



News Release

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CC PUBLISHES DRAFT UNDERTAKINGS ON DIVESTMENT OF SOMERFIELD STORES

The Competition Commission (CC) is today publishing, for the purpose of consultation, draft undertakings agreed with Somerfield for divestment of stores identified in its report of 2 September 2005.

Implementation of remedies was delayed by the litigation brought by Somerfield which was resolved when the Competition Appeal Tribunal (CAT) dismissed Somerfield's application for judicial review of the CC's decision in a judgment of 13 February 2006 (published on 23 February 2006). The importance of implementing remedies quickly and effectively is recognized in the CC's report and its published Guidance. In addition, Somerfield has, for business reasons, asked the CC to act quickly.

The CC therefore believes there are special reasons to accelerate the consultation process, and seeks any comments on these draft undertakings by 5pm on Tuesday 7 March 2006.

Notes for editors

1. On 2 September 2005 the CC published its report which concluded that the completed acquisition by Somerfield plc (Somerfield) of 115 stores and other assets from Wm Morrison Supermarkets plc (Morrisons) may be expected to result in a substantial lessening of competition in 12 local grocery retail markets in Great Britain.
2. Somerfield was required to sell 12 stores to purchasers approved by the CC. In seven towns, it must sell the stores which it had acquired from Morrisons; these were in Filey, Middlesbrough Linthorpe, Newark, Pocklington, Poole Bearwood, South Shields and Whitburn (Scotland). In Johnstone, Peebles and Yarm, Somerfield could choose to sell either the acquired store or a specified existing Somerfield store. In Kelso and Littlehampton, where it had already closed its existing store, it must sell the closed store but can continue to operate the acquired store. All are mid-range stores except a convenience store at Filey and a one-stop shop at Johnstone.
3. The final report is available on the CC website at:
www.competition-commission.org.uk/inquiries/ref2005/somerfield/index.htm
4. On 29 September 2005 Somerfield appealed to the CAT for judicial review of the CC's decision. On 13 February 2005 the CAT dismissed Somerfield's application.

5. The acquisition by Somerfield of 115 stores from Morrisons involved mainly mid-range stores defined as being between 280 and 1,400 sq metres (3,000 to 15,000 sq feet). Convenience stores are defined as being of a size below 280 sq metres (3,000 sq feet). One-stop shops, where most householders carry out their main weekly shop, are defined as stores of over 1,400 sq metres (15,000 sq feet).
6. All the stores had been acquired by Morrisons as part of the acquisition of Safeway in 2004. Two of the 115 stores were among the 52 stores required by the CC to be sold as a condition of approving the sale of Safeway to Morrison. Neither of these stores is among the 12 which Somerfield is now required to divest.
7. The Somerfield/Morrisons inquiry group consists of five members of the CC: Christopher Clarke, Group Chairman and a Deputy Chairman of the CC, Nicholas Garthwaite, Christopher Goodall, Robert Turgoose and Professor Stephen Wilks.
8. The Enterprise Act 2002 empowers the Office of Fair Trading to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
9. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at: www.competition-commission.org.uk.
10. Enquiries should be directed to Rory Taylor on 020 7271 0242 (rory.taylor@competition-commission.gsi.gov.uk).