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FTC Will Seek To Block Staples/Office Depot Merger

Deal Would Violate Antitrust Laws and Lead to Higher Prices for Office Supplies in 18 States and the District of Columbia, Agency Says

FOR RELEASE

March 10, 1997

The Federal Trade Commission said today it will seek a federal district court order to prevent Staples, Inc. from acquiring Office Depot, Inc. The FTC said the \$4 billion acquisition would allow the combined firm, which would have approximately 1,000 superstores, to control prices for the sale of office supplies in numerous metropolitan areas throughout the United States.

"Staples and Office Depot are the two largest operators of office supply superstores in the country," said William J. Baer, Director of the FTC's Bureau of Competition. "The fact is that in those communities where Staples faces competition from Office Depot, prices are significantly lower than where it does not. Therefore, if this merger is allowed to proceed, in those areas, competition will be reduced or eliminated and consumers will pay higher prices."

According to the FTC, office supply superstores, unlike any other retail stores in the United States, offer consumers the convenience of one-stop shopping for a wide variety of office supplies, computers and computer related products, and office furniture at deep discount prices.

Staples opened the first office supplies "superstore" in the United States on May 1, 1986, in Brighton, Massachusetts. The company's headquarters are in Framingham, Massachusetts. Office Depot opened its first store Ft. Lauderdale, Florida in October 1986 and is based in Delray Beach, Florida. They are two of the three largest office supply superstores in the country, competing in approximately 40 metropolitan areas.

The FTC will argue in court for a preliminary injunction on grounds that the Staples/Office Depot merger would violate federal antitrust laws by substantially reducing competition in the retail sale of office supplies by office supply superstores in various local markets throughout the country where each firm directly competes against each other. These markets include areas of California, Florida, Illinois, Kentucky, Maryland, Michigan, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Virginia, Washington, Indiana, Utah and Washington, D.C. The preliminary injunction would prevent the merger from going forward until the conclusion of an administrative trial or any appeals on the legality of the merger. If the court grants the FTC's motion, the Commission will have 20 days within which to determine whether to issue an administrative complaint. That administrative complaint would mark the beginning of the administrative trial process.

The Commission vote to authorize the preliminary injunction motion was 4-1, with Commissioner Mary L. Azcuenaga, dissenting. The motion will be filed in U.S. District Court for the District of Columbia.

Copies of the FTC complaint seeking a preliminary injunction will be available upon filing in court from the FTC's Public Reference Branch, Room 130, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-326-2222; TTY for the hearing impaired 202-326-2502. To find out the latest news as it is announced, call the FTC NewsPhone recording at 202-326-2710. FTC news releases and other materials also are available on the Internet at the FTC's World Wide Web site at: <http://www.ftc.gov> (no period).

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