



January 22, 2010

ATTORNEY GENERAL MADIGAN, U.S. DEPT. OF JUSTICE, WISCONSIN AND MICHIGAN FILE ANTITRUST CASE AGAINST DEAN FOODS

Chicago — Attorney General Lisa Madigan today joined in filing a federal lawsuit that challenges last year's acquisition by Dean Foods Company of one of its major competitors' milk business. Madigan claims the acquisition presents serious antitrust concerns, which could adversely affect the price of milk for retailers throughout northeastern Illinois.

The U.S. Department of Justice's (DOJ) Antitrust Division, Attorney General Madigan and the Attorneys General of Michigan and Wisconsin filed the lawsuit in U.S. District Court in Milwaukee, seeking to require Dean Foods to sell the dairy processing plants it acquired from Foremost Farms USA in April 2009.

"Dean Foods' acquisition would eliminate a significant milk supplier for northern Illinois that, until now, helped keep milk prices in check," Madigan said. "Vigorous competition is essential to protecting consumers from skyrocketing prices especially in this tough economy."

Milk processors such as Dean Foods and Foremost Farms purchase raw milk from dairy farms and agricultural cooperatives to pasteurize and package. The processors then distribute and sell the milk to school districts, supermarkets, grocery stores and other retail customers.

The lawsuit asks the court to reverse the 2009 deal and also requires that Dean Foods notify the State of Illinois at least 30 days prior to any future acquisition involving a milk processing operation affecting Illinois.

The complaint alleges that the acquisition substantially reduced competition in the sale of milk to supermarkets, grocery stores, and other commercial customers throughout northeastern Illinois, the Upper Peninsula of Michigan and Wisconsin. According to the complaint, Dean Foods' acquisition deprived these retailers of the benefits of substantial head-to-head competition between Dean Foods and Foremost Farms.

Dean Foods, based in Dallas, Texas, is one of the nation's largest food and beverage producers with revenues of \$11.8 billion in 2008. Dean Foods' Fresh Dairy Direct is the country's largest processor and distributor of milk and other dairy products.

Foremost Farms is a member-owned business association headquartered in Baraboo, Wisconsin, whose members are dairy farmers. In 2008, its Consumer Products Division had net sales of \$233.7 million. Prior to Dean Foods' acquisition of its Consumer Products Division, Foremost Farms processed its members' raw milk at its plants in DePere and Waukesha, Wisconsin.

Bureau Chief Robert Pratt and Assistant Attorney General Chadwick Brooker are handling the case for Attorney General Madigan's Antitrust Bureau.

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