

JUSTICE NEWS

Department of Justice
Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, July 20, 2016

Justice Department Requires Anheuser-Busch InBev to Divest Stake in MillerCoors and Alter Beer Distributor Practices as Part of SABMiller Acquisition

Settlement Maintains Competition between Bud and Miller Beers, Prohibits ABI from Disadvantaging Rivals with Distributors and Provides for Review of Future ABI Craft Beer Acquisitions

The Department of Justice announced today that it has agreed to a settlement with Anheuser-Busch InBev (ABI) that will permit ABI to proceed with its acquisition of SABMiller. The settlement requires ABI to divest SABMiller's entire U.S. business – including SABMiller's ownership interest in MillerCoors, the right to brew and sell certain SABMiller beers in the United States and the worldwide Miller beer brand rights. This settlement will prevent any increase in concentration in the U.S. beer industry.

The settlement also prohibits ABI from instituting or continuing practices and programs that limit the ability and incentives of independent beer distributors to sell and promote the beers of ABI's rivals, including high-end craft and import beers. Moreover, the settlement precludes ABI from acquiring beer distributors or brewers – including non-HSR reportable craft brewer acquisitions – without allowing for department review of the acquisition's likely competitive effects.

"The remedy we secured will help preserve and promote competition in the multi-billion dollar U.S. beer industry," said Deputy Assistant Attorney General Sonia Pfaffenroth of the Justice Department's Antitrust Division. "The two largest U.S. brewers – ABI and MillerCoors – will now remain independent competitors after the deal. The settlement also preserves the ability of smaller brewers – including brewers of craft and import beers – to compete against ABI by protecting their access to important distribution networks. Independent distributors that sell ABI's beer will have the freedom to sell and promote the variety of beers that many Americans drink."

The department's Antitrust Division filed a civil antitrust lawsuit today in the U.S. District Court for the District of Columbia to block the \$107 billion transaction, along with a proposed settlement that, if approved by the court, would resolve the competitive harm alleged in the lawsuit. The department's complaint alleges that the proposed transaction would substantially lessen competition in the national market for the sale of beer in the United States and in at least 58 local markets in the United States.

According to the department's complaint, through its acquisition of SABMiller, ABI would gain a majority interest in MillerCoors. ABI and MillerCoors jointly account for approximately 70 percent of beer sold in the United States. The acquisition would create many highly concentrated local geographic markets, with some combined shares in excess of 90 percent. As a result, under the terms of the proposed settlement, the companies are required to divest SABMiller's entire ownership stake in MillerCoors. The companies will also divest the right to brew and sell all SABMiller beer brands currently imported or licensed for sale in the United States. Finally, the companies will divest all rights to SABMiller's Miller-branded beer worldwide.

According to a Competitive Impact Statement (CIS) also filed by the department, the divestiture of SABMiller's interest in MillerCoors to Molson Coors alone was insufficient to remedy the competitive harm arising from the transaction. As explained in the CIS, Molson Coors and ABI have interactions outside the United States which present opportunities to facilitate coordination in the United States – opportunities that MillerCoors does not presently have. To address this competitive concern, the settlement provides additional relief aimed at protecting the competitive constraint that other brewers provide – in particular, brewers of high-end craft and import beers – on ABI's and Molson Coors' ability to raise prices, either unilaterally or through coordination, on their beers. Among other things, the settlement prohibits ABI from instituting or continuing practices and programs that disincentivize distributors from selling and promoting the beers of ABI's high-end and other rivals.

In conducting its investigation, the department cooperated with its counterparts in a number of jurisdictions that also reviewed the transaction. "We thank our enforcement partners around the world, especially from the European Commission, Canada and China, for their close and constructive collaboration on this matter," added Deputy Assistant Attorney General Pfaffenroth.

ABI is a corporation organized and existing under the laws of Belgium, with its headquarters in Leuven, Belgium. ABI owns and operates 19 breweries in the United States. ABI owns more than 40 major beer brands sold in the United States, including Bud Light – the top-selling beer brand in the United States – and other popular beer brands, such as Budweiser, Busch, Michelob, Natural Light, Stella Artois, Shock Top, Goose Island and Beck's.

SABMiller is a corporation organized and existing under the laws of the United Kingdom, with its headquarters in London, England. SABMiller operates in the United States through its 58 percent ownership interest in the MillerCoors joint venture.

MillerCoors is a limited liability company organized and existing under the laws of the State of Delaware, with its principal place of business in Chicago. Under MillerCoors' corporate governance structure, SABMiller and Molson Coors, through their designated representatives, have an equal right to govern MillerCoors. MillerCoors owns and operates 12 breweries in the United States. MillerCoors has the sole right to produce and sell in the United States more than 40 major brands of beer, including Coors Light and Miller Lite—the second- and fourth-highest selling beer brands in the United States. MillerCoors also has the right to produce and sell in the United States other popular beer brands, such as Miller Genuine Draft, Coors Banquet and Blue Moon. In addition, MillerCoors has the exclusive right to import into and sell in the United States certain beer brands owned by SABMiller, including Peroni, Grolsch and Pilsner Urquell.

The proposed settlement, along with the department's CIS, will be published in the *Federal Register*, consistent with the requirements of the Antitrust Procedures and Penalties Act. At such time, any person may submit written comments concerning the proposed settlement during a 60-day comment period to Peter J. Mucchetti, Chief, Litigation I Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 4100, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed settlement upon finding that it is in the public interest.

[Anheuser-Busch Explanation](#)

[Anheuser-Busch Complaint](#)

[Anheuser-Busch CIS](#)

[Anheuser-Busch Hold Separate](#)

[Anheuser-Busch PFJ](#)

16-836

Topic:

Antitrust

[Antitrust Division](#)

Updated July 20, 2016