

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

1

WORKSHOP ON
AGRICULTURE AND ANTITRUST ENFORCEMENT ISSUES
IN OUR 21ST CENTURY ECONOMY

WEDNESDAY, DECEMBER 8, 2010

U.S. DEPARTMENT OF AGRICULTURE
JEFFERSON AUDITORIUM
1400 INDEPENDENCE AVENUE, S.W.
WASHINGTON, D.C. 20250

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

2

1 P R O C E E D I N G S

2 SECRETARY VILSACK: Good morning, everyone. I
3 certainly want to welcome everybody to the USDA for the
4 fifth and final in a series of competition workshops
5 held jointly by the USDA and the Department of Justice
6 to explore the appropriate role for antitrust and
7 regulatory enforcement in American agriculture.

8 I want to welcome the panelists who I will
9 introduce in a few minutes and my good friend, the
10 Attorney General, who I will also introduce in just a
11 second.

12 In my travels across the country I've heard
13 from producers who are concerned about the future of
14 American agriculture. In these workshops we've been
15 looking at a wide range of issues regarding competition
16 in agriculture and today we look at the dynamics and
17 the interplay between each segment of the food
18 marketing chain, margins in the livestock, poultry and
19 dairy industries, and issues in the retailing sector.

20 The Obama Administration is committed to
21 being the most open and transparent in history, which
22 is why we look forward to this dialogue with a diverse

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

3

1 group of stakeholders regarding the agricultural
2 marketplace. I want to welcome all of you to this
3 workshop and to this hearing.

4 Today we intend to focus on a number of
5 issues. We will explore and better understand how
6 livestock and other agricultural commodities move
7 through out system and the dynamics and challenges
8 within each segment of the food marketing chain. And
9 we hope to explore margins in the livestock, poultry
10 and dairy industries. And, lastly, we'll focus on the
11 potential implications of consolidation in our
12 retailing sector.

13 I want to say these workshops have been very
14 beneficial to me and to USDA in helping us understand
15 the issues that are of most concern and deserve close
16 attention. I acknowledge that the issue of
17 agricultural competition is extremely complex. The
18 ever-changing nature of the sector suggests the need to
19 ask questions and shed light on issues that frankly
20 have not seen much light in many years. President
21 Obama has provided a clear direction; the government
22 should be open and transparent, which is what these

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

4

1 workshops are designed to do and be.

2 We want to, and we have had a public dialogue
3 on these issues. We've held workshops across the
4 country to explore the appropriate role of antitrust
5 and regulatory enforcement. In March we had a workshop
6 on seed concentration and hog market issues in Ankeny,
7 Iowa. In May we traveled to Normal, Alabama to discuss
8 poultry issues. In June we discussed dairy issues in
9 Madison, Wisconsin. And in August we explored
10 competition in livestock markets in Fort Collins,
11 Colorado.

12 In these workshops in my travels across the
13 country, a number of themes have emerged. Producers
14 want to have or maintain marketing options. They want
15 transparency. They want access to markets. They have
16 fewer buyers with whom to do business and they struggle
17 with debt and face challenges accessing capital. And,
18 lastly, they just want to be treated fairly and with
19 respect.

20 Most importantly of all, they care about the
21 future of agriculture and want it to succeed, which is
22 why we've seen such an overwhelming response and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

5

1 attendance at these workshops.

2 I for one am optimistic about the future of
3 agriculture and I think our best days are indeed ahead.
4 For this to happen, we simply need to ask the right
5 questions and not ignore warning signs. And there are
6 warning signs that we should consider. America's mid-
7 sized farms are barely profitable, and not always
8 profitable enough to sustain a family.

9 At the Iowa workshop, Jim Foster, a pork
10 producer from Missouri summarized his concerns as
11 follows: He said, "My concern is not for me, but for
12 my kids and grandkids, make sure they can pursue the
13 American Dream as my wife and I have."

14 He compared what he saw driving through the
15 rural roads of Iowa and Missouri in the 1960s to today.
16 "I saw home-built hog shelters and lots of rolling
17 hills with sows with new litters. I saw barns across
18 Iowa with concrete pads out front with 50 to 100 calves
19 on feed. I saw veterinarians at work with their catch
20 chute, feed trucks delivering feed, implement dealers
21 delivering a new manure spreader or feed grinder."
22 Today, he sees: "Very little human activity around

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

6

1 what was once a thriving economic model."

2 We all realize that agriculture can't be
3 exactly like it was 40 years ago, but the warning signs
4 shouldn't be ignored either. In the past 40 years, the
5 United States has lost 800,000 farmers and ranchers,
6 and our remaining farmers are aging. From 2002 to
7 2007, the average age of a farmer increased from 55 to
8 57 years. And the number of farmers age 75 years or
9 older increased by 20 percent over the same period,
10 while the number of operators under 25-years-of-age,
11 decreased by 30 percent. More than half of our rural
12 counties, based on the 2000 census, lost population.

13 At today's workshop, we will ask more
14 questions. We'll explore more into margins and why the
15 retail value to producers is shifting away from them
16 and what that all means. In 2009, a hog producer
17 received 24.5 percent of the retail value of a hog. And
18 it was over double this percentage, nearly 50 percent,
19 in 1980. Last year, 13.6 percent went to the packer
20 and 61.9 percent went to the retailer.

21 The cattle producer gets 42-1/2 percent of
22 the retail value of a steer in 2009, which compares to

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

7

1 62 percent in 1980. Last year 8-1/2 percent went to
2 the packer and 49 percent went to the retailer.

3 Today we'll also explore what effects, if
4 any, retail consolidation has had on the marketplace
5 across all marketing sectors. And there are warning
6 signs to pay attention to there as well. The four
7 largest retailers account for 37 percent of U.S.
8 grocery store sales in 2009, compared to 34 percent in
9 2004, 28 percent in 1999 and 17 percent in 1994. And
10 we know that concentration can be much higher in
11 certain regions of the country.

12 There can usually be an explanation as some
13 to aspects of these complex issues, but we must also
14 ask if everything is fine, why aren't we seeing more
15 young people getting in agriculture and why are people
16 leaving our rural counties?

17 At USDA, we take these warning signs very
18 seriously, and have taken a number of steps to assist
19 producers in rural communities. The USDA and the
20 Department of Justice have established the Agriculture
21 Competition Joint Task Force to explore new
22 opportunities for harnessing each other's expertise and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

8

1 improving enforcement of laws designed to produce and
2 protect producers.

