



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Challenges Proposed Merger of Staples, Inc. and Office Depot, Inc.

Agency Charges Merger Would Harm Competition in U.S. Market for Consumable Office Supplies Sold to Large Businesses

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FOR RELEASE

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The Federal Trade Commission today filed an administrative complaint charging that Staples, Inc.'s proposed \$6.3 billion acquisition of Office Depot, Inc. would violate the antitrust laws by significantly reducing competition nationwide in the market for "consumable" office supplies sold to large business customers for their own use.

Framingham, Mass.-based Staples – the world's largest seller of office products and services – and Boca Raton, Fla.-based Office Depot are each other's closest competitors in the sale of consumable office supplies to large business customers, according to the complaint.

"The Commission has reason to believe that the proposed merger between Staples and Office Depot is likely to eliminate beneficial competition that large companies rely on to reduce the costs of office supplies," said FTC Chairwoman Edith Ramirez. "The FTC's complaint alleges that Staples and Office Depot are often the top two bidders for large business customers."

According to the complaint, many large business customers buy consumable office supplies for their own use under a contract. In addition to a wide range of office supplies at competitive

prices, the vendor provides them with fast and reliable nationwide delivery, dedicated customer service, customized online catalogs, integration of procurement systems, and detailed utilization reports. That business-to-business market is distinct from the more competitive retail markets for office supplies sold to consumers.

Consumable office supplies include items such as pens, pencils, notepads, sticky notes, file folders, paper clips, and paper used for printers and copy machines.

The complaint alleges that, in competing for contracts, both Staples and Office Depot can provide the low prices, nationwide distribution and combination of services and features that many large business customers require. The complaint further alleges that, by eliminating the competition between Staples and Office Depot, the transaction would lead to higher prices and reduced quality. The complaint also asserts that entry or expansion into the market – by other office supplies vendors, manufacturers, wholesalers, or online retailers – would not be timely, likely, or sufficient to counteract the anticompetitive effects of the merger. Finally, the complaint asserts that purported efficiencies would not offset the likely competitive harm.

The FTC has authorized staff to seek in federal court a temporary restraining order and a preliminary injunction to prevent the parties from consummating the merger and to maintain the status quo pending the administrative proceeding.

Throughout the investigation, Commission staff cooperated with staff of the antitrust agencies in Australia, Canada, and the European Union. The Canadian Competition Bureau also filed an application to block the transaction with Canada's Competition Tribunal earlier today. The FTC acknowledges the exemplary work done by all agencies.

The Commission votes to issue the administrative complaint and to authorize staff to seek a temporary restraining order and preliminary injunction in federal court were both 4-0. The administrative trial is scheduled to begin on May 10, 2016.

NOTE: The Commission files a complaint when it has “reason to believe” that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The issuance of the administrative complaint marks the beginning of a proceeding in which the allegations will be tried in a formal hearing before an administrative law judge.

The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive mergers and business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular mergers or business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave., NW, Room CC-5422, Washington, DC 20580. To learn more about

the Bureau of Competition, read [Competition Counts](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

PRESS RELEASE REFERENCE:

[After Staples and Office Depot Abandon Proposed Merger FTC Dismisses Case from Administrative Trial Process](#)

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