Analysis of Agreement Containing Consent Orders
To Aid Public Comment

In the Matter of US Foods Holding Corp. and
Services Group of America, Inc., File No. 181-0215, Docket No. C-4688

I. Introduction

The Federal Trade Commission ("Commission") has accepted for public comment, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from US Foods Holding Corp. ("USF") re-4 (me-4 (d)-2 (Sy)22 (th)2 (e)]TJ 0 Tc 0 Tw 6.66Tm 7)4c0.002 Tc -0.0 cquisitionrhe Cearr Aca0 TAr-aend T

Headquartered in Scottsdale, Arizona, Services Group of America, Inc. is a holding company made up of six operating companies. SGA is comprised of

Western North Dakota, and thus the competitive conditions are different and it is appropriate to define two geographic markets within the state.

USF and FSA compete closely to serve local broadline customers in Eastern Idaho, Western North Dakota, Eastern North Dakota, and the Seattle Area. The transaction would eliminate a key broadline distributor in each of these markets, limiting customers' ability to switch between distributors and leverage them in order to obtain more competitive pricing and better service. The few remaining competitors in the relevant markets would be insufficient to alleviate competitive concerns. As a result, the Proposed Acquisition will likely lead to higher prices and diminished service for local broadline customers in the four local markets.

The effects of the Proposed Acquisition must also be evaluated in the national market. Through its membership in a consortium of regional distributors, DMA, FSA competes with USF for the provision of broadline distribution services to multi-regional and national accounts. If DMA were to lose all of FSA's distribution centers from its network, it would be rendered a significantly less attractive competitor than it is today to many multi-regional and national customers. As a result, the Proposed Acquisition will likely result in higher prices and reduced quality and service to national customers.

New entry or expansion is unlikely to deter or counteract the anticompetitive effects of the acquisition in the Eastern Idaho, Western North Dakota, Eastern North Dakota, Seattle Area, and national markets. The broadline foodservice distribution industry is capital and labor intensive, render aant

Additionally, the proposed Consent Order requires the Respondents to provide transitional services to the approved acquirer for at least 24 months after the divestiture, as needed, to assist the acquirer with the transfer and operation of the divested assets. Finally, the proposed Consent Order contains standard terms regarding the acquirer's access to employees, protection of Material Confidential Information, and compliance reporting requirements, among other things.

A. Eastern Idaho

The proposed Consent Order remedies the likely anticompetitive effects in Eastern Idaho by requiring the divestiture of FSA's distribution center in Boise to Shamrock. The divestiture assets and rights include the distribution center and selected broadline distribution assets, including employees and tangible assets necessary to operate the business.

B. Western and Eastern North Dakota

The proposed Consent Order remedies the likely anticompetitive effects in both Western and Eastern North Dakota by requiring the divestiture of FSA's distribution center in Fargo to Cash-Wa. The divestiture assets and rights include the distribution center and selected broadline distribution assets, including employees and tangible assets necessary to operate the business.

C. The Seattle Area

The proposed Consent Order remedies the likely anticompetitive effects in the Seattle Area by requiring the divestiture of FSA's distribution center in Kent to Harbor. The divestiture assets and rights include the distribution center and selected broadline distribution assets, including employees and tangible assets necessary to operate the local broadline distribution business. Although the proposed Consent Order only requires USF to divest one of FSA's two Seattle-area broadline distribution centers, this remedy will prevent any increase in market concentration levels and preserve the status quo in the Seattle Area broadline distribution market because three major broadline distributors will remain.

D. National

The proposed Consent Order remedies the likely anticompetitive effects in the national market by replacing the loss of FSA from DMA's network with divestiture of the Kent, Boise, and Fargo distribution centers to three purchasers

The sole purpose of this analysis is to facilitate public comment on the proposed Consent Agreement. This analysis does not constitute an official interpretation of the proposed Consent Agreement or modify its terms in any way.