3 In particular, USDA and the Department of
4 Justice have established a new process to handle
5 complaints for unfair and deceptive practice in the
6 poultry industry to more effectively and timely resolve
7 cases, something we feel will further facilitate
8 addressing concerns we heard at the Alabama workshop.

9 Enforcement of the Packers and Stockyards Act
10 was mentioned many times at the workshops. And in the
11 past few years, the President has increased GIPSA's
12 budget to improve enforcement over unfair and deceptive
13 practices in the marketplace. And the Department is
14 hiring new attorneys and field investigators to handle
15 complex competition investigations and other
16 violations.

17 The USDA's Grain Inspection, Packers and
18 Stockyards Administration (GIPSA) I know, proposed a
19 rule last summer for fairness in the marketing of
20 livestock and poultry. We know it has sparked
21 considerable interest and discussion. And now we have
22 the public comments, some of which we heard at the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

9

1 Colorado workshop. We will begin in earnest and in
2 good faith to process these comments and draft a rule
3 that we believe will be workable, feasible and
4 commonsense.

5 In January, we put into effect a final rule
6 to establish basic fairness for poultry contracts, and
7 in particular, to ensure that producers no longer have
8 contracts arbitrarily cancelled without notice. This
9 resolved a problem that had concerned poultry farmers
10 for many years and was frequently mentioned during our
11 Alabama workshop.

12 I am looking forward to the findings and
13 recommendations of the Dairy Industry Advisory
14 Committee that I appointed to review the issue of milk
15 price volatility and dairy farmer profitability, issues
16 that were very important to participants at the
17 workshop in Wisconsin. The full committee report will
18 be delivered early next year. In the meantime, we
19 issued \$270 million in payments under the Dairy
20 Economic Loss Assistance Program, and \$930 million
21 under the Milk Income Loss Contract Program, while we
22 acquired 114 million pounds of cheese.

(866) 448 - DEPO

www.CapitalReportingCompany.com © 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

10

1 USDA has worked hard in these tricky times to
2 support agricultural producers of every size and type,
3 and we're helping American producers by promoting
4 exports abroad. This year we will have a record year
5 in ag exports; and by supporting domestic and local
6 regional food systems.

7 We're working to help producers with access
8 to markets and rural communities with investments in
9 rural broadband access. We're promoting the use of
10 agricultural products and waste for use in the
11 production of renewable energy in communities across
12 the country. And we're helping farmers and landowners
13 capitalize on new income opportunities from ecosystem
14 markets that reward them for taking care of the
15 environment.

16 So you can see, we have been busy in
17 addressing the challenges that exist in agriculture,
18 and recognize that some would like us to do more, and
19 some would like us to do less. We want to focus on
20 doing what is right, and these workshops will further
21 inform our work that we do every day.

22 It is our hope that the dialogue we've

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

11

1 started extends beyond this last workshop and continues
2 around the kitchen tables, in coffee shops, at academic
3 institutions all across the country. The government
4 may not have all the solutions to these problems, but
5 together we can continue exploring ways to address the
6 challenges that indeed exist.

7 Again, I want to thank you for attending; I
8 want to thank the panelists for their willingness to
9 participate in this workshop. All of the panelists and
10 all who have attended these workshops are owed a debt
11 of gratitude. And I want to thank the institutions
12 from across the country that were kind enough to allow
13 us to use their facilities to hold these workshops.

14 And now I'd like to turn the podium over to
15 Attorney General Eric Holder for his comments. I want
16 to welcome him to the U.S. Department of Agriculture.
17 Mr. Attorney General, you are welcome all the time at
18 USDA. I'm not sure, but you may be the first Attorney
19 General in the history of the USDA to come to USDA to
20 discuss issues of competition in this type of forum.

21 And I want to acknowledge the impressive
22 career that our Attorney General has. He served in

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

12

1 public practice as a U.S. Attorney for the District of
2 Columbia, as Associate Judge of the Superior Court of
3 the District of Columbia, and as Deputy Attorney
4 General. He has worked to investigate and prosecute
5 official corruption on the local, state and federal
6 levels. And he is fully invested in strong enforcement
7 of our nation's antitrust laws to advance the interests
8 of justice on behalf of the American people.

9 And I would want to say publicly to the
10 Attorney General, I want to thank him and his staff not
11 only for their commitment to these workshops, but also
12 for your willingness to work with us to try to resolve
13 outstanding civil rights claims against this
14 Department.

15 So, ladies and gentlemen, please join me in
16 welcoming our Attorney General, Mr. Eric Holder.

17 ATTORNEY GENERAL HOLDER: Thank you.

18 (Applause.)

19 ATTORNEY GENERAL HOLDER: Thank you. Thank
20 you, Mr. Secretary. It's a pleasure to be here at the
21 Department of Agriculture. And I thank you all for
22 joining us.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

13

1 I know that many of you have traveled a great
2 distance to be here today; probably you have left
3 warmer climates to come to Washington, and I thank you
4 for that, and the perspectives that you are bringing
5 from the Mississippi Delta and South Dakota, from
6 Connecticut, California and communities in between will
7 be critical to today's discussion.

8 Now, I'd really like to figure out a way in
9 which I can get one of those hats. Those -- you know,
10 I've been -- this is the last time I'm going to have a
11 chance -- I see these guys all the time with these
12 really nice hats and those good t-shirts, so at the end
13 of my remarks if I could meet with you all we could
14 maybe discuss a way in which I could -- I'm from New
15 York, I don't have a hat like that or a t-shirt.

16 But, you all represent many different
17 regions, areas of expertise and positions in the
18 agriculture supply chain. And you represent nearly
19 every sector one of our nation's oldest and most
20 critical industries. Regardless of your vantage point,
21 as we turn our attention to pricing margins at all
22 levels of the agricultural industry including the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

14

1 retail sector, I have really no doubt that this
2 workshop, like the previous four that we have held this
3 year, will provide important learning opportunities for
4 all of us.

5 Now, before we get started, I want to thank
6 Secretary Vilsack and his team for hosting us and for
7 their partnership in conducting this workshop series. I
8 also want to recognize the outstanding efforts of
9 Assistant Attorney General Christine Varney and the
10 Justice Department's Antitrust Division. At each
11 workshop I have been impressed with the Division's work
12 in making the vision of these conversations a reality.
13 And now that we find ourselves at the final workshop,
14 it is clear that their contributions are paying off.

