



W. A. DREW EDMONDSON  
ATTORNEY GENERAL OF OKLAHOMA

May 28, 2008

The Honorable Michael Mukasey  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530

**Re: JBS Acquisition of National Beef Packing Company and Smithfield Beef Group**

Dear General Mukasey:

The acquisition of National Beef Packing Company and Smithfield Beef Group by JBS, a Brazilian meat company, is of serious concern to me and Oklahoma beef producers. Beef production is vital to Oklahoma's economy. Oklahoma is the fifth largest cattle producing state with an inventory of 5.4 million head.

Beef processing is already a highly concentrated industry. The top five processors exercise an 85% market share and this merger will result in the consolidation of three of these processors into one. The entity that comes from this merger will be the largest beef processor in the United States by a significant margin. However, the market concentration could be even greater in Oklahoma when the acquisition of Five Rivers Ranch Cattle Feeding, LLC by JBS is taken into consideration.

JBS' acquisition of Five Rivers, currently owned by Smithfield, means that this merger has implications, not only for meat packing, but also the feedlot segment of the beef industry. Five Rivers is reported to be the largest cattle feeder in the United States, with five of its feedlots in Southwest Kansas and the Oklahoma and Texas panhandles. After the merger, Oklahoma beef producers could face a packing market with only three competitors. However, one of those competitors, JBS, may have a limited need to buy cattle because of the cattle inventories in Five Rivers feedlots.

In short, this merger, as it is currently proposed, would result in the nation's largest meat processor exercising control over the nation's largest feedlot operation. This kind of vertical

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integration could result in a company that has the power to drive down the prices paid to beef producers while at the same time driving up the prices consumers pay for beef at the grocery store.

I urge the Department of Justice to closely scrutinize this merger and take the necessary action to secure competition in the beef industry.

Sincerely,

A handwritten signature in black ink, appearing to read "W. A. Edmondson", with a long horizontal flourish extending to the right.

W. A. DREW EDMONDSON  
Attorney General

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