ANNEXE 1

DRAFT COMMITMENTS

RECITALS

1. In order to address fully the OFT’s competition concerns and assist with bringing the Investigation to a close, the Parties have offered Commitments under section 31A of the Act.

2. Consistent with sections 31A and 31B of the Act, the Commitments are given in the understanding that the OFT will close its Investigation without any finding of infringement.

3. The offering of the Commitments by the Parties does not constitute an admission of wrongdoing by the Parties.

4. The Commitments shall be binding on IHG (including HIL), the OTA Parties and Priceline (on behalf of Booking.com) and on any organisation which in the future carries on a material part of IHG’s business or the OTA Parties’ respective room-only, hotel room booking service activities (excluding corporate travel programmes and Opaque Hotel Room Booking Service activities).

5. The Commitments concern the freedom to offer Reductions in respect of Hotel Rooms at Hotel Properties located in the EU by OTAs to Closed Group Members who are UK Residents and who have made at least one Prior Booking with that OTA.

6. The freedom to offer Reductions will be given to OTAs operating under any business model, irrespective of, for example, whether the Closed Group Member pays for the hotel room booking at the end of the hotel room reservation process or after his or her stay at the relevant hotel, or to whom the Closed Group Member makes payment.

7. The Commitments shall remain in force for a period of three years. The Parties agree to consider, at the end of three years, extending the Commitments but there is no obligation to do so.

REQUIRED CONDUCT

Joint commitments from IHG and Booking.com

8. IHG and Booking.com will:
a. amend any existing commercial arrangements between them to ensure that these arrangements comply with the Principles without undue delay and in any event within one calendar month from the Effective Date;

b. ensure that, for the duration of the Commitments, any new commercial arrangements between them comply with the Principles;

c. to the extent necessary, clarify or amend in their existing commercial arrangements, and omit from any new commercial arrangements, any provisions which are incompatible with the Principles because they directly or indirectly prevent:

   i. IHG from entering into arrangements with OTAs which are consistent with the Principles;

   ii. IHG from operating on the basis of arrangements which are consistent with the Principles; or

   iii. OTAs other than Booking.com from operating on the basis of arrangements which are consistent with the Principles.

**Joint commitments from IHG and Expedia**

9. IHG and Expedia will:

   a. amend any existing commercial arrangements between them to ensure that these arrangements comply with the Principles without undue delay and in any event within one calendar month from the Effective Date;

   b. ensure that, for the duration of the Commitments, any new commercial arrangements between them comply with the Principles;

   c. to the extent necessary, clarify or amend in their existing commercial arrangements, and omit from any new commercial arrangements, any provisions which are incompatible with the Principles because they directly or indirectly prevent:

      i. IHG from entering into arrangements with OTAs which are consistent with the Principles;
ii. IHG from operating on the basis of arrangements which are consistent with the Principles; or

iii. OTAs other than Expedia from operating on the basis of arrangements which are consistent with the Principles.

**Commitments from IHG**

10. IHG will:

a. subject to paragraph 11 below, clarify or amend any existing commercial arrangements, if necessary, with Other OTAs to ensure that these arrangements comply with the Principles without undue delay and in any event within three calendar months from the Effective Date;

b. ensure that, for the duration of the Commitments, any new commercial arrangements with Other OTAs comply with the Principles;

c. to the extent necessary, clarify or amend in its existing commercial arrangements with Other OTAs, subject to paragraph 11 below, and omit from any new commercial arrangements with Other OTAs, any provisions which are incompatible with the Principles because they directly or indirectly prevent:
   
   i. IHG from entering into arrangements with OTAs which are consistent with the Principles;

   ii. IHG from operating on the basis of arrangements which are consistent with the Principles; or

   iii. OTAs from operating on the basis of arrangements which are consistent with the Principles; and

   d. amend any standard terms and conditions under which it operates in pursuit of its obligations under subparagraphs a, b, and c above.

11. To the extent that IHG’s ability to clarify or amend any existing commercial arrangements with Other OTAs pursuant to paragraphs 10.a and 10.c above requires the consent of the respective counterparty, IHG will use Reasonable Endeavours to procure such consent.
Commitments from HIL

12. HIL will take any such steps within its power to give effect to the Commitments offered by IHG.

Commitments from Booking.com

13. Booking.com will:

a. subject to paragraph 14 below, clarify or amend any existing commercial arrangements, if necessary, with Other Hotel Partners to ensure that these arrangements comply with the Principles without undue delay and in any event within three calendar months from the Effective Date;

b. ensure that, for the duration of the Commitments, any new commercial arrangements with Other Hotel Partners comply with the Principles;

c. to the extent necessary, clarify or amend in its existing commercial arrangements with Other Hotel Partners, subject to paragraph 14 below, and omit from any new commercial arrangements with Other Hotel Partners, any provisions which are incompatible with the Principles because they directly or indirectly prevent:

i. any Other Hotel Partner from entering into arrangements with OTAs which are consistent with the Principles;

ii. any Other Hotel Partner from operating on the basis of arrangements which are consistent with the Principles; or

iii. OTAs other than Booking.com from operating on the basis of arrangements which are consistent with the Principles; and

d. amend any standard terms and conditions under which it operates in pursuit of its obligations under subparagraphs a, b, and c above.