15 We've learned a tremendous amount from
16 farmers and producers and from industry experts as well
17 as experts, and I have every expectation that the
18 fruits of this workshop series will benefit the
19 agriculture industry for years to come.

20 Now, over the last nine months, we have
21 discussed everything as the Secretary indicated from
22 vertical integration and dairy prices to the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

15

1 implications of the Packers and Stockyards Act and
2 leading poultry industry challenges.

3 Secretary Vilsack and I have had the chance
4 to hear directly from hard-working farmers and
5 producers, business professionals, economists, as well
6 as elected officials. And the impact that these
7 conversations has had on our thinking and on the
8 enforcement strategies that we are in the process of
9 developing has been, I think, profound.

10 Of course, we know that antitrust enforcement
11 actions will not solve every problem, we know that.
12 But, because of the insights that you have provided
13 when the circumstances warrant legal intervention, I
14 believe that we will be better prepared to take the
15 steps necessary to ensure a fair and competitive
16 agricultural marketplace, both for producers as well as
17 consumers. Now, what's been clear throughout this
18 workshop series and in the thousands of public comments
19 that we have received over the past year, and there
20 have been thousands, is that America's farmers and
21 producers work extremely hard. And they want to keep
22 working hard, and they're not asking a handout. What

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

16

1 they want is a level playing field, nothing more and
2 nothing less.

3 Now, that means that they want market
4 transparency, they want market access and they want
5 market fairness. And in my view, in Secretary
6 Vilsack's view and in President Obama's view, that's
7 exactly what they deserve. Vigorous and appropriate
8 enforcement is an essential component of our commitment
9 to ensuring market fairness and robust competition.

10 Now, in addition to this workshop series, our
11 commitment has resulted in a joint task force between
12 the Departments of Justice and Agriculture that is
13 focusing on agriculture markets and industry issues,
14 and it has resulted in a simple and accessible online
15 submission process for reporting concerns and
16 complaints. That process is outlined on the Department
17 of Justice's website and I urge all of you to utilize
18 it to keep us informed of any complaints that you may
19 have about unfair or deceptive practices.

20 I also want to be clear about something. The
21 critical channel of communication that we have opened
22 this past year, as the Secretary has indicated, will

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

17

1 remain open and the Departments of Justice and
2 Agriculture will continue working in close coordination
3 to address your concerns and to ensure fairness and
4 opportunity for America's farmers, producers and
5 agriculture industry.

6 I'm really proud that collaboration between
7 our two agencies has never been stronger and that this
8 new level of cooperation is driving meaningful,
9 measurable progress. Just last week, now our joint
10 efforts to resolve the long-running discrimination
11 lawsuits reached a new level with the house passage of
12 the Claims Settlement Act. This legislation
13 represents, I think, an historic step in ensuring that
14 farmers who faced discrimination by their government
15 finally received the justice that they deserve. It
16 also plants the seeds for a transformed relationship
17 between the federal government and the many Americans
18 who rely on a fair and effective claims process.

19 Now, while I'm proud of this and all that has
20 been achieved this year, I recognize that we still have
21 further to go. After workshops on seed, poultry, dairy
22 and livestock issues, today we turn our attention to a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

18

1 matter that really cuts across all facets of the
2 agricultural industry: pricing margins.

3 Now, I understand that this issue like many
4 of the others that we have encountered, is nuanced;
5 that it is not black or white. I realize that when
6 farmers don't receive their fair share, it can pose a
7 serious threat to industry sustainability. And to
8 ensure a fair and competitive agricultural marketplace
9 for farmers, producers and consumers alike, I know that
10 pricing margins must be more fully understood.

11 So I really look forward to a candid,
12 informative conversation today and to further
13 discussions in the weeks and in the months ahead. These
14 workshops have marked an important, and I think,
15 unprecedented chapter in public, private collaboration.
16 And although this is the last workshop, it is not the
17 final chapter. As our conversations carry forward, I
18 expect that our enforcement efforts will continue to be
19 sharpened and will continue to be strengthened. And
20 I'm confident that our nation will remain a great place
21 to do business.

22 So I thank you all once again for your

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

19

1 participation and for your commitment to the goals that
2 we share: justice, fairness and opportunity for all.

3 Thank you.

4 SECRETARY VILSACK: Thank you.

5 (Applause.)

6 SECRETARY VILSACK: General, thank you very
7 much.

8 And the process that we have followed in
9 these workshops is to open the workshops with remarks
10 and follow it with a panel discussion. And I want to
11 take this opportunity to introduce some of the
12 panelists.

13 But before I do, I want to acknowledge and
14 second the comments of the Attorney General concerning
15 Christine Varney, the Assistant Attorney General for
16 the Antitrust Division. She has been passionate about
17 these issues. She has been at every workshop and fully
18 engaged in every workshop and has been working with our
19 team to better that communication that the Attorney
20 General talked about. So, Christine, thank you for
21 being here.

22 Just to give you a little of her background,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

20

1 she's held leadership positions in both the public and
2 private sectors. From 1998 to 2009, Christine Varney
3 was a partner at Hogan & Hartson, LLP in Washington,
4 D.C., where she served in a dual capacity as a member
5 of the firm's Antitrust Practice Group and head of the
6 Internet Practice Group.

7 From 1994 to 1997, she served as a Federal
8 Trade Commissioner at the Federal Trade Commission and
9 was a leading official on a wide variety of internet
10 and competition issues.

11 Prior to her service in the Federal Trade
12 Commission, she served as an Assistant to the President
13 and Secretary to the Cabinet during the Clinton
14 Administration.

15 So, General, thank you for being here.

16 And now the panelists. And we again want to
17 thank each and every one of these individuals for
18 taking time to be involved. I'm going to do this in
19 alphabetical order.

20 Ben, we're going to start with you. Ben
21 Burkett is a farmer, and he's farmed land in
22 Mississippi; his family has for 121 years. On what

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

21

1 once was a cotton farm he now grows 16 varieties of
2 vegetables and organic herbs for farmer's markets and
3 local cooperatives. He's the Director of the
4 Mississippi Association of Cooperatives, an arm of the
5 Federation of Southern Cooperatives Land Assistance
6 Fund. He's also President of the National Farm Family
7 Coalition.

