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April 15, 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 Co., Smithfield Beef Group, and
Five Rivers Ranch Cattle Feeding LLC**

Dear General Mukasey:

The proposed acquisition by JBS, SA, a Brazilian company, of National Beef and Smithfield Beef is a matter of great concern to Missouri beef producers and consumers. Therefore, I ask that you thoroughly examine this acquisition and take appropriate steps to block or mitigate the inevitable anticompetitive effects of this five-to-three consolidation.

Agriculture is vital to our nation's economy. Missouri beef producers, with more than 4.3 million head of cattle, constitute an important player in this sector. Because JBS already has acquired Swift, a major U.S. meat packer, the proposed acquisition would combine three of the top five U.S. beef packers into one. This is especially troublesome considering that the top four packers currently exercise an 83.5% market share. With these acquisitions, JBS would be allowed – in one set of transactions – to acquire and wield market power unencumbered by conventional competitive forces. And recasting National Beef and Smithfield Beef as partners of, instead of competitors with, JBS makes coordination among them a certainty. Beef producers in Missouri, who already are facing crippling increases in feed and other costs, will be injured substantially by this loss of competition.

Another troubling component of this deal is JBS' proposed acquisition of Smithfield-owned Five Rivers Ranch Cattle Feeding, LLC, which would allow JBS to

vertically integrate its operations. By owning both ranching and packing companies, JBS will be able to pay drive down the price it pays others for live cattle while charging more for its beef in the stores, thereby harming both producers and consumers throughout Missouri. We have observed this phenomenon in the pork industry, where consolidation has driven farm and retail prices in opposite directions. Allowing vertical integration in the beef industry almost certainly will produce the same unsettling results.

I urge you to examine carefully the impact of this deal on the producers in Missouri and elsewhere who currently play such an important role in fostering healthy competition in the beef industry. I also urge you to consider the impact on American consumers who are already facing soaring grocery bills.

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Nixon', written over a horizontal line.

JEREMIAH W. (JAY) NIXON
Attorney General