



*Since 1894*

September 25, 2008

Mr. Thomas Barnett  
Assistant Attorney General – Anti-Trust  
United States Department of Justice  
950 Pennsylvania Ave, NW  
Washington DC 20530  
Delivered via facsimile: 202-616-2645

Dear Mr. Barnett:

The Kansas Livestock Association (KLA) submits the following comments relative to the acquisition of National Beef Packing Company, Smithfield Beef Group and Five Rivers Cattle Feeding by JBS S.A. (JBS). KLA members appreciate the careful scrutiny and analysis of these proposed acquisitions being conducted by the Department of Justice (DOJ). In evaluating the effect of these transactions on the beef industry, our members have trusted that DOJ would conduct a thorough analysis of the effects on competition in the beef industry.

Initially, some in our membership expressed concerns which caused us to arrange a meeting between our Cattle Feeders Council and the CEO and other top executives of JBS-Swift for responses to those concerns. While the association and individual members will continue to closely monitor and discuss the impacts of this transaction, including our upcoming annual convention policy formation process, to date there have not been any suggestions or policy proposals objecting to this merger.

As mentioned, one key factor is confidence in the thorough review being conducted by DOJ. A second factor is the strong support expressed by U.S. Premium Beef (USPB) members for the sale of National Beef to JBS. USPB was founded by Kansas cattle producers. KLA members made up the core group of original investors and continue to represent a significant number of USPB shareholders. More than 90% of USPB shareholders voted to approve the sale.

A third factor influencing KLA members' opinion is the probability of enhanced financial stability of the processing sector following the completion of these pending acquisitions. KLA members recognize the struggles faced by processors with excess capacity compared to current cattle numbers. It is our feeling the pending sales will result in three financially healthy and very competitive major processors.

Some in the beef industry have expressed concern about JBS acquiring Five Rivers Cattle Feeding. This concern seems to be based on opposition to an expansion of packer-owned cattle. However, the level of packer ownership of cattle won't change since Five Rivers currently is owned by Smithfield. Also, a significant percentage of Five Rivers cattle already are sold to National Beef, so no real change is likely to occur under the new combined entity.

Again, unless the review by DOJ should discover significant anti-competitive effects, KLA member policy does not oppose the pending transactions. Thank you for your consideration of our perspective. Please don't hesitate to contact the KLA office if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Tracy Brunner".

Tracy Brunner  
President

*KLA is a trade association representing nearly 6,000 producers from all segments of the beef industry. KLA represents over 95% of cattle on feed in Kansas. In 2007, the beef industry generated over \$6.3 billion in cash receipts in Kansas.*