



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT REQUIRES TWO MAJOR BREAD MANUFACTURERS TO
CHANGE THEIR PROPOSED MERGER--CONSUMERS IN
CALIFORNIA, MIDWEST WILL BENEFIT**

WASHINGTON, D.C. -- The Department of Justice has taken steps today to keep the proposed merger of two of the country's largest manufacturers of white bread from leading to higher prices.

The Department's Antitrust Division said the acquisition of Continental Baking Company, the nation's largest wholesale baker and the maker of Wonder bread, by Interstate Bakeries Corporation, the third largest wholesale baker and the maker of such popular brands as Weber's, Sunbeam and Butternut, threatened to drive up white bread prices in at least five markets--Los Angeles, San Diego, Chicago, Milwaukee and Central Illinois.

The Department filed a complaint and proposed settlement today in U.S. District Court in Chicago. The settlement, if approved by the court, would eliminate the transaction's potential harm to competition and would settle the suit.

"If Interstate Bakeries, with its popular brands, takes control of Continental's Wonder brand, the vigorous competition that has existed between them would be reduced. This means that consumers could pay higher prices to put white bread in their

grocery baskets," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

Continental, based in St. Louis, is a wholly-owned subsidiary of Ralston Purina. It had revenues of \$1.9 billion in 1994. Interstate, is based in Kansas City, and had revenues of \$1.1 billion in 1994.

The complaint alleges that the acquisition would reduce competition for white pan bread in five local markets--San Diego and Los Angeles in Southern California, Chicago, Milwaukee and Central Illinois including Peoria, Springfield, Champaign and Urbana. The number of sellers of branded white bread would be reduced from two to one in both the Southern California and Central Illinois markets and from three to two in the Chicago and Milwaukee markets, the Department said.

To remedy the Department's concerns, Interstate has agreed to sell, in each of the different geographic areas where the transaction may have an anticompetitive effect, either the Wonder brand or one of Interstate's brands of premium white pan bread--Weber's in Southern California, Butternut in Chicago, Mrs. Karl's in Milwaukee, and Butternut and Sunbeam in Central Illinois.

Interstate must also sell any other assets, including bread plants and route systems, that may be needed by the purchaser to maintain the level of sales that the divested brand has in the market place.

"I grew up on white bread and bologna. This divestiture means that today's school kids will still be able to carry affordable white bread sandwiches in their lunchboxes," said Bingaman.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to Anthony V. Nanni, Chief, Litigation I Section, Antitrust Division, U.S. Department of Justice, 1401 H St., N.W., Suite 4000, Washington, D.C. 20530 (202/307-6576).

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