8 Sitting next to Ben is Barry Carpenter. Barry
9 Carpenter is the CEO of the National Meat Association,
10 assuming this position in 2007, following a 37-year
11 career here at the USDA. During his tenure at NMA,
12 Barry has actively represented the meat industry on an
13 array of key issues ranging from food safety
14 initiatives to immigration reform. He has been heavily
15 involved on export issues, especially working with the
16 USDA and the USTR to support negotiations including our
17 Korean Free -- Korea Free Trade Agreement to open
18 markets for U.S. beef and pork.

19 So, Barry, welcome.

20 Sitting next to Barry, is Erik Lieberman.
21 Erik is a regulatory counsel for the Food Marketing
22 Institute. Previously he served as the Majority

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

22

1 Regulatory Counsel for the House Small Business
2 Committee. From 2004 to 2007, Erik was the Director of
3 Government Affairs at the National Grocer's
4 Association. Prior to that, he served as a legislative
5 assistant to then-U.S. Senator Bob Graham.

6 Sitting next to me on my left is Vaughn
7 Meyer. Vaughn is a third-generation beef producer from
8 northwestern South Dakota managing a purebred angus and
9 red angus cattle operation diversified by dry land
10 farming operation with his wife and son. The ranch was
11 homesteaded in 1909 by Vaughn's grandfather and
12 purebred livestock was added in 1955 by his father.
13 Commissioned as a 2nd Lieutenant in the Army Medical
14 Corps, he's been involved in numerous state, local and
15 national organizations including the South Dakota Stock
16 Growers, R-CALF USA and U.S. Cattleman's Association.

17 Next to Vaughn is Dan Vincent. Dan is the
18 Chief Executive Officer for Pacific Coast Producers, a
19 grocer-owned cooperative founded in 1971, which is made
20 up of 165 family farmers in the San Joaquin and
21 Sacramento Valleys. He has served as Vice President of
22 the Private Brand Sales for Del-Monte Foods as well as

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

23

1 in the Corporate Agricultural Credit for the Bank of
2 America. He is affiliated with the National Council of
3 Farmer Cooperatives, the Ag Council of California and
4 is a Board member for Superior Farms.

5 And sitting next to Dan is Chris Waldrop.
6 Chris is the Director of the Food Policy Institute at
7 the Consumer Federation of America, an association of
8 nearly 300 nonprofit consumer organizations that seeks
9 to advance the consumer interest through research,
10 advocacy and education. Chris oversees the research,
11 analysis, advocacy and media outreach for all food
12 policy activities at the Institute.

13 So we have a broad cross-section of folks.
14 And the way this is going to operate, I'm going to open
15 it up with a question, then I'm going to turn it to
16 General Holder and then we'll sort of go back and
17 forth.

18 Just to give the audience just a sense of
19 this, we know that consumer demand, and this is a
20 question I'm going to pose to all of the panelists
21 today, we know that consumer demand has changed over
22 the years, and in some cases, consumers are spending a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

24

1 significant amount of their food dollar away from home,
2 in restaurants, they're purchasing more prepared meals
3 at supermarkets and the retail value appears to be
4 concentrated to the processing and retailing side. And
5 that may very well be a reflection of these changes.

6 My question is: Tell us a little bit from
7 your perspective how consumer demand impacts decisions
8 on food marketing? And for those of you that work or
9 represent retail, processing or distribution, can you
10 walk us through how you ensure that that demand is
11 being met appropriately?

12 So let me start, Ben, if you don't mind, I'll
13 start with you and we'll just go right down the line if
14 that's okay.

15 BEN BURKETT: Thank you. I'd like to say
16 good morning to everyone, the Secretary and the
17 Attorney General for allowing me the opportunity to be
18 here to speak on behalf of Family Farmers.

19 In my area, consumers really want to know
20 where their food comes from. Consumers are really
21 driving the "know your farmer" effort and to really
22 realize that to buy fresh, to buy local is a supporter

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

25

1 of their local community.

2 So what we tend to do is stay in contact with
3 groceries and supermarkets and through the farmer's
4 market where we will know that we are producing what
5 they really want and the need of the consumer that
6 local is the way to go.

7 BARRY CARPENTER: From the packing industry
8 perspective, our customers are obviously retailers and
9 food service companies. Our feedback on consumer
10 demand comes through them as they place their orders
11 and they come to us to develop new products. The
12 message we hear loud and clear is that some things
13 haven't changed; consumers still want a consistent
14 quality product and they're looking for a product that
15 has value.

16 In addition to that, there seems to be more
17 and more of an awareness of making sure you get what
18 you're looking for in your products. And that's being
19 dealt with through branded products. In a recent meat
20 case study funded by the Beef Checkoff and Pork
21 Checkoff, over two-thirds of the meat packages in the
22 meat case were branded. And those brands carry a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

26

1 message and are there -- they tend to develop trust
2 with the consumer.

3 So consumers are clearly looking for
4 credibility in the products that they're buying and
5 they are what they say they are. So from a packer
6 perspective, our focus is to be able to fill those
7 brands day in and day out with a consistent high
8 quality product.

9 SECRETARY VILSACK: Thank you.

10 ERIK LIEBERMAN: I just want to say it's an
11 honor to participate in the panel this morning before I
12 begin.

13 Retailers meet demand through forecasting
14 based on historic models; past performance is a key
15 indicator. Some retailers track daily demand. Demand
16 is met through this proper forecasting and working with
17 suppliers.

18 Factors considered in making decisions at the
19 retail level include the demographics of the market,
20 seasonality, time of month. Folks tend to spend more
21 money earlier in the month, you know, after they get
22 paid. And, of course, advertising drives demand. So

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

27

1 you look at how consumers respond to advertisements in
2 the past, maybe a feature on the front page of a flyer
3 and then you forecast accordingly.

4 VAUGHN MEYER: Can you hear me out there?

5 As a producer and representing producers, we
6 noticed that there's been 20 percent increase in the
7 last decade here of certified programs and branded
8 programs and we realize that that's what the consumer
9 is looking for. But, overall, I would have to say that
10 the producer out there is really having trouble
11 understanding what the consumer wants because if you
12 look at our cattle cycles from last year, we typically
13 have been going through cattle cycles of 10 to 12
14 years. And these cattle cycles, you know, as consumer
15 demand decreased, why then you have your cattle numbers
16 following and decreasing and so on. These cattle
17 cycles are not there anymore. In 1980, we witnessed --
18 or the 1980s, excuse me, we witnessed eight years of
19 cattle numbers of dispersions and the number lowers.
20 And since 1996, we've been -- we've been on a
21 liquidation phase in the cattle industry. So I'm
22 really not sure that producers know what they want to

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

28

1 do out there or where they should be on their -- part
2 of it, there are several reasons. There are the age of
3 the producers is getting up there and we have imports
4 coming in and taking that over. But we do recognize
5 that there is a 20 percent increase in the brand of
6 products, but at the same time, it's tough to follow
7 out there if you study the cattle cycles and that and
8 our liquidation phase.