14. To the extent that Booking.com’s ability to clarify or amend any existing commercial arrangements with Other Hotel Partners pursuant to paragraphs 13.a and 13.c above requires the consent of the respective counterparty, Booking.com will use Reasonable Endeavours to procure such consent.

Commitments from Expedia

15. Expedia will:
a. subject to paragraph 16 below, clarify or amend any existing commercial arrangements, if necessary, with Other Hotel Partners to ensure that these arrangements comply with the Principles without undue delay and in any event within three calendar months from the Effective Date;

b. ensure that, for the duration of the Commitments, any new commercial arrangements with Other Hotel Partners comply with the Principles;

c. to the extent necessary, clarify or amend in its existing commercial arrangements with Other Hotel Partners, subject to paragraph 16 below, and omit from any new commercial arrangements with Other Hotel Partners, any provisions which are incompatible with the Principles because they directly or indirectly prevent:
   i. any Other Hotel Partner from entering into arrangements with OTAs which are consistent with the Principles;
   ii. any Other Hotel Partner from operating on the basis of arrangements which are consistent with the Principles; or
   iii. OTAs other than Expedia from operating on the basis of arrangements which are consistent with the Principles; and

d. amend any standard terms and conditions under which it operates in pursuit of its obligations under subparagraphs a, b and c above.

16. To the extent that Expedia’s ability to clarify or amend any existing commercial arrangements with Other Hotel Partners pursuant to paragraphs 15.a and 15.c above requires the consent of the respective counterparty, Expedia will use Reasonable Endeavours to procure such consent.

HOTEL ONLINE BOOKING PRINCIPLES

17. OTAs shall be free to offer Reductions in respect of Hotel Rooms at Hotel Properties located in the EU that are:

a. available to and redeemable by Closed Group Members who are UK Residents and who have made at least one Prior Booking with that OTA; and

b. no greater than the level of commission earned by that OTA for the relevant Hotel Property by reference (at the choice of the OTA) to
i. the level of commission for the particular transaction in respect of which a Reduction is being offered; or

ii. the aggregate commission earned for the relevant Hotel Property over the course of a time period determined by the OTA but not exceeding one year, starting from the Effective Date or such later date as the OTA chooses.

18. OTAs may publicise information regarding the availability of Reductions in a clear and transparent manner, including to price comparison websites and meta-search sites, subject to the following:

a. OTAs cannot publicise information regarding the specific level or extent of Reductions for any IHG Room or any other information which would allow a discounted retail rate to be calculated (including, for the avoidance of doubt, the discounted rate itself) to consumers who are not Closed Group Members, including via price comparison websites and meta-search sites; and

b. any Other Hotel Partner may prevent OTAs from publicising information regarding the specific level or extent of Reductions for a particular Hotel Room or any other information which would allow a discounted retail rate to be calculated (including, for the avoidance of doubt, the discounted rate itself) to consumers who are not Closed Group Members, including via price comparison websites and meta-search sites.

19. For the avoidance of doubt, the Commitments do not in any way restrict:

a. the ability of IHG and/or any Other Hotel Partner to set the Headline Room Rate for their respective Hotel Rooms; or

b. benefits available to members of OTAs’ existing loyalty schemes prior to the Effective Date.

20. IHG and/or any Other Hotel Partner is entitled to require from OTAs such information as may reasonably be required to enable IHG or the Other Hotel Partner to assess and verify compliance with paragraphs 17.a and 17.b. However, IHG and/or any Other Hotel Partner may not impose any method of accounting on any OTA which may restrict, limit or impede OTAs from operating on the basis of arrangements which are consistent with the Principles.
REPORTING

21. The Parties:

   a. will provide to the OFT any information and documents which the OFT reasonably requires for the purposes of enabling the OFT to monitor and review the operation of the Commitments or any provisions of the Commitments; and

   b. may be required by the OFT to keep, maintain and produce those records specified in writing by the OFT that relate to the operation of any provision of the Commitments.

22. IHG and each of the OTA Parties will each deliver an annual compliance report to the OFT, for each year in which the Commitments are in force, within three months after the end of the year to which the annual compliance report relates. The annual compliance report shall:

   a. include a detailed and accurate account of any matters notified to IHG and/or the OTA Parties by the OFT;

   b. for the first year of the Commitments, cover the year period from the Effective Date until the first anniversary date of the Effective Date and, for each subsequent year of the Commitments, cover the year period between the relevant anniversary dates of the Effective Date.

COMPLIANCE

23. The Parties, any Other Hotel Partner and/or Other OTAs may write to the OFT regarding alleged non-compliance by the OTA Parties and/or IHG with the Commitments. The Parties may also write to the OFT regarding contractual arrangements of any Other Hotel Partner and/or Other OTAs which may be incompatible with the Principles. The OFT may take such enforcement action as it considers appropriate.

