

Whole Foods Market, Inc., Scheduled to Merge with Wild Oats Markets, Inc.

By Brooke Heath

Whole Foods Market, Inc., and Wild Oats Markets, Inc., are scheduled to close their merger on Monday, August 20, after 12 noon, Eastern Standard Time. This \$700 million deal between the rival natural and organic grocers has caused quite the controversy ever since the two made plans in February of this year for Whole Foods to buy out Wild Oats at a purchase price of \$18.50 per share in cash.

In an attempt to stop the merger, the Federal Trade Commission requested a preliminary injunction to block the purchase on grounds of antitrust. On Thursday, August 16, the U.S. District Court for the District of Columbia denied the request, according to a press release from Wild Oats Markets.

However, the FTC chose to appeal the District Court's ruling on Friday, August 17. The FTC is seeking to discontinue the merger, arguing that it would hinder the competition, which would lead to higher prices for the organic food market and hurting consumers. But, according to the Associated Press, the companies don't feel that consumers will be affected by the merger and claim that their competition also includes conventional supermarkets which sell organic foods.

"We believe the synergies gained from this combination will create long-term value for customers, vendors, and shareholders as well as exciting opportunities for team members," explained John Mackey, chairman, CEO, and co-founder of Whole Foods Market.

If the FTC cannot get a stay from the appeals court in Washington before the scheduled close of the acquisition, the merger will proceed.

According to *Law.com*, lead litigator for Whole Foods Paul Denis said Friday that the company was "confident that the merger will be allowed to proceed, which will benefit the customers, vendor partners, shareholders, and communities of Whole Foods Market and Wild Oats Markets."

continued on back

Wild Oats Markets, Inc., currently operates 109 organic and natural food stores across the United States and British Columbia. Whole Foods Market will acquire Wild Oats' stores, including Wild Oats Marketplace, Henry's Farmers Market, Sun Harvest, and Capers Community Markets, according to Wild Oats' website.

Whole Foods Market, a Fortune 500 company, was founded in Austin, Texas, in 1980 and has 197 stores in the U.S., Canada, and the United Kingdom. According to Wild Oats' press release, Whole Foods Market had sales of \$5.6 billion in 2006.

"We continue to believe this merger is in the best interest of our stakeholders, as it will mean significant career opportunities for our store associates, capital investment in our stores to enhance the shopping experience for our customers, and value creation for our shareholders," said Gregory Mays, chairman and CEO of Wild Oats Markets. "We look forward to closing the transaction."

ON THE NET

Wild Oats Markets' Press Release
www.law.com

FTC Appeals Whole Foods Ruling
www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2007/08/17/financial/f090901D88.DTL&feed=rss.news

FTC Will Appeal Whole Foods Decision
www.law.com/jsp/ihc/PubArticleIHC.jsp?id=1187341332414