

**ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDER
TO AID PUBLIC COMMENT**

*In the Matter of AB Acquisition, LLC,
File No. 131-0227*

I. INTRODUCTION AND BACKGROUND

The Federal Trade Commission (“Commission”) has accepted for public comment, subject to final approval, an Agreement Containing Consent Order (“Consent Order”) from AB Acquisition, LLC (“Respondent”). The purpose of the proposed Consent Order is to remedy the anticompetitive effects that otherwise would result from the merger of Respondent with United Supermarkets, L.L.C. (“United”).

operates its supermarkets under three different banners: United Supermarkets, Market Street, and Amigos. United Supermarkets is a traditional supermarket banner. Market Street offers everyday grocery needs, as well as gourmet and specialty items, whole health products, and prepared food. Amigos is operated as a specialty store with a focus on traditional and authentic items targeted to Hispanic shoppers. United also owns three distribution centers, an ice manufacturing plant, and a food manufacturing plant.

III. SUPERMARKET COMPETITION IN AMARILLO AND WICHITA FALLS, TEXAS

Respondent's proposed merger with United poses substantial antitrust concerns for the retail sale of food and other grocery products in supermarkets. Supermarkets are defined as traditional full-line retail grocery stores that sell, on a large-scale basis, food and non-food products that customers regularly consume at home—including, but not limited to, fresh meat, dairy products, frozen foods, beverages, bakery goods, dry groceries, detergents, and health and beauty products. This broad set of products and services provides a "one-stop shopping" experience for consumers by enabling them to shop in a single store for all of their food and grocery needs. The ability to offer consumers one-stop shopping is a critical differentiating factor between supermarkets and other food retailers.

The relevant product market includes supermarkets within "hypermarkets," such as Wal-Mart Supercenters. Hypermarkets also sell an array of products that would not be found in traditional supermarkets. However, hypermarkets, like con[u2(i)-2 .tsCarmarshoEMC /P <<>>BenQ0.004nUbo

entry sufficient to achieve a significant market impact and act as a competitive constraint would occur in a timely manner.

IV. THE PROPOSED CONSENT ORDER

The proposed remedy, which requires the divestiture of the Albertson's supermarkets in Amarillo and Wichita Falls to a Commission-approved purchaser, will restore fully the competition that otherwise would be eliminated in these markets as a result of the merger. Respondent has agreed to divest the Albertson's supermarkets in Amarillo and Wichita Falls to MAL Enterprises, Inc., which operates as Lawrence Brothers IGA ("Lawrence Brothers"). Lawrence Brothers is a family owned and operated supermarket chain based in Sweetwater, Texas, with 18 supermarkets located throughout West Texas and two in New Mexico, all of which are located outside the two relevant geographic markets.³ Lawrence Brothers appears to be a highly suitable purchaser, and it is well positioned to enter the relevant markets and prevent the increase in market concentration and likely competitive harm that otherwise would have