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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Maureen K. Ohlhausen
Terrell McSweeny

In the Matter of **Koninklijke Ahold, N.V.,** **a corporation,** **and** **Delhaize Group, NV/SA,** **a corporation.**	**Docket No. C-4588**

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 Koninklijke Ahold, N.V. ("Ahold"), a corporation subject to the jurisdiction of the Commission, agreed to merge with Respondent Delhaize Group, NV/SA ("Delhaize"), a corporation subject to the jurisdiction of the Commission, 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 Ahold is a corporation organized, existing, and doing business under and by virtue of the laws of the Netherlands, with its office and principal place of business located at Provincialeweg 11, 1506 MA Zaandam, the Netherlands. Koninklijke Ahold N.V.'s principal U.S. subsidiary, Ahold U.S.A., Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Maryland, with its offices and principal place of business located at 1385 Hancock Street, Quincy, Massachusetts 02169.

2. Respondent Ahold owns and operates a number of supermarket chains in ten states in the United States, including supermarkets operating under the Giant, Martin's, and Stop & Shop banners.

3. Respondent Delhaize is a corporation 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, and its registered office at Ossenghemstraat 53, 1080, Brussels, Belgium. Delhaize Group NV/SA's principal U.S. subsidiary, Delhaize America, LLC., is a limited liability company organized, existing, and doing business under and by virtue of the laws of the State of North Carolina, with its offices and principal place of business at 2110 Executive Drive, Salisbury, North Carolina 28147.

4. Respondent Delhaize owns and operates a number of supermarket chains in 17 states in the United States, including supermarkets operating under the Food Lion and Hannaford banners.

5. Respondents Ahold and Delhaize 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

6. 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 MERGER

7. Pursuant to an Agreement and Plan of Merger dated as of June 24, 2015, Ahold and Delhaize intend to combine their businesses through a merger of equals that will result in a combined entity valued at approximately $28 billion ("the Merger").

IV. THE RELEVANT PRODUCT MARKET

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

9. 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.

10. 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.

11. 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 retail stores—including convenience stores, specialty food stores, limited assortment stores, hard-discounters, and club stores—and do not typically set or change their food or grocery prices in response to prices at these types of stores.

12. Although retail stores other than supermarkets may also sell food and grocery products, these types of 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 provides 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 nontransitory price increase by supermarkets.

V. THE RELEVANT GEOGRAPHIC MARKETS

13. 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.

14. Respondents currently operate supermarkets under the Giant, Martin's, Stop & Shop, Food Lion, and Hannaford banners within approximately one-tenth of a mile to ten miles of each other in each of the relevant geographic markets, though the majority of overlapping banners raising concerns are within six miles or less of each other. The primary trade areas of Respondents' banners in each of the relevant geographic markets overlap significantly.

15. The 46 geographic markets in which to assess the competitive effects of the Merger are localized areas in (1) Lewes & Rehoboth Beach, Delaware; (2) Millsboro, Delaware; (3) Millville, Delaware; (4) Accokeek, Maryland; (5) Bowie, Maryland; (6) California, Maryland; (7) Columbia, Maryland; (8) Cumberland & Frostburg, Maryland; (9) Easton, Maryland; (10) Edgewater, Maryland; (11) Gaithersburg, Maryland; (12) Hagerstown (north), Maryland; (13) Hagerstown (south), Maryland; (14) La Plata, Maryland; (15) Lusby, Maryland; (16) Owings Mills, Maryland; (17) Prince Frederick, Maryland; (18) Reisterstown, Maryland; (19) Salisbury, Maryland; (20) Sykesville, Maryland; (21) Upper Marlboro, Maryland; (22) Gardner, Massachusetts; (23) Kingston, Massachusetts; (24) Mansfield & South Easton, Massachusetts; (25) Milford, Massachusetts; (26) Norwell, Massachusetts; (27) Norwood & Walpole,

Massachusetts; (28) Quincy, Massachusetts; (29) Saugus, Massachusetts; (30) Mahopac & Carmel, New York; (31) New Paltz & Modena, New York; (32) Poughkeepsie & Lagrangeville, New York; (33) Rhinebeck & Red Hook, New York; (34) Wappingers Falls, New York; (35) Chambersburg, Pennsylvania; (36) Waynesboro, Pennsylvania; (37) York, Pennsylvania; (38) Culpeper, Virginia; (39) Fredericksburg, Virginia; (40) Front Royal, Virginia; (41) Purcellville, Virginia; (42) Richmond, Virginia; (43) Stafford, Virginia; (44) Stephens City, Virginia; (45) Winchester, Virginia; and (46) Martinsburg, West Virginia. A hypothetical monopolist controlling all supermarkets in any one of these areas could profitably raise prices by a small but significant nontransitory amount in that area.

VI. MARKET CONCENTRATION

16. Under the 2010 Department of Justice and Federal Trade Commission Horizontal Merger Guidelines ("Merger Guidelines") and relevant case law, the Merger is presumptively unlawful in the markets for the retail sale of food and other grocery products in supermarkets in all but one of the 46 geographic markets listed in Paragraph 15. Under the Merger Guidelines' standard measure of market concentration, the Herfindahl-Hirschman Index ("HHI"), an acquisition is presumed to create or enhance market power or facilitate its exercise if it increases the HHI by more than 200 points and results in a post-acquisition HHI that exceeds 2,500 points. The Merger would result in market concentration levels in excess of these thresholds in all but one of these 46 geographic markets.

17. Post-merger HHI levels in the relevant geographic markets would range from 2,268 to 10,000, and the Merger would result in HHI increases ranging from 243 to 4977. Exhibit A presents market concentration levels for each of the relevant geographic markets.

