



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN GRUPO BIMBO S.A.B. DE C.V. AND BBU INC.'S ACQUISITION OF THE NORTH AMERICAN FRESH BAKERY BUSINESS OF THE SARA LEE CORPORATION

Without Divestitures Consumers Would Pay More for Sliced Fresh Bread

WASHINGTON — The Department of Justice announced today that it has reached a settlement with Grupo Bimbo S.A.B. de C.V., BBU Inc. and the Sara Lee Corporation that requires them to divest brands of sliced fresh bread and associated assets, in order to proceed with Grupo Bimbo and BBU's acquisition of Sara Lee's North American Fresh Bakery business. The department said that the acquisition, as originally proposed, would substantially lessen competition in the sale of bagged, sliced fresh bread sold in retail stores in the metropolitan and surrounding areas of San Diego, Los Angeles, San Francisco and Sacramento, Calif.; Kansas City, Kan.; Oklahoma City; Omaha, Neb.; and Harrisburg/Scranton, Penn.

BBU and Sara Lee are respectively the largest and third largest bakers and sellers of sliced fresh bread in the United States. BBU sells sliced bread and baked products under a variety of trade names, including Arnold, Oroweat, Brownberry, Thomas', Entenmann's, Boboli, Freihofer's and Stroehmann's. Sara Lee sells sliced bread under trade names that include the Sara Lee brand family (including Sara Lee, Sara Lee Classic, Sara Lee Soft & Smooth, Sara Lee Hearty & Delicious and Sara Lee Delightful) and EarthGrains.

The Antitrust Division filed a civil lawsuit today in U.S. District Court in Washington, D.C., to prevent Grupo Bimbo and BBU from acquiring Sara Lee's North American Fresh Bakery business. 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.

"BBU and Sara Lee's North American Fresh Bakery business aggressively compete head-to-head for sliced fresh bread sold in retail stores," said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "Without the divestitures required by the department in eight geographic markets, the combination of BBU and Sara Lee's North American Fresh Bakery business would likely lead to millions of Americans paying higher prices for sliced fresh bread."

According to the complaint, Grupo Bimbo and BBU's acquisition of Sara Lee's North American Fresh Bakery business would substantially increase concentration in various

geographic markets for the sale of fresh bread and eliminate substantial head-to-head competition between BBU and Sara Lee for sliced fresh bread sold in retail stores. BBU and Sara Lee compete for shelf and display space in retailers' stores by, among other things, offering lower wholesale prices and larger promotional discounts, which lower the prices paid by consumers of sliced bread.

According to the complaint, in the San Diego, Los Angeles, Sacramento and Harrisburg/Scranton areas, BBU and Sara Lee are the two largest sellers of sliced bread. In the San Francisco area, BBU is the largest seller of sliced bread and Sara Lee is the third largest. In the Kansas City and Omaha areas, Sara Lee and BBU are respectively the first and third largest sellers of sliced bread; in the Oklahoma City area, Sara Lee and BBU are respectively the first and fourth largest. In the eight relevant geographic areas, BBU's post-merger share would range from approximately 52 to 63 percent, with the combination resulting in highly concentrated markets. The department said that the loss of competition likely would have resulted in higher bread prices.

Under the proposed settlement, the companies must divest the rights to sell Sara Lee's EarthGrains brand and brands in the Sara Lee family (Sara Lee, Sara Lee Classic, Sara Lee Soft & Smooth, Sara Lee Hearty & Delicious and Sara Lee Delightful) in the state of California; Sara Lee's EarthGrains brand and BBU's Mrs Baird's brand in the Kansas City area; Sara Lee's EarthGrains brand in the Oklahoma City area; Sara Lee's EarthGrains and Healthy Choice brands in the Omaha area; and Sara Lee's Holsum and Milano brands in the Harrisburg/Scranton area, as well as the associated manufacturing, distribution and marketing assets required to compete effectively in the sale of those brands in those areas.

Grupo Bimbo is a corporation organized under the laws of Mexico, with headquarters in Mexico City. It controls BBU, a Delaware corporation headquartered in Horsham, Penn., through which Grupo Bimbo carries out its baking business, including but not limited to sliced bread, in the United States. Grupo Bimbo had more than \$8 billion in worldwide sales in 2009. In the same year, BBU's sales in the United States totaled approximately \$3.9 billion.

Sara Lee is a corporation organized under the laws of Maryland, with headquarters in Downers Grove, Ill. Sara Lee had more than \$10 billion in worldwide revenues in fiscal 2010. In the same year, Sara Lee's North American Fresh Bakery division had approximately \$2.1 billion in sales.

The proposed settlement, along with the department's competitive impact statement, will be published in the Federal Register, as required by the Antitrust Procedures and Penalties Act. Any person may submit written comments concerning the proposed settlement within 60 days of its publication to Joshua H. Soven, Chief, Litigation I Section, Antitrust Division, U.S. Department of Justice, 450 Fifth St., N.W., Suite 4100, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the settlement upon a finding that it is in the public interest.

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