9 DAN VINCENT: Yeah, I also want to thank you
10 for letting us be a part of this and for our 165 family
11 farms I represent.

12 Yeah, I will say echoing a couple of
13 thoughts, the thing that's really changed I think in
14 the last ten years and what I'm seeing in terms of
15 marketing is, you know, how a consumer determines value
16 I think has changed. It used to be just price, now
17 it's this combination of price, quality and food safety
18 recently. We've seen that a lot in the last two years.
19 So I think it's delivering that value.

20 For our business it's a little different than
21 the meat; we're a center store commodity, we're canned
22 fruits and vegetables. We've seen that value trend

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

29

1 move towards private brands which has actually helped
2 our company quite a bit cause that's what we do,
3 private label. And that's been a major marketing trend
4 for Center Store.

5 I'd also echo what Erik said, that's pretty
6 much the process we go through with our customers, is
7 we set down an annual plan. We're a seasonal packer so
8 you can only do it once a year. We use historical
9 forecasting and forward forecasting, put that together
10 and then work with them on a day-to-day, week-to-week
11 basis as we go through the year.

12 We have things, they're called bookings,
13 they're really not contracts, they're basically just
14 buying intentions and we have to stay competitive
15 throughout the year.

16 SECRETARY VILSACK: Chris.

17 CHRIS WALDROP: I'm in a little different
18 position here because I represent consumers as opposed
19 to working to produce food for them.

20 So I wanted to highlight just a couple quick
21 things. One, I wanted to pick up on something Ben
22 said, is that consumers are becoming more and more

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

30

1 interested in where their food is coming from. And
2 it's echoed in the increase in the interest in local
3 and sustainable food and organic food, but it's also --
4 consumers want more information period about their
5 food.

6 Where it comes from is one issue, they also
7 want to know that the food is nutritious, that the food
8 is safe. They want more information about what the
9 ingredients are and what makes up the food, so it's --
10 consumers really are looking for a lot more information
11 about their food; certainly not less information these
12 days.

13 SECRETARY VILSACK: General Holder.

14 ATTORNEY GENERAL HOLDER: Well, I think
15 different parts of the agricultural industry,
16 agriculture industry face diverse challenges today, and
17 I think these challenges are likely to change as we
18 move into the future.

19 With respect to competition, each segment of
20 the agriculture industry may have different
21 perspectives on how we can ensure that there's a fair
22 and competitive marketplace.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

31

1 So I guess the question that I have for
2 everybody is what do you think the major differences
3 will be in the industry from your perspective in ten
4 years? I'm looking ten years out. What do you think
5 the major differences will be from where we are now?

6 And then a follow onto that is what is needed
7 from your perspective to ensure competitive and open
8 agricultural economy in the future?

9 So differences in the next ten years and what
10 do you think we need to do to ensure a competitive and
11 open agricultural economy in that time period?

12 Maybe we can start with Ben again.

13 BEN BURKETT: Again, I think the -- the
14 concentration of the marketplace is really playing an
15 impact on producers where you have only maybe four
16 major chains controlling the majority of the marketing
17 of fresh produce and vegetables.

18 I think in the future, in the next ten years
19 that really needs to change and open up and be more
20 transparent where small farmers or a cooperative can be
21 a major player in the marketing and receive a higher
22 margin of the profits back to farmers.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

32

1 Under the current structure we have now where
2 the concentration in the poultry industry and the dairy
3 industry and especially in my industry of growing
4 vegetables with only four or five major buyers, I think
5 that should be -- I don't know how you can change it,
6 but in the future definitely it needs to be
7 restructured where it could be opened up to different
8 avenues of marketing instead of the tradition that
9 we've been going, the road we've been going down for
10 the last fifteen or twenty years. It needs to be
11 reorganized from top to bottom.

12 ASSISTANT ATTORNEY GENERAL VARNEY: Can I ask
13 a follow up to that?

14 ATTORNEY GENERAL HOLDER: Yes.

15 ASSISTANT ATTORNEY GENERAL VARNEY: Ben, do
16 you -- is consumer demand going to drive part of that
17 if consumers are, you know, not all of us have a --

18 BEN BURKETT: Most certain is -- what's
19 stated is consumers are very aware -- want to know
20 where there food come from, who produced it, the
21 quality of it, the safety of it.

22 And I think us as family farmers in the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

33

1 middle of those are, not necessarily a huge operation
2 but those truly family farming operation is able to
3 field that for them and farmers -- consumers would know
4 that tomato and in my case, okra, I grew it.

5 BARRY CARPENTER: When we look at consumer
6 demand and what differences we see in the future,
7 clearly, where the meat and livestock industry are
8 going to have to go is to focus on those needs. And
9 when you look at where they're going, certainly I
10 mentioned earlier, the branded products is two-thirds
11 of the marketplace. That's likely to continue to grow.
12 And when I talk about branded products, we're bringing
13 in everything from sustainability to locally produced
14 which was discussed earlier, some of the specialty
15 programs for natural and organic, those are all -- are
16 all going to continue and probably grow in the
17 marketplace when we look at demand.

18 So what that does to the industry is that
19 really dictates the need for relationships from the
20 consumer back to the producer. And in order to fill
21 those orders for natural or organic or whatever it
22 might be, you need to have a relationship from the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

34

1 production sector through the packer to the marketplace
2 so that you can have a consistent steady supply of
3 those products. Consumers are going to continue to
4 demand that not only they have those options, but also
5 that they can consistently get those.

6 Now, as far as things that need to happen to
7 get that done, you really are going to have to look to
8 these long-term relationships to be able to create some
9 value. The producers are creating value in livestock
10 by going to the extra cost of grass feeding, for
11 example. They need to know that they're going to have
12 a mechanism for capturing that value that they added as
13 it moves through the marketing chain.

14 And so, I think you're going to -- to see
15 success in this industry for all parties, and that's
16 what has to happen for the industry to continue. You're
17 going to have to see more and more communications up
18 and down the marketing chain and more cooperation to
19 really target the needs of the consumer, because that's
20 ultimately what the whole industry is all about.

