



# Department of Justice

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THURSDAY, JUNE 23, 2011  
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## **JUSTICE DEPARTMENT REACHES SETTLEMENT WITH GEORGE'S INC.**

### ***Requires George's to Make Important Capital Improvements at its Harrisonburg, Va., Poultry Processing Facility***

WASHINGTON – The Department of Justice announced today that it has reached a settlement with George's Inc. that requires George's to make important capital improvements to a Harrisonburg, Va., chicken processing plant in order to settle the litigation surrounding George's acquisition of the Tyson Foods Inc. plant. The department said that the settlement will avert the likely adverse competitive effects that would arise from the acquisition in western Virginia.

The department's Antitrust Division filed a proposed settlement in U.S. District Court for the Western District of Virginia in Harrisonburg. If approved by the court, the settlement would resolve the civil antitrust lawsuit filed by the department on May 10, 2011, and would resolve the lawsuit's competitive concerns.

"The proposed settlement enhances the competitive viability and increases the production of the Harrisonburg poultry processing plant, which translates into more opportunities to grow and process poultry," said Christine Varney, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "This resolution not only benefits poultry growers, but also the Shenandoah Valley community. It also demonstrates our commitment to enforcing the antitrust laws to protect competition in important agricultural markets."

In May 2011, George's acquired Tyson Foods' Harrisonburg chicken processing plant. The department learned of the transaction, which was not required to be reported under the premerger notification law, shortly before it was completed. The department filed a lawsuit alleging that the acquisition would likely have the anticompetitive effect of reducing the prices paid to Shenandoah Valley area farmers who raise chickens for processors such as Tyson Foods and George's.

The settlement requires that George's make capital improvements to the Harrisonburg chicken processing plant that will lead to a significant increase in the number of chickens that will be processed at the facility. The improvements include the installation of a special freezer and deboning equipment, which will allow George's to produce a variety of highly valued products at both its Harrisonburg and Edinburg facilities in the Shenandoah Valley. As a result

of these improvements, George's will have the incentive and ability to increase local poultry production, thereby increasing the demand for grower services and averting the likely adverse competitive effects arising from the acquisition. In addition, the division will monitor George's efforts to improve the plant until the new equipment is installed and operational.

The department also noted in its court documents that there were significant concerns associated with the viability of the Harrisonburg processing plant, which was operating at a loss over the past few years. Taking all of the facts and circumstances into consideration, including the likely benefits resulting from the required improvements, the department determined that the proposed settlement is an effective remedy.

George's, headquartered in Springdale, Ark., is the 11th 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 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.

The proposed settlement, along with a competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to William H. Stallings, Chief, Transportation, Energy & Agriculture Section, 450 Fifth Street, N.W., Suite 8000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the proposed settlement upon finding that it is in the public interest.

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