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May 11, 2022

VIA U.S. MAIL AND EMAIL

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The Honorable Lina Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Tractor Supply Company – Orscheln Farm and Home

Chair Khan:

As the chief law enforcement officers and antitrust enforcers for our respective states, we write to express our concerns about the Federal Trade Commission's ("FTC's") fourteen-month review of Tractor Supply Company's acquisition of Orscheln Farm and Home. This transaction brings together two companies with a combined 146-year demonstrated commitment to serving rural America. While it is clear this merger will bring numerous benefits to the constituents in our states, FTC's extended review could reflect a lack of understanding of rural America.

It is common practice for federal antitrust regulators and state consumer protection leaders to work together on deals like this, and this deal has been no different. Tractor Supply has said it intends to bring lower prices, new products and brands, an attractive loyalty card program, and job security to the Orscheln stores and their surrounding communities. Our states believe the merger will support the rural areas that the two companies serve. As such, we urge the Commission to swiftly complete its review and allow the transaction to proceed.

We have four primary concerns about the FTC's investigation.

First, we are concerned about the length of the FTC's review. The transaction was announced in February 2021 and yet it remains under review more than fourteen months later, even though the parties offered a complete remedy package (divesting more than half of the stores to two well qualified buyers) to address any concerns about the transaction. We urge the FTC to conclude its investigation to allow the transaction to close as soon as possible. A swift conclusion of the investigation with the currently offered remedy package will ensure that our constituents will benefit from Tractor Supply's continued commitment to serving rural America with no reduction in competition.

Second, we are concerned about the FTC's actions effectively changing the rules mid-review. FTC staff is applying a different standard for assessing competition between the merging parties than they are applying to assess competition between Orscheln and the proposed divestiture buyer. The divestiture buyer addresses the competitive concerns the FTC expressed throughout its investigation and has the means and intention to successfully continue operating the divestiture stores. In assessing the stores that compete with the merging parties for divestiture purposes, FTC staff concluded the divestiture buyer did not compete closely with the merging parties. But now, FTC staff is taking issue with the buyer's purchase of some of the Orscheln stores because of the alleged competitive constraint with the buyer's existing stores. In some cases, the FTC staff is raising competitive concerns with the divestiture buyer's stores that are 50-60 miles from the Orscheln store being purchased.

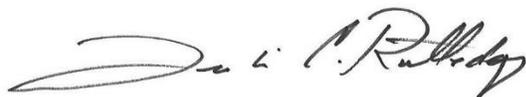
Local residents will buy the product online or at the local feed store before they drive 60 miles, which the FTC staff agreed with when assessing competition between Tractor Supply and Orscheln. The FTC's shifting proximity rules cannot be justified and only serves to delay an investigation that has already lasted for over 14 months

Third, the FTC is wrongly ignoring the market power of Amazon online in rural areas. The FTC's unduly narrow approach to market definition in which only brick-and-mortar "farm and ranch" stores seem to be counted as relevant players does not reflect our constituents' actual options. Rural Americans have numerous alternative sources for the products sold in Tractor Supply and Orscheln stores, including from Amazon. Consumers in rural states can and do rely on Amazon, including for most of the items that can be found in a "farm and ranch" store.

Fourth, FTC Staff appears to ignore competition from brick-and-mortar big box stores, agricultural co-ops, and feed distributors. Anyone who has been inside a big box store in a rural state knows that consumers can find virtually all the "farm and ranch" items sold by Tractor Supply and Orscheln. Consumers can satisfy all their pet supply needs online and at pet retail giants. Farmers can and do shop at local co-ops for pet supplies and grain and feed offerings. Somehow, the FTC doesn't count the big box stores with a brick-and-mortar presence as competitors to farm and ranch stores, nor does the FTC count local co-ops as competition.

In sum, our states hope the FTC will place as much import on the needs of rural America as more urban populations. This proposal offers that opportunity, and we ask the FTC to approve the proposed acquisition as soon as is practical.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie Rutledge". The signature is fluid and cursive, with a large initial "L" and "R".

Leslie Rutledge, Attorney General of Arkansas



Christopher M. Carr
Attorney General
State of Georgia



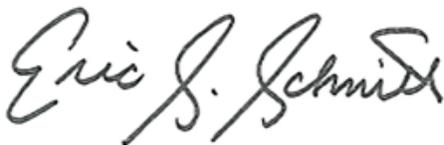
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