has resulted or may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services, namely the market for the wholesale supply of books to independent retailers.
  2. Now therefore the OFT in exercise of its duty under section 22 of the Act, hereby refers to the CC, for investigation and report within a period ending on 17 September 2007, the following questions in accordance with section 35 of the Act—
    - (a) whether a relevant merger situation has been created; and
    - (b) if so, whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

3. In relation to the question whether a relevant merger situation has been created, the CC shall exclude from consideration one of the subsections (1) and (2) of section 23 of the Act if they find that the other is satisfied.

*(signed)* **Simon Pritchard**  
**Director of Mergers**  
**Office of Fair Trading**  
**3 April 2007**

### **Conduct of inquiry**

2. Advertisements inviting interested parties to submit written evidence to the CC were placed with *The Bookseller*, *Publishing News* and the *Times Literary Supplement*. A notice inviting written views was also posted on the CC website on 4 April 2007. The administrative timetable for the inquiry was published on 25 April 2007.
3. We wrote letters requesting evidence from booksellers, publishers, wholesalers and distributors, and other interested parties. Oral hearings with several parties were held, as well as telephone conversations with a number of others. Non-sensitive versions of the submissions we received from third parties, and agreed summary records of hearings and telephone conversations with those not supplying written submissions, can be found on the CC website.
4. We published an Issues Statement on 9 May 2007.
5. Members of the Group, accompanied by staff, visited Bertram's book wholesale operations in Norwich and EUK's site in Hayes.
6. The CC commissioned ORC International, a market research agency, to conduct a survey among independent booksellers that were customers of wholesale services. The CC's analysis of this survey, together with comments on it from Woolworths and Bertram, has been published on the CC website.

7. We received written evidence from Woolworths and Bertram and held hearings with them, jointly and independently. A non-sensitive version of the main submission from Woolworths/ Bertram can be found on the CC's website.
8. In the course of this inquiry so far we have sent to Woolworths and Bertram working papers on various subjects and received their comments on them.
9. On 4 April 2007 we adopted the initial undertakings agreed by the OFT with Woolworths Group plc for the purpose of preventing pre-emptive action. The CC had ongoing concerns regarding possible integration of the merged businesses which led to the initial undertakings being replaced by interim undertakings, given by Woolworths, EUK, THE and Bertram on 29 May 2007. Both the initial undertakings and interim undertakings were published on the CC website.
10. A non-sensitive version of this provisional findings report has been placed on the CC website.
11. We would like to thank all those who have assisted in our inquiry.