DEFINITIONS

Act means the Competition Act 1998 (as amended).

Booking.com means Booking.com B.V. and any of its current and future subsidiaries, including those which are jointly-controlled.
**Closed Group** means a group where membership is not automatic and where: (i) consumers actively opt in to become a member; (ii) any online or mobile interface used by Closed Group Members is password protected; and (iii) Closed Group Members have completed a Customer Profile.

**Closed Group Members** means consumers who are members of a Closed Group (each, a **Closed Group Member**).

**Commitments** means the commitments set out in this document (as varied by the OFT if applicable).

**Customer Profile** means a form requiring the applicant’s name, email address and password plus one or more of the following: (a) country of residency (with or without postcode); (b) a telephone number; (c) full postal address; and/or (d) details of the applicant’s credit or debit card (including country of registration) (but may, at the choice of the OTA offering Closed Group membership, require or request more information to be included).

**Effective Date** means the date upon which each Party receives formal notification of a decision by the OFT to accept the Commitments.

**Expedia** means Expedia, Inc. and any of its current and future group companies and affiliates, including those which are jointly-controlled.

**Headline Room Rate** means (i) the room-only headline hotel room rates set by IHG for IHG Rooms or (ii) the room-only headline hotel room rates set by the relevant Other Hotel Partner for its Hotel Partner Rooms.

**HIL** means Hotel Inter-Continental London Limited, an indirectly wholly-owned subsidiary of InterContinental Hotels Group plc, and an addressee of the statement of objections in the Investigation.

**Hotel Partner Properties** means all hotel properties located in the EU which are owned, managed or franchised by the relevant Other Hotel Partner.

**Hotel Partner Rooms** means any rooms at Hotel Partner Properties which are available for room-only, non-opaque room reservations (excluding reservations for corporate travel programmes).

**Hotel Properties** means IHG Properties and Hotel Partner Properties (each, a **Hotel Property**).

**Hotel Rooms** means IHG Rooms and Hotel Partner Rooms (each, a **Hotel Room**).
IHG means InterContinental Hotels Group plc and any of its current and future group companies and affiliates, including those which are jointly-controlled, including for the avoidance of doubt, HIL.

IHG Properties means all hotel properties located in the EU which are IHG owned, managed or franchised, including, for the avoidance of doubt, the Intercontinental London-Park Lane Hotel.

IHG Rooms means any rooms at IHG Properties which are available for room-only, non-opaque room reservations (excluding reservations for corporate travel programmes).

Investigation means the OFT’s investigation in case CE/9320/10.

OFT means the Office of Fair Trading and any successor organisation.

Opaque Hotel Room Booking Service means a booking service where the identity of the hotel remains undisclosed to the customer until after the booking of hotel room accommodation is completed.

OTA means any third party hotel room reservation service that directly, or through affiliates, offers hotel room booking services on the internet or via mobile/app based platforms (whether exclusively online/mobile/app based or not) to consumers (excluding corporate travel programmes). It refers to the OTA Parties and Other OTAs.

OTA Parties means Expedia and Booking.com (each, an OTA Party).

Other Hotel Partner means any hotel entity, including hotel group or chain, other than IHG offering hotel reservations to consumers relating to Hotel Properties located in the EU (together, Other Hotel Partners).

Other OTAs means OTAs other than the OTA Parties.

Parties means IHG, the OTA Parties and Priceline (each, a Party).

Priceline means priceline.com Incorporated.

Prior Booking means a booking of room-only hotel accommodation with an OTA as a Closed Group Member, after the Effective Date, that is or has become non-refundable.

Principles means the hotel online booking principles specified in the Commitments at paragraphs 17 and 18.

Reasonable Endeavours means reasonable efforts including:
(1) Amending, if appropriate, the relevant Party’s own standard terms and conditions for the duration of the Commitments so as to ensure their compliance with the Commitments and using those as the starting point for the commercial negotiations;

(2) Contacting contractual partners in writing to raise the relevant Party’s obligations pursuant to the Commitments in contract negotiations with a view to trying to convince the contractual partner to agree to the amendment or clarification sought by the relevant Party; and

(3) Notifying the OFT in writing within three months if any contractual partner does not agree to the amendment or clarification sought by the relevant Party.

However, for the avoidance of doubt, it does not require a Party to sacrifice any of its commercial interests to obtain the relevant agreement by the contractual partner.

Reductions means reductions off Headline Room Rates, for example by way of discounts, vouchers, rewards and/or cash back, that satisfy the conditions of paragraphs 17.a and 17.b.

UK Resident means a consumer who has a UK address, a UK telephone number or a UK registered credit or debit card; for the avoidance of doubt, the nationality or legal residency or tax status of the individual is irrelevant.

EXECUTED BY:

On behalf of InterContinental Hotels Group plc

Name

Title

Date
On behalf of Hotel Inter-Continental London Limited

Name
Title
Date

On behalf of Expedia, Inc

Name
Title
Date

On behalf of Booking.com B.V.

Name
Title
Date

On behalf of priceline.com Incorporated

Name
Title
Date