Department of Justice

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JUSTICE DEPARTMENT REQUIRES CONAGRA, CARGILL, CHS, HORIZON MILLING TO DIVEST FOUR SIGNIFICANT FLOUR MILLS TO GO FORWARD WITH ARDENT MILLS JOINT VENTURE

Divestitures Will Preserve Flour Milling Competition in Northern California, Southern California, Northern Texas and the Upper Midwest

WASHINGTON — The Department of Justice announced today that it will require ConAgra Foods Inc., Cargill Inc., CHS Inc., and Horizon Milling LLC to divest four competitively significant flour mills in order to proceed with the formation of Ardent Mills, a flour milling joint venture. The department said that the divestitures will preserve flour milling competition in four regions of the country encompassing large cities such as Los Angeles, Dallas, Minneapolis and the San Francisco/Oakland Bay Area, resulting in more competitive prices for wheat flour purchasers and ultimately lower prices for consumers who purchase wheat flour-based products, such as bread, cookies and crackers.

Ardent Mills would combine the flour milling assets of ConAgra Mills, a subsidiary of ConAgra Foods, and Horizon Milling, a joint venture between Cargill and CHS.

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 proposed joint venture. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the competitive concerns alleged in the lawsuit. The department was assisted in its investigation by the California Attorney General's Office.

"Without the Antitrust Division's required divestitures, the creation of Ardent Mills would have resulted in less competition in the sale of wheat flour, resulting in customers, such as industrial bakers and food service companies, paying higher prices for wheat flour and ultimately consumers paying more for products they enjoy in their everyday lives, such as bread, cookies and crackers," said Deputy Assistant Attorney General for the Antitrust Division Renata B. Hesse. "The divestitures will ensure that competition for hard and soft wheat flour sales is preserved in regions surrounding Los Angeles, Dallas, Minneapolis and the Bay Area."

The department said that, without the divestitures, hard wheat flour prices would be higher in Northern and Southern California, as well as Northern Texas and the Upper Midwest. Hard wheat, which has high gluten content, is well suited for baking bread, rolls, bagels, pizza dough and similar hearty baked goods.

The department also said that prices would be higher for soft wheat flour in Southern California and Northern Texas if the deal proceeded unchanged. Soft wheat flour, which has low gluten content, is well suited for baked goods that are lighter and flakier, such as cakes, cookies and crackers. Both types of flour are made and sold by flour millers – including ConAgra Mills and Horizon Milling – to industrial bakers, food processors, food service companies, distributors and retail sellers of flour for home use.

The department's complaint alleges that, in the relevant markets, the proposed joint venture would eliminate head-to-head competition between ConAgra Mills and Horizon Milling, increase the likelihood that flour milling capacity would be closed, and increase the likelihood of anticompetitive coordination among flour millers, which would raise flour prices for customers in the relevant markets. The proposed settlement requires the companies to divest to Miller Milling Company LLC, four mills: ConAgra Mills' Oakland, California; Saginaw, Texas; and New Prague, Minnesota mills; and Horizon Milling's Los Angeles mill. Miller Milling has only a minimal presence in the regions of concern; its acquisition of the divestiture mills will create a substantial, independent and economically viable competitor in each relevant market. The proposed settlement also prohibits the companies from exchanging information related to wheat purchases or use by customers to which the companies have sold wheat.

ConAgra Foods is a Delaware corporation with its principal place of business in Omaha, Nebraska. ConAgra Mills is one of the three largest flour millers in the country, operating 21 mills in the United States. In 2012, ConAgra reported revenues of $13.3 billion; ConAgra Mills reported revenues of $1.8 billion.

Horizon Milling is a joint venture that is 76 percent owned by Cargill and 24 percent owned by CHS. It is headquartered in Wayzata, Minnesota, and is one of the three largest flour millers in the country, operating 20 wheat flour mills in the United States. In 2012, Horizon reported revenues of approximately $2.5 billion.

Cargill is a privately held company incorporated in Delaware, with its headquarters in Wayzata. Cargill produces agricultural products and food ingredients; it also markets wheat to flour mills. Horizon Milling currently operates 15 former Cargill wheat flour mills, which Cargill contributed to Horizon when it was formed in 2002. In 2012, Cargill reported revenues of $133.8 billion.

CHS is a Delaware corporation headquartered in Inver Grove Heights, Minnesota. Its lines of business include the sale of grains and grain marketing services, animal feed, and food and food ingredients; it also markets wheat to flour mills. CHS owns five wheat flour mills in the United States, which it leases to the Horizon Milling joint venture. In 2012, CHS reported revenues of $40.1 billion.

Miller Milling Company LLC, which is headquartered in Minneapolis, is a subsidiary of Nisshin Seifun Group Inc., which is headquartered in Tokyo.

As required by the Tunney Act, the proposed settlement, along with a competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning this proposed settlement during a 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8700, 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 a finding that it is in the public interest.

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