



News Release

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CC ACCEPTS KNAUF UNDERTAKINGS

The Competition Commission (CC) has accepted undertakings from Knauf Insulation Limited ("Knauf") and its parent company, Gebrüder Knauf Verwaltungsgesellschaft KG (Knauf KG), which prohibit the proposed acquisition by Knauf of Superglass Insulation Limited.

Following an inquiry, the CC concluded that the proposed acquisition would result in a substantial lessening of competition in the markets for the supply of glass wool for loft insulation and blowing wool for cavity wall insulation.

In its final report published last November 2004, the CC concluded that the merger would remove an independent competitor from a market which is already highly concentrated. In addition to its large market share, the merged company would also have a firm grip on the available production capacity, which would enable it to exert a controlling influence over prices and lead to customers paying higher prices.

After considering alternatives, the CC concluded that prohibition of the merger was the only effective remedy to the substantial lessening of competition it had identified. By accepting the undertakings, the Commission has bound Knauf and its parent company Knauf KG to refrain from acquiring any interest in Superglass, or in any company or undertaking carrying on or having control of Superglass, or acquiring, other than in the ordinary course of business, any of the assets of Superglass.

The full notice of acceptance of the undertakings is published on the CC's web site at:

www.competition-commission.org.uk/inquiries/completed/2004/superglass/index.htm

Notes for editors

1. On 17 June 2004 the Office of Fair Trading referred the proposed acquisition by Knauf of Superglass to the CC for investigation and report.
2. The CC report published on 26 November 2004 which sets out the CC's conclusions may be found at:
http://www.competition-commission.org.uk/rep_pub/reports/2004/494knauf.htm
3. The CC, in exercise of the powers conferred by sections 41(2) and 82 of the Enterprise Act 2002, may accept undertakings for the purpose of remedying, mitigating or preventing the adverse effects which may be expected to result from a substantial lessening of competition it has identified.
4. Enquiries should be directed to Francis Royle, Chief Press Officer, 020 7271 0242, or Rory Taylor on 020 7271 0488/rory.taylor@competition-commission.gsi.gov.uk.