21 SECRETARY VILSACK: Erik.

22 ERIK LIEBERMAN: Well, I think when you look

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

35

1 into the future in the retailing side, you're going to
2 see continued diversification of the marketplace. And
3 we're seeing that already right now. It's really
4 amazing how the market has changed. Thirty years ago,
5 folks had to buy most of their groceries at a
6 conventional supermarket. But you look at the
7 marketplace today it's so much more diverse. There are
8 so many more retail channels where you can purchase
9 groceries. We've got, of course, the conventional
10 supermarkets, but we have super centers now. We have
11 warehouse club stores. We have convenience stores,
12 chain drugstores, natural food stores and Dollar
13 stores.

14 So folks are going to more retail channels
15 Now and this has resulted in very intense competition.
16 So we're talking about margins that are a penny a
17 dollar. And I think in the future, we're going to see
18 continued diversification, it's going to mean even more
19 competition, lower prices for consumers.

20 You know, in the 1940s, the American family
21 spent about 19 percent of their income on food eaten at
22 home. Today that's 5.5 percent. That's raised quality

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

36

1 of life; this increased competition is helping American
2 consumers and I think it will continue in the future.

3 ATTORNEY GENERAL HOLDER: Okay. Vaughn.

4 VAUGHN MEYER: Well, I'll agree with a lot of
5 that that was just said. What we see, sitting on the
6 Angus Board, we see an increase in a lot of demand for
7 niche products, the natural. There's a group out there
8 that want the all-natural. Now, we don't see these
9 percentages going any one way. You've always got your
10 diversification. You've got this group that wants that
11 and that. So I believe that in the next ten years we
12 will probably see a lot of that.

13 As far as communication at all levels coming
14 back down from the consumer to the producer, we
15 definitely need that. But the main thing on
16 communication from that period from the standpoint for
17 producers is that we have to be there. It's just a
18 struggle to be there in ten years for producers is
19 going to be quite a -- quite a feat. You know, at the
20 rate we're losing 1,000 producers a month, that's
21 alarming.

22 And, you know, so we're ready to work, we're

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

37

1 ready to listen, but we've got to be there first on the
2 thing. We've got to have fairness in the markets and
3 we've got to have parity for our product if we're going
4 to be there is the main problem we have.

5 When you look at the consumer price index
6 this last year went from up on all food products of 1.4
7 percent and we out there as producers have a lot of
8 fixed costs and that. Well, our fuel -- all fuels went
9 up 5.4 percent, gasoline went up 9.9 percent. Diesel
10 fuel, which is a big item on farm and ranches, went up
11 14 percent. That's nine times over what we increased
12 in food.

13 So our struggle as far as producers for the
14 next ten years is just going to be trying to be there
15 so that we can produce those foods for the consumer.

16 DAN VINCENT: Well, I think what we see
17 coming in the next ten years, we'll actually -- looking
18 back to the last ten years, the trend we saw was
19 consolidation as we've discussed. Like for our
20 company, ten years ago our top ten accounts in retail
21 were 50 percent of our revenue. Today, the top ten
22 accounts are 90 percent of our revenue. And in food

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

38

1 service it's even more concentrated; we have two
2 accounts that make up 90 percent of our food service
3 business. And we pretty much sell every account in
4 America.

5 So, but I actually see that consolidation, at
6 least the trends we're seeing now and the new customers
7 we're talking to, leveling off and I think Erik's
8 right, it's kind of spreading out a little to new
9 players, limited assortment players, Dollar Stores.
10 People like Trader Joe's, those kind of people, so it's
11 -- I think that level of consolidation has pretty much
12 peaked and now it's going to start fracturing a bit
13 which I think is good for everybody.

14 And I do think looking into the future, I
15 think a lot of these current issues that are important
16 to consumers like food safety, sustainability is a huge
17 deal. We -- we do sustainability all the way from farm
18 all the way through the supply chain, and ethical
19 practices are becoming a big issue now, audits. I
20 think those are going to continue.

21 ATTORNEY GENERAL HOLDER: Okay. Chris.

22 CHRIS WALDROP: On a couple of things. In

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

39

1 terms of consumer demand in the next ten years, I think
2 there's going to be an increase in consumers wanting to
3 eat healthy, wanting to have healthy, nutritious diets.
4 That's going to manifest through increased fruits and
5 vegetable purchases but then also increased demand for
6 information about food and how nutritious it is.

7 Convenience will, I think, continue to be a
8 driver for consumers. We all lead very busy lives, a
9 lot of our households have two incomes, and that means
10 that we, when it's time to cook dinner, we want
11 something quick and easy. And so that's going to I
12 think continue. We're certainly not getting any less
13 busy.

14 There's also, I think, as consumers become
15 more educated over time, and incomes increase, there is
16 increased demand for variety of foods and having a true
17 variety that's available.

18 I did want to kind of caution us in making
19 broad statements about consumers. I mean, while it may
20 be true that consumers generally have more access to
21 groceries in various retail outlets, that's not the
22 case for all consumers. If you look at low-income

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

40

1 consumers, for example, especially folks in inner
2 cities, they do not have the same access to fruits and
3 vegetables because of a lack of retail establishments
4 there.

5 And I know USDA is trying to make efforts to
6 change some of that, but there's been a long time
7 period that we've had where consumers, low income
8 consumers in urban areas have not access to healthy
9 fruits and vegetables and other healthy foods simply
10 because they don't have access to retail -- retail
11 outlets.

12 SECRETARY VILSACK: Chris, let me just add to
13 that, that it's not just urban centers. There are
14 obviously areas in rural communities where you may be
15 ten or twenty miles away from the nearest full-scale
16 grocery store.

17 CHRIS WALDROP: Great.

18 SECRETARY VILSACK: So it is a -- it is an
19 issue and it's one that we are trying to address at
20 USDA.

21 I want to sort of touch on something that
22 Vaughn said just to give people a sense of this. If we

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

41

1 went back to 1980 and we asked ourselves how many pork
2 producers there were in the country, the answer would
3 be roughly 667,000 pork producers. Today there are
4 67,000, so 90 percent of our pork producers are out of
5 business.

6 If we ask the same question about cattle
7 producers, what we would find is there were about 1.6
8 million in 1980; today there are about 975,000.

9 In the dairy area if we just go back ten
10 years and ask how many dairy producers were there,
11 about 110,000, today there are about 65,000.

