

Macy's Scoops Up Bluemercury In \$210M Deal

By **Matt Sharp**

Law360, New York (February 03, 2015, 7:29 PM ET) -- Macy's Inc. on Tuesday agreed to buy luxury beauty products and spa services retailer Bluemercury Inc. in a \$210 million deal, expanding the department store's beauty offerings and nationwide presence.

Under the deal, Macy's will acquire Washington, D.C.-based Bluemercury's online business and network of roughly 60 specialty stores in 18 states. The transaction is expected to close by May 2.

"Beauty is a core signature business for Macy's and Bloomingdale's and a continued platform for our company's profitable sales growth. With Bluemercury, our company can access a new channel to reach additional customers, add new dimensions to our product offering and apply our expertise in omnichannel retailing," Terry J. Lundgren, Macy's chairman and chief executive officer, said in a statement.

Macy's plans to expand Bluemercury stores significantly — typically located in prime street level locations and urban lifestyle centers — as a stand-alone business and add selected products and boutiques to its own department store locations.

Bluemercury, co-founded in 1999 by Marla Malcolm Beck and Barry Beck, offers high-end luxury brands such as Darphin, La Mer and Tom Ford, and M-61 Skincare, a proprietary brand that Bluemercury calls the "first highly technical, natural cosmeceutical brand."

Marla Malcolm Beck and Barry Beck, Bluemercury's chief executive officer and president and chief operating officer, respectively, and an estimated 500 employees will continue their roles in the stand-alone specialty business.

"We are excited to continue our aggressive expansion of Bluemercury while simultaneously leveraging Macy's leadership in omnichannel technology, supply chain and retail operations," Marla Malcolm Beck said in a statement. "Keeping Bluemercury as a stand-alone business, while adding new expertise, will enable us to fulfill our mission of being the best at giving beauty advice and helping our customers make their way through the often complex process of purchasing beauty products."

Macy's said that it expects the deal to be completed in its fiscal first quarter and be accretive to the retailer's earnings in its first full year.

Macy's is advised by Jones Day. Credit Suisse Securities (USA) LLC acted as financial adviser.

Bluemercury is advised by Peter J. Schaeffer, Andrew P. Beame, Burke Blackman, Dana B. Fritz, Jonah Rizzo-Bleichman, Richard R. Upton, Carl A. Merino, Bruce L. Wolff, Emily Y. Liu and Angela F. Hamarich of Patterson Belknap Webb & Tyler LLP, and Geoff Willard, Kerry L. Killeen, Brendan J. Hughes, Mary Klumpp, Joshua O. Mates, Carly Humphrey, Dave Walsh and Stacy J. Crosnicker of Cooley LLP. Goldman Sachs & Co. acted as financial adviser.

--Editing by Stephen Berg.

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