

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

*In the Matter of Tractor Supply Company and Orscheln Farm and Home LLC
File No. 211-0083, Docket No. C-4776*

I. INTRODUCTION AND BACKGROUND

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an Agreement Containing Consent Orders (“Consent Agreement”) to be put on the public record for comment. The Consent Agreement is with Tractor Supply Company (“Tractor Supply”) and Orscheln Farm and Home LLC (“Orscheln”) (collectively, the “Respondents”). The proposed Decision and Order (“D&O”), included in the Consent Agreement and subject to final Commission approval, is designed to remedy the anticompetitive effects that would result from Tractor Supply’s proposed acquisition of Orscheln.

On February 17, 2021, Tractor Supply and Orscheln entered into an agreement whereby Tractor Supply would acquire Orscheln for approximately \$320 million (“the Proposed Transaction”). The Commission’s Complaint alleges that the Proposed Transaction, 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, by removing a direct and substantial farm store competitor in 84 relevant markets. The elimination of this competition would result in significant competitive harm; specifically, absent a remedy, the Proposed Transaction would allow the combined entity to increase prices above competitive levels unilaterally. Similarly, absent a remedy, there is significant risk that the combined entity may decrease quality, selection, and service aspects of its stores below competitive levels in the relevant markets.

The Consent Agreement, which contains the proposed D&O and Order to Maintain Assets, would remedy the alleged violations by requiring divestitures to replace competition that otherwise would be lost in the relevant markets because of the Proposed Transaction. Under the terms of the proposed D&O, Respondents are required to divest 84 stores and related assets in 84 local geographic markets (collectively, the “relevant markets”) in 10 states (Arkansas, Indiana, Iowa, Kansas, Kentucky, Missouri, Nebraska, Ohio, Oklahoma, and Texas) to the Commission-approved buyers, Bomgaars Supply, Inc. (“Bomgaars”) and Buchheit Enterprises, Inc. (“Buchheit”). The Commission and Respondents have agreed to an Order to Maintain Assets that requires Respondents to operate and maintain each divestiture store in the normal course of business through the date the store is ultimately divested to Bomgaars and Buchheit.

The Consent Agreement with the proposed D&O and the Order to Maintain Assets has been placed on the public record for 30 days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will review the D&O as well as any comments received, and decide whether it should withdraw, modify, or make the D&O final. The Commission is issuing the Order to Maintain Assets when the Consent Agreement is placed on the public record.

II. THE RESPONDENTS

Respondent Tractor Supply operates over 2,000 farm stores, with stores located in every state except Alaska. Tractor Supply is the largest farm store chain, by store count, in the United States.

Respondent Orscheln operates 166 farm stores under the Orscheln Farm & Home banner in Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Missouri, Nebraska, Ohio, Oklahoma, and Texas. Orscheln is the second largest farm store chain, by store count, in the United States.

III. COMPETITION IN THE RELEVANT MARKETS

The Proposed Transaction presents substantial antitrust concerns for the products sold and services provided at brick-and-mortar farm stores. Farm stores offer their customers a broad, in-store assortment of products across multiple product categories to meet their farming, ranching, or other rural lifestyle needs, along with staff knowledgeable about the products. Farm stores sell a wide range of products, including, but not limited to, large animal and pet feed; supplies to care for horses, other livestock, and pets; fencing; equipment and tools used for farm or lawn and garden maintenance; workwear; and home goods. This broad product mix enables customers to purchase products to meet substantially all their farm or rural lifestyle needs and to receive accompanying service from knowledgeable employees at a single store. The brick-and-mortar shopping environment also provides customers with the ability to touch and feel products before buying them, and in-person access to knowledgeable sales staff. The ability to offer consumers this in-person, one-stop shopping experience is a key difference between farm stores and other retailers.

Other types of brick-and-mortar retailers are not reasonable substitutes for farm stores. Retail stores other than farm stores, including big box general merchandisers, grocery stores, pet stores, and home improvement stores may sell some of the same products as farm stores, but they do not carry the same breadth and variety of rural lifestyle products as farm stores. Such retailers typically lack the breadth of rural lifestyle products that enables farm stores to meet substantially all of their customers' rural lifestyle needs in one convenient stop.

Online retailers also are not reasonable substitutes for brick-and-mortar farm stores. Online retailers cannot

competitors, a customer is typically choosing between farm stores within a reasonable driving distance of the customer's farm or home. The area within a reasonable drive of a farm store varies depending on a store's location, geography, population density, traffic conditions, and other local characteristics. While individual markets may be significantly smaller, typically no relevant geographic market is broader than the area within a 60-mile drive of the stores.

