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Directorate



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Department of Trade and Industry





Department of Trade and Industry

press notice

P/98/725

25 September 1998

**FREEMANS: KIM HOWELLS ACCEPTS UNDERTAKINGS FROM
LITTLEWOODS**

Kim Howells, Competition and Consumer Affairs Minister, today announced that he had accepted undertakings from The Littlewoods Organisation which prevent them from acquiring control of Freemans PLC. His decision is in accordance with the advice of the Director General of Fair Trading.

The undertakings follow a proposed bid by Littlewoods for Freemans PLC which was blocked in November 1997 by the then Secretary of State, Margaret Beckett, following an adverse report by the Monopolies and Mergers Commission (MMC). Under the terms of the undertakings, Littlewoods have agreed not to acquire more than 10% of the issued share capital of Freemans, or to acquire (other than in the ordinary course of business) any assets of Freemans' agency mail order business.

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

Notes for Editors

1. The MMC report "The Littlewoods Organisation PLC and Freemans PLC (a subsidiary of Sears plc) - A report on the proposed merger" (Cm 3761) was published on 18 November 1997. Mrs Beckett's decision to prohibit the merger was announced in DTI press notice P/97/755 of the same date.
2. 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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ENDS

**MONOPOLIES AND MERGERS COMMISSION REPORT ON THE PROPOSED
MERGER BETWEEN THE LITTLEWOODS ORGANISATION PLC AND
FREEMANS PLC**

**Undertakings given by The Littlewoods Organisation plc to the Secretary of State for
Trade and Industry**

The following undertakings are given under section 88(2) of the Fair Trading Act 1973 ("the Act") by The Littlewoods Organisation plc ("the Company") to the Secretary of State for Trade and Industry ("the Secretary of State") following a report of the Monopolies and Mergers Commission entitled "The Littlewoods Organisation plc and Freemans plc (a subsidiary of Sears plc) - A report on the proposed merger" (Cm 3761, November 1997, "the Report") to take action requisite for the purpose of remedying or preventing the adverse effects specified in the Report.

Continued Separation

1. The Company shall not, and shall procure that its Subsidiaries shall not, without the prior written consent of the Secretary of State:

- (i) acquire Control of the Business or any part thereof, or
- (ii) directly or indirectly hold or acquire other than in the ordinary course of business any assets of the Business or any part thereof.

Information

2. The Company shall, and shall ensure that its Subsidiaries shall, provide promptly to the Director such information as he may require for the purpose of ascertaining that the above undertaking has been or is being complied with.

Interpretation

3. "Associated Person" is to be construed in accordance with section 77 of the Act;

"Business" means any mail order business carried on at the date of these undertakings by Freemans plc, or any of its subsidiaries, in which agents are authorised to place orders from catalogues in return for commission;

"Control" is to be construed in accordance with section 65 of the Act, and in the case of a body corporate, a person shall be deemed to have control of it if that person holds, or has an Interest in, shares of that body corporate amounting to 10% or more of its issued share capital or carrying an entitlement to vote at meetings of that body corporate of 10% or more of the total number of votes which may be cast at such meetings;

"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 or an entitlement to control the exercise of any such right;

"the Director" means the Director General of Fair Trading;

"Subsidiary" has the same meaning as in Section 736 of the Companies Act 1985 (as amended).

Signed

(director)

(~~director~~/secretary)

Date 25 September 1998