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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright

In the Matter of	)	
Lone Star Fund V (U.S.), L.P., a limited partnership;	)	
Bi-Lo Holdings, LLC, a limited liability company;	)	**Docket No. C-4440**
Etablissements Delhaize Frères et Cie "Le Lion" (Group Delhaize) SA/NV, a public limited company (société anonyme/naamloze vennootschap);	)	
and	)	
Delhaize America, LLC, a limited liability company.	)	

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act ("FTC Act"), and by virtue of the authority vested in it by said Acts, the Federal Trade Commission ("Commission"), having reason to believe that Respondent Bi-Lo Holdings, LLC ("Bi-Lo"), of which Respondent Lone Star Fund V (U.S.), L.P. ("Lone Star") is the majority owner, and Respondent Delhaize America, LLC ("Delhaize America"), of which Respondent Etablissements Delhaize Frères et Cie "Le Lion" (Group Delhaize) SA/NV ("Delhaize") is the majority owner, all subject to the jurisdiction of the Commission, entered into an agreement and plan of merger pursuant to which Bi-Lo will acquire certain assets of Delhaize America, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENTS

1. Respondent Lone Star is a limited partnership organized, existing, and doing business under and by virtue of the laws of the state of Delaware, with its office and principal place of business at 2711 North Haskell Avenue, Suite 1700, Dallas, Texas 75204.

2. Respondent Bi-Lo is a limited liability company organized, existing, and doing business under and by virtue of the laws of the state of Delaware, with its office and principal place of business at 5050 Edgewood Court, Jacksonville, Florida 32254.

3. Respondent Lone Star, through Bi-Lo, of which Lone Star is the majority owner, owns and operates the BI-LO and Winn-Dixie supermarket chains in the southeastern United States, including Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

4. Respondent Delhaize is a public limited company (société anonyme/naamloze vennootschap) organized, existing, and doing business under and by virtue of the laws of Belgium, with its office and principal place of business located at Square Marie Curie 40, 1070 Brussels, Belgium.

5. Respondent Delhaize America is a limited liability corporation organized, existing, and doing business under and by virtue of the laws of the state of North Carolina, with its office and principal place of business at 2110 Executive Drive, Salisbury, North Carolina 28145.

6. Respondent Delhaize, through Delhaize America, of which Delhaize is the majority owner, operates a number of supermarket chains throughout the United States, including Sweetbay, Harveys, Reid's, Food Lion, and Hannaford.

7. Lone Star, Bi-Lo, Delhaize, and Delhaize America ("Respondents") own and operate supermarkets in each of the geographic markets relevant to this Complaint and compete and promote their businesses in these areas.

II. JURISDICTION

8. Respondents, and each of their relevant operating subsidiaries and parent entities, are, and at all times relevant herein have been, engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12, and Section 4 of the FTC Act, 15 U.S.C. § 44.

III. THE PROPOSED ACQUISITION

9. On January 31, 2014, Respondents entered into an agreement pursuant to which Bi-Lo would acquire from Delhaize America 73 Sweetbay stores (including one to-be-opened store), 71 Harveys stores, 10 Reid's stores, and leases to 10 closed Sweetbay locations for a purchase price of approximately $266.5 million (the "Proposed Acquisition").

IV. THE RELEVANT PRODUCT MARKET

10. The relevant line of commerce in which to analyze the Proposed Acquisition is the retail sale of food and other grocery products in supermarkets.

11. For purposes of this complaint, the term “supermarket” means any full-line retail grocery store that enables customers to purchase substantially all of their weekly food and grocery shopping requirements in a single shopping visit with substantial offerings in each of the following product categories: bread and baked goods; dairy products; refrigerated food and beverage products; frozen food and beverage products; fresh and prepared meats and poultry; fresh fruits and vegetables; shelf-stable food and beverage products, including canned, jarred, bottled, boxed and other types of packaged products; staple foodstuffs, which may include salt, sugar, flour, sauces, spices, coffee, tea and other staples; other grocery products, including nonfood items such as soaps, detergents, paper goods, other household products, and health and beauty aids; pharmaceutical products and pharmacy services (where provided); and, to the extent permitted by law, wine, beer and/or distilled spirits.

12. Supermarkets provide a distinct set of products and services and offer consumers convenient one-stop shopping for food and grocery products. Supermarkets typically carry more than 10,000 different items, typically referred to as stock-keeping units (“SKUs”), as well as a deep inventory of those items. In order to accommodate the large number of food and non-food products necessary for one-stop shopping, supermarkets are large stores that typically have at least 10,000 square feet of selling space.

