



Department of Justice

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**JUSTICE DEPARTMENT FILES ANTITRUST LAWSUIT CHALLENGING
GEORGE'S INC.'S ACQUISITION OF TYSON FOODS INC.'S
HARRISONBURG, VA., POULTRY PROCESSING COMPLEX**

Lawsuit Seeks to Restore Competition for Chicken Growers in Virginia's Shenandoah Valley

WASHINGTON – The Department of Justice filed a civil antitrust lawsuit today challenging George's Inc.'s acquisition of Tyson Foods' Harrisonburg, Va., chicken processing complex. The department said that based on the information gathered thus far, the acquisition eliminates substantial competition between the two companies for the procurement of services of chicken growers in the Shenandoah Valley area.

The department's lawsuit, filed in U.S. District Court in Harrisonburg requests that the court declare the acquisition to be unlawful under the antitrust laws and order appropriate equitable relief, such as divestiture of the Harrisonburg complex.

"The department's lawsuit alleges that George's acquisition of Tyson's Harrisonburg chicken processing facility would reduce growers' ability to receive competitive prices for their services," said Christine Varney, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "America's farmers deserve competitive prices and terms for the sale of their services, and the Antitrust Division will vigorously pursue anticompetitive acquisitions that stand in the way of achieving that goal."

Chicken processors, such as Tyson and George's, are also referred to in the industry as "integrators." Integrators typically contract with farmers to grow chickens that are then transported to plants for processing. The processors provide the chicks and the feed, and the growers provide the housing and labor. Feed is delivered on a regular basis and since it is costly to transport grown chickens long distances, processors typically contract with growers that are located close to the processors' plants and feed mills.

Prior to the acquisition, three chicken processors – Tyson, George's and JBS/Pilgrim's Pride – competed in Virginia's Shenandoah Valley region for the services of local chicken growers. By combining the Tyson plant with George's Harrisonburg, Va., operations, the sale decreased the number of processors in the area to two, reducing competition for grower services.

Tyson and George's publicly announced the acquisition on March 18, 2011. Upon learning of the proposed acquisition, the department's Antitrust Division opened an investigation into the proposed deal. The department sought information on the potential competitive effects of the transaction, and George's proposed business justifications for purchasing the Edinburg plant. On Saturday, May 7, despite the parties' awareness of the department's serious antitrust concerns about the transaction, and without providing a response to the information requested by the department, George's and Tyson entered into an asset purchase agreement and simultaneously closed the transaction.

The acquisition was not required to be reported under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which requires companies to notify and provide information to the department and the Federal Trade Commission before consummating certain size acquisitions. The purchase price of the transaction was less than the minimum reporting threshold.

George's, headquartered in Springdale, Ark., is the 15th largest chicken processor in the United States, with output of more than 20 million pounds of chicken per week. In addition to its Shenandoah Valley operations, George's processes chicken in Springdale, Ark., and Cassville, Mo.

Tyson Foods, headquartered in Springdale is the largest chicken processor in the United States, with output of more than 205 million pounds of chicken per week.

JBS/Pilgrim's Pride, headquartered in Greeley, Colo., is the second largest chicken processor in the United States, with output of more than 160 million pounds of chicken per week.

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