18. As seen in Exhibit A, the Merger would reduce the number of meaningful supermarket competitors from two to one in three relevant geographic markets, three to two in 14 relevant geographic markets, four to three in 18 relevant geographic markets, five to four in ten relevant geographic markets, and seven to six in one relevant geographic market.

VII. ENTRY CONDITIONS

19. Entry into the relevant markets would not be timely, likely, or sufficient in magnitude to prevent or deter the likely anticompetitive effects of the Merger. 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 MERGER

20. The Merger, 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 15 in the following ways, among others:

(a) by eliminating direct and substantial competition between Respondents Ahold and Delhaize;

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

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

21. The ultimate effect of the Merger would be to increase the likelihood that the prices of food or groceries will increase, and that the quality and selection of food, groceries, or services will decrease, in the relevant geographic markets.

IX. VIOLATIONS CHARGED

22. The agreement described in Paragraph 7 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and the Merger, 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-second day of July, 2016, issues its complaint against said Respondents.

By the Commission.

Donald S. Clark
Secretary

EXHIBIT A

Area Number (See Para. 16 of Complaint)	City	State	Merger Result	HHI (pre)	HHI (post)	Delta
1	Lewes/Rehoboth Beach	DE	4 to 3	2947	5369	2421
2	Millsboro	DE	3 to 2	3794	6440	2646
3	Millville	DE	4 to 3	4065	5762	1697
4	Gardner	MA	4 to 3	2517	3723	1207
5	Kingston	MA	5 to 4	3140	4459	1318
6	Mansfield/S. Easton	MA	4 to 3	2834	4307	1472
7	Milford	MA	5 to 4	2298	2780	482
8	Norwell	MA	4 to 3	4052	5840	1789
9	Norwood/Walpole[1]	MA	7 to 6	2025	2268	243
10	Quincy	MA	4 to 3	3854	5092	1239
11	Saugus	MA	5 to 4	2140	2819	679
12	Accokeek	MD	2 to 1	5430	10,000	4570
13	Bowie	MD	4 to 3	3288	3750	462
14	California	MD	4 to 3	3043	4121	1078
15	Columbia	MD	5 to 4	3093	3679	586
16	Cumberland & Frostburg	MD	3 to 2	4032	5157	1125
17	Easton	MD	4 to 3	2803	3578	775
18	Edgewater	MD	3 to 2	3920	5261	1341
19	Gaithersburg	MD	5 to 4	4203	5193	989
20	Hagerstown (South)	MD	4 to 3	3910	4525	615
21	Hagerstown (North)	MD	4 to 3	4043	4323	281
22	La Plata	MD	3 to 2	3935	5007	1072
23	Lusby	MD	2 to 1	5108	10,000	4892

[1] Based on a calculation giving full weight to a third-party supermarket with a large draw area, the Merger results in a post-acquisition HHI that does not meet the threshold for a highly concentrated market in the Norwood/Walpole, Massachusetts, market, even though the change in concentration is more than double the level that raises significant competitive concerns. Under calculations giving less than full weight to that supermarket, the Merger results in a highly concentrated market that meets the presumption for enhanced market power. Ultimately, an analysis of all the evidence indicates that the Merger is likely to substantially lessen competition in this market.

24	**Owings Mills**	**MD**	**4 to 3**	**3325**	**4017**	**692**
25	**Prince Frederick**	**MD**	**3 to 2**	**3734**	**5242**	**1508**
26	**Reisterstown**	**MD**	**4 to 3**	**3423**	**4169**	**746**
27	**Salisbury**	**MD**	**3 to 2**	**3976**	**5029**	**1053**
28	**Sykesville**	**MD**	**5 to 4**	**3012**	**3732**	**720**
29	**Upper Marlboro**	**MD**	**3 to 2**	**3645**	**5328**	**1683**
30	**Mahopac/Carmel**	**NY**	**5 to 4**	**2940**	**4352**	**1412**
31	**New Paltz/Modena**	**NY**	**3 to 2**	**3690**	**6601**	**2911**
32	**Poughkeepsie/Lagrangeville**	**NY**	**4 to 3**	**3269**	**5786**	**2517**
33	**Rhinebeck/Red Hook**	**NY**	**2 to 1**	**5023**	**10,000**	**4977**
34	**Wappingers Falls**	**NY**	**3 to 2**	**2646**	**4256**	**1610**
35	**Chambersburg**	**PA**	**5 to 4**	**3277**	**4232**	**955**
36	**Waynesboro**	**PA**	**3 to 2**	**5030**	**5537**	**506**
37	**York**	**PA**	**4 to 3**	**3710**	**4135**	**424**
38	**Culpeper**	**VA**	**4 to 3**	**3329**	**4371**	**1042**
39	**Fredericksburg**	**VA**	**5 to 4**	**2696**	**3560**	**864**
40	**Front Royal**	**VA**	**3 to 2**	**3638**	**5095**	**1456**
41	**Purcellville**	**VA**	**3 to 2**	**3679**	**5321**	**1642**
42	**Richmond Metro Area**	**VA**	**5 to 4**	**2198**	**2857**	**659**
43	**Stafford**	**VA**	**4 to 3**	**3333**	**4038**	**705**
44	**Stephens City**	**VA**	**3 to 2**	**4045**	**5018**	**973**
45	**Winchester**	**VA**	**3 to 2**	**3662**	**5094**	**1433**
46	**Martinsburg**	**WV**	**4 to 3**	**2759**	**3568**	**809**