12 So to reinforce Vaughn's concern about the
13 fact that there is a reduced number, and if you look at
14 the people that produce the bulk of our food, 85
15 percent of our food, it's really about 200 to 300,000
16 farmers. And if you look at farmers generally, it's
17 about 2.2 million farmers. Less than 1 percent of our
18 population and roughly one-tenth of 1 percent produce
19 85 percent of our food.

20 And so, and if you look at who's making money
21 in farming and who's just barely making it, what you're
22 going to find is 1.9 million of the 2.2 million farmers

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

42

1 in this country are either losing money or in one of
2 the best years we've had in a long while where farm
3 income is up 31 percent. Those farmers in the middle
4 will make about an average of \$6,400, their farming
5 operation. That's not enough to support a family.

6 So that's part of the challenge. The folks
7 who are producing the most are going to probably do
8 pretty well financially this year, but the bulk of
9 folks who farm may not, which is why we need off-farm
10 income and rural development.

11 So that raises the question I want to pose to
12 Erik and Barry and Dan if you want to pipe in, please
13 feel free to do so from your perspective. And I'm just
14 curious, in terms of the relationship, you talked about
15 relationships, are you seeing the more specific
16 requirements being demanded from grocery stores?

17 And specifically, is there a difference
18 between the large operations, the Wal-Marts, the
19 Safeways and maybe smaller independent operations in
20 terms of what they are demanding?

21 BARRY CARPENTER: I'll go first on that.

22 The demands are very specific in most cases.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

43

1 The relationships between the packer and the retailer
2 and the food service are -- generally tend to be long-
3 term relationships. So what happens is the packer
4 actually works with their customer to identify what
5 their specific needs are, and even through R & D
6 actually develop products that target the kinds of
7 products they want to sell so they can maximize the
8 value of that product.

9 So what we see happening is we see this
10 communications and this relationship becoming stronger
11 and stronger between the packer, the processors and the
12 food service retailers.

13 Now, the critical part of that is, you can't
14 satisfy those needs without those relationships back to
15 the suppliers, because many of these attributes that
16 are being demanded by the retailers in food service
17 originate with the livestock. So in order to -- for
18 the packers to have a consistent supply of those
19 products that are unique to those retailers, they have
20 to have arrangements with those suppliers so that they
21 know that day in and day out, they're going to be able
22 to get a consistent supply of that product.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

44

1 As far as the size of the customer, there's
2 not much variation there. They all have their niches
3 and their needs and what kind of products they want to
4 sell to the consumer, and they come to the packers and
5 they target those.

6 And one of the things that becomes very
7 complex in the packing industry is that different
8 packers have different customers, obviously, and they
9 tend to be long-term customers, so the type of
10 livestock that one packer needs to fill their orders
11 may not match another. So what one packer's willing to
12 pay a premium for may just be a commodity price to
13 another packer because it may not fit their mold. So
14 this connection from the product origin at the
15 livestock to the ultimate consumer is very critical and
16 the attributes that they're willing to pay for and
17 insist on have to flow through that process.

18 So I think it's a -- I think it has to be a
19 very transparent process so that -- so that the message
20 can go very quickly from the consumer back to the
21 livestock producers so they can through genetics and
22 management, they can target the needs of the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

45

1 marketplace.

2 ERIK LIEBERMAN: Mr. Secretary, I think it
3 varies, and when you look at our members, some of our
4 smaller guys like the branded meat programs and they
5 use it to meet the demands of their consumers. Some of
6 our -- some of our bigger guys have branded programs,
7 others don't. They -- it's not a priority for them.

8 But retailers -- a number of retailers do
9 have specifications for the meats they sell and they
10 relate to breed, consistency, food safety, animal
11 welfare, sustainability or something like tray size.
12 And retailers pay premiums for these products and this
13 has increased the quality of the meat that you're
14 seeing in the store. And also, combined out with a
15 vigorous competition on price, it's helped to stem the
16 decades long decline in meat consumption. Meat
17 consumption declined from 1979 to 1998 by nearly 50
18 percent, and that's stopped. So, I think these --
19 these value added branded programs have, to some
20 extent, reinvigorated consumer interest in the meat
21 case. Our latest meat survey cites quality as the
22 number one factor prompting increased meat purchases at

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

46

1 retail. And, I think, some of these premium meat
2 products are bringing more quality to the consumer and
3 that's generating demand.

4 SECRETARY VILSACK: Dan, how about on the
5 vegetable side?

6 DAN VINCENT: Yeah, I think your question is:
7 Are the demands changing or growing, and I -- yeah,
8 definitely. You know, it used to be what's your price
9 and that was it. Those have definitely changed.
10 They're asking for us to add a lot of value to the
11 equation for the retailer or the food service
12 distributor and ultimately the consumer.

13 Probably the biggest one in the past ten
14 years has been managing supply chain. Before it was
15 all picked up for our products west coast, now we are
16 pretty much two days to market anywhere. We have 28
17 forward warehouses we manage and they expect us to
18 manage those inventories and get them to market. And
19 that's why the relationships are important, because
20 you're moving inventory all the time to keep in stock.

21 A lot of these initiatives, we've talked
22 about sustainability, ethical practice, those are

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

47

1 really hot items. Food safety is the biggest demand
2 that's been asked for. Like at our plants, we had 45
3 separate audits last year. And these are customer
4 audits, not FDA, state or federal.

5 And the big initiative that I think we'll all
6 see in the next couple of years, we're already there,
7 are going to global food safety initiative standards
8 for food safety. And we're under SQF, Safe Quality
9 Food Level III. So I think you'll see everybody there
10 pretty soon.

11 ATTORNEY GENERAL HOLDER: Chris, a question
12 for you, and you touched on this, I guess, in your
13 earlier remarks. Consumer demands have changed and
14 some would say they've changed because families operate
15 under increasingly tight budgets. Both parents work,
16 you know, long hours and families need food that's
17 quick and easy to prepare. I know that's the way my
18 household works.

19 SECRETARY VILSACK: And you're preparing the
20 food?

21 ATTORNEY GENERAL HOLDER: And you have only
22 sometimes one -- one person's preparing the food, and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

48

1 that would not be me in my family.

2 Has your organization done any studies or can
3 you offer any perspective on how these -- these
4 lifestyle changes have impacted consumers and changed
5 consumer demands and do the options that we see on our
6 store shelves dictate consumer choice? Do you feel
7 that consumers have more or less choice today than
8 perhaps they did in the past? And from that
9 perspective, I mean, that's a good or bad state of
10 affairs?

