



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF SOLE CONTROL OF STARWOOD HOTELS &
RESORTS WORLDWIDE, INC. BY MARRIOTT
INTERNATIONAL, INC.
CASE: 799-Mergers/CCP/16**

Commission

Mr. Shahzad Ansar
Member

Mr. Ikram Ul Haque Qureshi
Member



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ORDER

I. Background

1. On the 1st of March, 2016, the Competition Commission of Pakistan received a pre-merger application submitted by M/s. Orr, Dignam & Co, Advocates on behalf of Marriott International, Incorporated (hereinafter 'Marriott' or 'Acquirer'), along with necessary information and processing fee applicable under Regulation 5(6) of the Competition (Merger Control) Regulations, 2007 (hereinafter the 'Merger Regulations') notifying the Commission of an intended acquisition of sole control of Starwood Hotels & Resorts Worldwide, Incorporated (hereinafter 'Starwood' or 'Target') (with the exception of Starwood's timeshare business) by Marriott, pursuant to an agreement (hereinafter 'Agreement') and plan of merger.

II. Merger Parties

Acquirer:

2. The Acquirer is a company incorporated in the USA and headquartered in Bethesda, Maryland, USA. It is a hospitality company that acts as an operator, franchisor and licensor of hotels and timeshare properties. The Acquirer also develops, licenses, operates and markets residential properties and provides services to home/condominium owner associations.
3. The Acquirer has franchised two hotels in Pakistan under the Marriott Hotels brand that are operated by third parties.
4. The Acquirer's turnover¹ in Pakistan, for the financial year 2014 was approximately PKR while its total assets stand at approximately PKR

Target:

5. The Target is a publicly traded company listed on the New York Stock Exchange and is an owner, manager and franchisor of hotels, resorts and residences worldwide.

¹ Given that the Acquirers activities are limited to franchising two hotels, Pakistani revenues consist of (i) franchise fees in return for "lending" a Marriott brand to a third party hotel owner/operator; and (ii) costs reimbursement for out-of-pocket expenses incurred on behalf of these franchised hotels.



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6. The Target has no operations in Pakistan, however its global turnover for the financial year 2014 amounts to approximately PKR [redacted] while its assets for the financial year 2014 stand at approximately PKR [redacted]

III. The Transaction

7. The Acquirer plans to acquire sole control over the Target for a total consideration of approximately PKR [redacted]. This total consideration is comprised of approximately [redacted] shares in Marriott, and US\$ [redacted] in cash (approximately PKR [redacted]).
8. As per the terms of the Agreement, Marriott will transfer to Starwood shareholders 0.92 Marriott shares and US\$ [redacted] (approximately [redacted] in cash for every share of Starwood common stock. Following the transaction, Starwood shareholders will own approximately [redacted] of the combined entity's common stock.

IV. The Relevant Market

9. The relevant product market in this case is that of the provision of hotel accommodation services.
10. The relevant geographic market has been identified as Pakistan.

V. Findings of the Phase I Investigation on Competition Assessment

11. The Acquirer is a hospitality company that acts as an operator, franchisor and licensor of hotels and timeshare properties and also develops, licenses, operates and markets residential properties and provides services to home/condominium owner associations, while the Target is a publicly traded company listed on the New York Stock Exchange and is an owner, manager and franchisor of hotels, resorts and residences worldwide.
12. Due to the fact that this is a foreign to foreign transaction, and that the Target as well as any of its group companies are not operational in Pakistan, post-transaction the market share of both merging parties will remain the same.

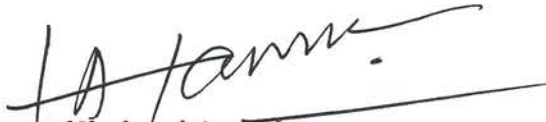
13 Post merger the transaction does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010.



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14. In conclusion, this is a foreign to foreign transaction, and there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.

15. It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member



1st April 2016