



Department of Trade and Industry

news release

P/99/950

23 November 1999

KIM HOWELLS ACCEPTS UNDERTAKINGS FROM CENDANT

Kim Howells, Competition and Consumer Affairs Minister, today announced that he had accepted undertakings from Cendant Corporation which prevent them from acquiring RAC Motoring Services Limited (RACMS). His decision is in accordance with the advice of the Director General of Fair Trading.

The undertakings follow a proposed bid by Cendant for RACMS which was blocked in February 1999 by Dr Howells, following an adverse report by the Monopolies and Mergers Commission. Under the terms of the undertakings, Cendant have agreed, while they have control of Green Flag Group Ltd, not to acquire control of RACMS or to acquire any assets, and not to attempt to influence the policy of RACMS.

A copy of the signed undertakings is attached to this press notice.

Notes for Editors

1. The MMC report "Cendant Corporation and RAC Holdings Limited: a report on the merger situation" (Cm 4196) was published on 4 February 1999 (DTI press notice P/99/98 of the same date).
2. Section 45 of the Competition Act 1998, which came into force on 1 April 1999, dissolved the MMC and transferred its functions to the Competition Commission.
3. Under section 93A of the Fair Trading Act 1973, undertakings given following an MMC report are enforceable through the courts. Under section 88 of the Act they must be published.

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CENDANT

RESTRICTED – COMMERCIAL AND MARKET-SENSITIVE

ACQUISITION BY CENDANT CORPORATION OF
RAC MOTORING SERVICES LTD.

UNDERTAKINGS GIVEN TO
THE SECRETARY OF STATE FOR TRADE AND INDUSTRY BY
CENDANT CORPORATION

Cendant Corporation 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 *Cendant Corporation and RAC Holdings Ltd. – a report on the merger situation* (CM4196, February 1999):

Prohibition of acquisition of RACMS business

1. During the prescribed period (except with the prior written consent of the Secretary of State) Cendant:
 - (a) will not directly or indirectly:
 - (i) Hold any interest conferring upon it control of the RACMS business; or
 - (ii) Hold any option to acquire an interest referred to in sub-paragraph (i) above;
 - (b) will procure that no director or employee of Cendant holds any directorship or managerial position in any undertaking having control of or carrying on the RACMS business and will not nominate any person to any such directorship or managerial position;
 - (c) (except in the ordinary course of business) 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 RACMS business; and
 - (d) will not (except in the ordinary course of business) directly or indirectly acquire any assets of the RACMS business.

Compliance

2. Cendant will procure that each of its subsidiaries complies with these undertakings as if it had given them.
3. Cendant 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 Cendant and its subsidiaries with these undertakings.

4. Cendant will comply with such written directions as the Director General may from time to time give to take such steps within its power as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings.

INTERPRETATION

For the purposes of these undertakings:

“the Act” means the Fair Trading Act 1973;

“business” has the meaning given by Section 137(2) of the Act;

“Cendant” means Cendant Corporation;

“control” is to be construed in accordance with Section 65 of the Act;

“the Director General” means Director General of Fair Trading;

“interest” 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;

“the prescribed period” means a period during which Cendant directly or indirectly holds any interest conferring upon it control of any enterprise carried on at 23 December 1998 by Green Flag Group Ltd. Or any of its subsidiaries;

“RACMS” means RAC Motoring Services Ltd.;

“the Secretary of State” means the Secretary of State for Trade and Industry; and

“subsidiary” has the meaning given by Section 736(I) of the Companies Act 1985 as substituted by Section 144(I) of the Companies Act 1989.

On behalf of Cendant Corporation:

Signed by:

James E. Buckman
Director

August 10, 1999