13. Supermarkets compete primarily with other supermarkets that provide one-stop shopping opportunities for food and grocery products. Supermarkets base their food and grocery prices primarily on the prices of food and grocery products sold at other nearby competing supermarkets. Supermarkets do not regularly conduct price checks of food and grocery products sold at other types of stores and do not typically set or change their food or grocery prices in response to prices at other types of stores.

14. Although retail stores other than supermarkets may also sell food and grocery products, these types of stores—including convenience stores, specialty food stores, limited assortment stores, hard-discounters, and club stores—do not, individually or collectively, provide sufficient competition to effectively constrain prices at supermarkets. These retail stores do not offer a supermarket’s distinct set of products and services that provide consumers with the convenience of one-stop shopping for food and grocery products. The vast majority of consumers shopping for food and grocery products at supermarkets are not likely to start shopping at other types of stores, or significantly increase grocery purchases at other types of stores, in response to a small but significant price increase by supermarkets.

V. THE RELEVANT GEOGRAPHIC MARKETS

15. Customers shopping at supermarkets are motivated by convenience and, as a result, competition for supermarkets is local in nature. Generally, the overwhelming majority of consumers' grocery shopping occurs at stores located very close to where they live.

16. Respondents currently operate supermarkets under the BI-LO, Winn-Dixie, Sweetbay, Harveys, and Reid's banners within approximately two-tenths of a mile to three miles of each other in each of the relevant geographic markets. The primary trade areas of Respondents' banners in each of the relevant geographic markets overlap significantly.

17. The relevant geographic markets in which to assess the competitive effects of the Proposed Acquisition are localized areas in Arcadia, Dunnellon, Lake Placid, Madison, and Wauchula, Florida; Bainbridge, Statesboro, Sylvania, Vidalia, and Waynesboro, Georgia; and Batesburg, South Carolina. A hypothetical monopolist controlling all supermarkets in each of these areas could profitably raise prices by a small but significant amount.

VI. MARKET CONCENTRATION

18. The relevant geographic markets are already highly concentrated, and the Proposed Acquisition will substantially increase concentration in each market, whether measured by the Herfindahl-Hirschman Index ("HHI") or by the number of competitively significant firms remaining in each market post-acquisition.

19. The market concentration levels in each of the relevant geographic markets give rise to a presumption that the Proposed Acquisition, if consummated, would be unlawful. Post-acquisition HHI levels in the relevant geographic markets would range from 5,005 to 10,000, and the Proposed Acquisition would result in HHI increases ranging from 540 to 4,978. Exhibit A presents market concentration levels for each of the relevant geographic markets.

20. The Proposed Acquisition will reduce the number of meaningful competitors from two to one in the Madison, Florida and Sylvania, Georgia markets and from three to two in the remaining nine relevant geographic markets.

VII. ENTRY CONDITIONS

21. Entry into the relevant markets would not be timely, likely, or sufficient in magnitude to prevent or deter the likely anticompetitive effects of the Proposed Acquisition. Significant entry barriers include the time and costs associated with conducting necessary market research, selecting an appropriate location for a supermarket, obtaining necessary permits and approvals, constructing a new supermarket or converting an existing structure to a supermarket, and generating sufficient sales to have a meaningful impact on the market.

VIII. EFFECTS OF THE ACQUISITION

22. The Proposed Acquisition, if consummated, is likely to substantially lessen competition for the retail sale of food and other grocery products in supermarkets in the relevant geographic markets identified in Paragraph 17 in the following ways, among others:

    (a) by eliminating direct and substantial competition between Respondents Bi-Lo and Delhaize;

    (b) by increasing the likelihood that Respondent Bi-Lo will unilaterally exercise market power; and

    (c) by increasing the likelihood of, or facilitating, coordinated interaction between the remaining participants in each of the relevant markets.

23. The ultimate effect of the Proposed Acquisition would be to increase the likelihood that the prices of food, groceries, or services will increase, and that the quality and selection of food, groceries, or services will decrease, in the relevant sections of the country.

IX. VIOLATIONS CHARGED

24. The agreement described in Paragraph 9 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and the acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twenty-fourth day of February, 2014, issues its complaint against said Respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL

EXHIBIT A

City	State	Merger Result	HHI (pre)	HHI (post)	Delta
Arcadia	FL	3 to 2	4645	5331	686
Bainbridge	GA	3 to 2	5016	5556	540
Batesburg	SC	3 to 2	4074	5062	988
Dunnellon	FL	3 to 2	4294	5081	787
Lake Placid	FL	3 to 2	3881	5005	1124
Madison	FL	2 to 1	5556	10000	4444
Statesboro	GA	3 to 2	4798	5423	625
Sylvania	GA	2 to 1	5022	10000	4978
Vidalia	GA	3 to 2	5002	5556	554
Wauchula	FL	3 to 2	4215	5115	900
Waynesboro	GA	3 to 2	4316	5149	833