The Proposed Transaction would eliminate direct and substantial competition between Respondents Tractor Supply and Orscheln to the detriment of their customers in the relevant markets. Respondents are close competitors and focus on the same types of customers. They compete on price and non-price factors, such as customer service and product selection, resulting in lower prices and other benefits to their customers. With this head-to-head competition removed, the Proposed Transaction would enable the combined entity to increase prices and decrease the quality and selection of products and services at their farm stores in the relevant markets.

Entry into the relevant markets that is timely and sufficient to prevent or counteract the expected anticompetitive effects of the Proposed Transaction is unlikely to occur. Entry barriers include the time and costs associated with conducting necessary market research, selecting an appropriate location for a farm store, obtaining necessary permits and approvals, constructing a new farm store or converting an existing structure to a farm store, and generating sufficient sales to have a meaningful impact on the market. As a result, new entry sufficient to achieve a significant market impact and act as a competitive constraint is unlikely to occur in a timely manner.

IV. THE PROPOSED ORDER AND THE ORDER T. OF THE FEDERAL TRADE COMMISSION AS OF 1/16/16 BY DC

to fund the acquisition and operate the newly acquired stores. Buchheit also appears to have sufficient distribution and supply capabilities for both the newly acquired stores and its currently operated stores.

The proposed D&O further requires Respondents to divest 72 stores, as ongoing businesses, and related assets to Bomgaars within 10 days of Respondents consummating the Proposed Transaction. For up to 15 months afterwards Respondents will provide transitional assistance to Bomgaars to ensure that Bomgaars can operate the stores similarly to how the stores were operated prior to the Proposed Transaction.

The proposed D&O also requires that the Respondents divest Orscheln's distribution center in Moberly, Missouri to Bomgaars. The Orscheln stores that Tractor Supply will be acquiring and keeping currently utilize the Moberly distribution center. The proposed D&O requires Tractor Supply to transition these Orscheln stores out of the Moberly distribution center and to permanently cease reliance on the Moberly distribution center no later than December 31, 2023. Bomgaars will take ownership of the distribution center within ten days

Exhibit A

State	City	Address	Store #	Buyer
Arkansas	Jonesboro	1817 E Parker Road Jonesboro, Arkansas 72404	163	Buchheit
	Paragould	420 Highway 49 North Paragould, Arkansas 72451	137	Buchheit
	Pocahontas	1966 Highway 62 West Pocahontas, Arkansas 72455	138	Buchheit
	Springdale	211 N. Maestri Road Springdale, Arkansas 72762	44	Bomgaars
	Charlestown	1085 ½ Market Street		

Indiana

State	City	Address	Store #	Buyer
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Manhattan

427 Hummels Place

State	City	Address	Store #	Buyer
		Houston, Missouri 65483		
	Jane	107 Gordon Hollow Road Jane, Missouri 64856	160	

Missouri

State	City	Address	Store #	Buyer
Nebraska	Gothenburg	716 4 th Street Gothenburg, Nebraska 69138	101	Bomgaars
	Grand Island	515 South Webb Road Grand Island, Nebraska 68803	115	Bomgaars
	Hastings	1315 West J Street Hastings, Nebraska 68901	42	Bomgaars
	Kearney	910 Third Avenue Kearney, Nebraska 68845	25	Bomgaars
	Lexington	1701 Plumcreek Parkway Lexington, Nebraska 68850	100	Bomgaars
	Lincoln	5640 Cornhusker Highway Lincoln, Nebraska 68507	63	Bomgaars
	McCook	1602 North Highway 83 McCook, Nebraska 69001	70	Bomgaars
	Nebraska City	2412 South 11 th Street Nebraska City, Nebraska 68410	67	Bomgaars
	North Platte	2501 East 4 th Street North Platte, Nebraska 69101	102	Buchheit
	York	518 S Lincoln Avenue York, Nebraska 68467	27	Bomgaars
Ohio	Mount Orab	206 Sterling Run Blvd. Mount Orab, Ohio 45154	173	Bomgaars
Oklahoma	Ada	724 Arlington Center Ada, Oklahoma 74820	22	Bomgaars
	Ardmore	1925 N. Rockford Road Ardmore, Oklahoma 73401	86	Bomgaars
	Duncan	4800 N. Highway 81 Duncan, Oklahoma 73533	85	Bomgaars
	Durant	2424 West Main Street Durant, Oklahoma 74701	83	Bomgaars
	Muskogee	6 East Shawnee Road	56	Bomgaars

State	City	Address	Store #	Buyer
		Muskogee, Oklahoma 74403		
	Nowata	329 South Ash Street Nowata, Oklahoma 74048	156	Bomgaars
	Okmulgee	2000 South Wood Drive Okmulgee, Oklahoma 74447	23	Bomgaars
	Pryor	715 North Mill Street Pryor, Oklahoma 74361	54	Bomgaars
	Decatur	1200 W. US Business Hwy 380 Decatur, Texas 76234		

Texas