STATEMENT OF THE COMMISSION

Concerning

FEDERATED DEPARTMENT STORES, INC./THE MAY DEPARTMENT STORES COMPANY FTC File No. 051-0111

I. INTRODUCTION

The Federal Trade Commission has closed its investigation of the proposed acquisition by Federated Department Stores, Inc. ("Federated") of The May Department Stores Company ("May"). This acquisition, valued at approximately \$17 billion, combines two large chains of department stores. Federated owns or operates 456 department stores – either under the name Macy's or Bloomingdale's – with reported annual sales in 2003 of about \$15 billion. May owns or operates 493 depletable maditional with sales in 2003 of about \$15 billion, under names that gest c

department stores in the country. Conventional department stores are understood in the industry to be large stores that typically anchor enclosed shopping malls, feature products of mid-range price and quality, and sell a wide range of product lines. This transaction will create high levels of concentration among conventional department stores in many areas of the country, and thus facially might appear to raise issues of competitive concern.

In light of these potential concerns, the Commission has conducted an exhaustive sixmonth investigation of the proposed acquisition. We ultimately have decided to close the investigation without enforcement action, and we believe it is important to explain this decision.

We began our investigation by defining provisional antitrust markets. At the outset, the

But when an industry is changing rapidly, merger cases cannot be decided solely on the basis of historical precedents in that industry – even when the precedents are from the relatively recent past. As the U.S. Supreme Court recognized in its landmark merger opinion, *United States v. General Dynamics Corp.*, 415 U.S. 486, 500 (1974), it is necessary to take account of

B. <u>Pricing Patterns</u>

Staff found no evidence that Federated and May

IV.

VI. CONCLUSION

We recognize that many individual consumers mourn the gradual disappearance of individual department stores in their hometowns. Traditional department stores seemed to stock the kinds of merchandise that best suited their personal tastes, and the stores a