



Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice filed suit today challenging the acquisition of Great Western Foods Company, Knoxville, Tennessee by The Federal Company of Memphis, Tennessee.

Attorney General Richard G. Kleindienst said the civil antitrust action was filed in the U. S. District Court in Memphis.

The complaint charged that the acquisition, which was consummated on January 31, 1972, would substantially lessen competition in violation of Section 7 of the Clayton Act.

The suit alleged that the acquisition eliminated actual and potential competition between Federal and Great Western Foods in the production, distribution, and sale of wheat flour, bakery flour, and family flour in the southeastern United States.

The Federal Company is the nation's 392nd largest industrial concern.

Bakery flour is sold to wholesale bakers for manufacture into bread, cookies, and cake. Family flour is sold to grocery stores and others for resale to consumers for use in home baking.

Assistant Attorney General Thomas E. Kauper, in charge of the Antitrust Division, said that Federal's wholly-owned subsidiary, Dixie-Portland Flour Mills, Inc., is one of the nation's leading wheat flour milling companies. Great Western Foods' "White Lily"

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brand flour is one of the leading family flours of the Southeast. The company is also an important factor in the bakery flour market in this region.

In the Southeast, the complaint said, Federal accounted for approximately 11 percent of the daily wheat flour milling capacity and Great Western Foods for approximately 6 percent. Federal is said to have accounted for 15 percent of bakery flour shipments and 5 percent of family flour shipments, and Great Western Foods for 3 percent and 9 percent, respectively, of these southeastern flour markets.

The complaint asked that the acquisition be declared unlawful and that The Federal Company be required to divest itself of Great Western Foods.