



Department of Justice

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**STATEMENT OF THE DEPARTMENT OF JUSTICE'S ANTITRUST DIVISION
ON ITS DECISION TO CLOSE ITS INVESTIGATION OF
PERDUE'S ACQUISITION OF COLEMAN NATURAL FOODS**

WASHINGTON – The Department of Justice's Antitrust Division issued the following statement today after announcing the closing of its investigation into the proposed acquisition by Perdue Farms Inc.'s parent company, FPP Family Investments, of Coleman Natural Foods:

The Antitrust Division obtained extensive information from Perdue, Coleman and a wide range of market participants, including interviews of customers, chicken processors and more than 100 chicken growers. After a thorough review of the evidence, the division concluded that the facts did not support challenging the proposed transaction.

Although the Antitrust Division concluded that it could not prove that this particular transaction would likely cause harm, the division will continue to be vigilant in the enforcement of the antitrust laws to protect competition in agricultural markets.

The division's investigation focused on the potential effect of the transaction on competition among chicken processors, also known as integrators, for the purchase of services from chicken growers.

The department said that mergers of competing buyers can enhance market power on the buying side of a market, raising significant antitrust concerns. For example, a merger may anticompetitively reduce the number of processors that purchase grower services in a particular region, allowing the merged firm to depress prices paid to growers. Such a concern was not an issue in this case as Perdue's and Coleman's facilities do not overlap in any local region. Coleman's processing plants are located in Fredericksburg, Pa.; Petaluma, Calif.; and Mount Vernon, Wash. Perdue has a number of processing plants on the East Coast, but its closest plant is 150 miles from Coleman's plant in Fredericksburg. It has no plants on the West Coast.

Under certain circumstances, mergers can make coordination more likely, the department said. In light of the Antitrust Division's experience with this industry, the division looked closely at this transaction and considered whether it might increase the possibility of coordination under several theories, including a "multi-market contact" theory which provides that firms may find it more feasible to coordinate on terms, such as payment for grower services, as they interact in more numerous regions.

The transaction would add an additional region – the area around Coleman’s Fredericksburg plant – in which Perdue will compete with another major chicken processor for chicken grower services. The division, however, concluded that this additional point of contact was not likely to increase the risk of coordination due to a number of conditions particular to this specific investigation.

Coordinated effects will continue to be an area of division focus in merger review where the facts suggest it and especially for markets where participants have raised concerns about whether markets are working competitively. While the multi-market contact theory did not apply given the specific facts of this matter, the division will continue to consider its application in future transactions, especially those involving agricultural markets where processors interact in numerous local markets for the purchase of goods or services from producers.

In 2010, the Department of Justice and the U.S. Department of Agriculture (USDA) held joint workshops to hear from market participants about competition-related issues in various agriculture industries, including concerns raised by chicken growers about the impact of concentration in poultry processing. The department continues to work with USDA on these important issues.

FPP Family Investments and Perdue are both headquartered in Salisbury, Md. Perdue is the third largest processor of conventional chicken in the United States, with annual revenues of more than \$4 billion. Coleman, headquartered in Golden, Colo., processes natural, antibiotic free and organic chicken, with annual revenues of more than \$400 million. It does not process conventional chicken.

The division provides this statement under its policy of issuing statements concerning the closing of investigations in appropriate cases. This statement is limited by the division’s obligation to protect the confidentiality of certain information obtained in its investigations. As in most of its investigations, the division’s evaluation has been highly fact-specific, and many of the relevant underlying facts are not public. Consequently, readers should not draw overly broad conclusions regarding how the division is likely in the future to analyze other collaborations or activities, or transactions involving particular firms. Enforcement decisions are made on a case-by-case basis, and the analysis and conclusions discussed in this statement do not bind the division in any future enforcement actions. Guidance on the division’s policy regarding closing statements is available at www.usdoj.gov/atr/public/guidelines/201888.htm.

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