Department of Justice

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JUSTICE DEPARTMENT APPROVES DAIRY MERGER AFTER PARTIES AGREE TO SELL PLANT IN ALABAMA

WASHINGTON, D.C. -- The Department of Justice today approved the acquisition of Barber Dairies Inc. by Dean Foods Company, after the parties agreed to sell a Barber Dairies plant in Huntsville, Alabama to Southern Foods Group, L.P.

The deal, as initially structured, could have lessened competition in bidding to supply milk to school districts in at least 18 counties in Alabama. The Department said that the sale of the Huntsville plant, with its distribution routes, will ensure that competition is maintained in those school districts.

“This acquisition could have increased milk prices to several school districts, and ultimately to taxpayers in Alabama,” stated Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “The spin-off will preserve competition, which is especially important in markets like school milk, where there has been a history of collusion that has caused substantial harm to consumers.”

School districts purchase milk in half-pint containers. They have specific delivery requirements and are serviced by dairies that have distribution systems in their districts. Contracts are typically awarded each year after a formal bidding process.

Dean Foods Company, headquartered in Franklin Park, Illinois, owns and operates fluid milk processing plants and ice cream plants. It sells and distributes its fluid milk and other products to a variety of customers, including school districts. Dean Foods' 1997 revenues were approximately $3 billion.

Barber Dairies, Inc., headquartered in Birmingham, Alabama, also owns and operates fluid milk processing plants and ice cream plants. Barber's customers for fluid milk and other products also include school districts. Its 1997 revenues were approximately $288 million.

Southern Foods Group, L.P. is a Dallas, Texas-based owner and operator of dairy processing plants. Its 1997 sales were approximately $1 billion.

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