11 And about prices, do you think that prices
12 have stayed roughly the same over the years, have they
13 increased, have they decreased? And if you think they
14 have increased, what do you think is leading to those
15 higher prices?

16 I've asked you a whole series of questions
17 here, but I -- have at it.

18 CHRIS WALDROP: I'll try to hit them one by
19 one. I think the issue you bring up about consumers'
20 busy lives and two-income households, I think a lot of
21 that has led to consumer demand for convenience, for
22 foods that are already prepared, sort of ready-to-eat

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

49

1 foods or partially ready-to-eat that consumers can take
2 home, heat up and serve as quickly as possible. And
3 we've seen not only food companies, but also retailers
4 offering more prepackaged foods, more ready-to-eat
5 foods that are -- that are already, like, you can
6 already -- you can go there and get a chicken, roasted
7 chicken that's already ready-to-go; those types of
8 things.

9 On the issue of choice, I think there is more
10 choice than we had decades ago, but part of that, I
11 think, is probably the illusion of choice in that one
12 company is owning many different brands and so
13 consumers may be thinking there's a difference between
14 a couple of different types of food, but it's all owned
15 -- they're all owned by the same company because
16 they're just different brands owned by one company. And
17 consumers, as I said earlier, want more information
18 about their food. They don't necessarily have that
19 type of information to make those sorts of -- sorts of
20 informed decisions or just informed understanding of
21 what's going on.

22 And then on the price issue, I think prices

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

50

1 have gone up over the past, you know, decades. The, I
2 think, key issue though is how prices go up in relation
3 to what the farmers -- the farmers get. So if the
4 farmers are getting additional money and then -- or let
5 me start again.

6 If supply goes down and prices go up, prices
7 go up pretty quickly for consumers. And consumers have
8 to pay that price. When supply increases, prices don't
9 go down as quickly as they go up. And sometimes they
10 stay elevated for a certain period of time. Now,
11 there's a number of different -- maybe a number of
12 different reasons for that, but that's something that
13 consumers are having to deal with and having to pay
14 for. When those prices go up quickly, they have to pay
15 for that and then it just often doesn't go down as
16 rapidly. And that, of course impacts low-income
17 consumers to a greater degree because they spend more
18 of their disposable income on food.

19 ATTORNEY GENERAL HOLDER: Now, we've talked
20 about --

21 ERIK LIEBERMAN: I just need to -- I just
22 wanted to address Chris' statement, the prices are

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

51

1 going up. That's simply not borne out by the facts.
2 When you look at USDA's data, the proportion of family
3 income that is spent on food, in general, and food at
4 home has complete plummeted since the 1940s.

5 You know, at the turn of the century, we were
6 paying 50 percent of our income, family income on food.
7 Now it's 5.5 percent. In the 1940s it was about 19
8 percent. So I just wanted to make a comment on that.

9 Thank you.

10 ATTORNEY GENERAL HOLDER: Well, then that's
11 interesting. I mean, if we're paying a smaller
12 percentage of our income for food, does that mean that
13 the amount of income that we have has increased in
14 relation to the prices that are charged or is it that
15 prices have gone down?

16 What's -- what do you think the variables
17 are?

18 ERIK LIEBERMAN: Well, I mean, when you look
19 at that statistic, that's the real cost of food to
20 people. So that's what it's saying. And in the real
21 cost there's no question that it is going down
22 tremendously. And that certainly raised the quality of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

52

1 life for our country. You know, even today in other
2 industrialized nations such as in France and Spain,
3 they're paying about 15 percent of their family income
4 on food.

5 ATTORNEY GENERAL HOLDER: 15?

6 ERIK LIEBERMAN: 15. You know, look at
7 Russia and China, it's about 30 percent, Indonesia 50
8 percent. So you can see how that really raises the
9 quality of life in our nation. And it's -- it's
10 essential to consumers. It's really benefited.

11 SECRETARY VILSACK: Erik, let's -- I mean, I
12 want to make sure there's clarity on this point.
13 There's a -- there's a difference between what we spend
14 for food at home and what we spend for food totally.

15 ERIK LIEBERMAN: Right.

16 SECRETARY VILSACK: Because we obviously
17 spend a lot of --

18 ERIK LIEBERMAN: Right. And now we're
19 spending more at restaurants.

20 SECRETARY VILSACK: Right. So what is the
21 percentage of what we spend on food in total?

22 ERIK LIEBERMAN: That has dropped -- in the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

53

1 1940s it was about 20 percent on food total and now
2 today, it's around 9 percent. So it's dropped.

3 SECRETARY VILSACK: So it's around 9 percent.

4 ERIK LIEBERMAN: So it's dropped tremendously
5 too. But for food at home, like, purchasing at a
6 supermarket, that's dropped at an even faster pace.

7 ASSISTANT ATTORNEY GENERAL VARNEY:

8 Secretary, can I ask a question there?

9 Is there a component of that that's due to
10 price fluctuation, because prices of some commodities
11 have gone up obviously.

12 SECRETARY VILSACK: Right.

13 ASSISTANT ATTORNEY GENERAL VARNEY: And
14 consumers tend to cut back, I think, when prices go up.
15 I can remember growing up when milk would get expensive
16 and, you know, we'd be cutting back on milk for a while
17 or cutting back on meat for a while when meat went up.
18 And so there must be a mix in the basket that also --
19 because it does seem to me that some prices have gone
20 up and down over time at the retail level.

21 ERIK LIEBERMAN: Yeah, certainly prices
22 fluctuate at the retail level. These are not -- you're

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

54

1 looking at each year, you know, it's on an annual
2 basis, but they're including the staples. You know,
3 consumers are still going to buy milk, they're going to
4 buy meat, they're going to buy produce. I mean, we
5 need this to sustain ourselves.

6 So they have fluctuated but because the
7 competition is so intense in our industry, and the
8 margins are a penny on the dollar, that the prices that
9 consumers are paying, the true cost of food for them
10 have declined consistently over the past many, many
11 decades.

12 CHRIS WALDROP: But, still, if I may, when
13 prices do go up, they go up quicker than they come down
14 and that's a burden on consumers or can be a burden.

15 ERIK LIEBERMAN: And that's also a phenomenon
16 that's found in all industries too, price asymmetry.
17 That's because the decisions that you have to make to
18 lower prices take a longer time than they do to raise
19 prices, cause you may have to get labor, you may have
20 to expand production, expand stores. Those are all --
21 you're taking a bigger risk, that's the bottom line,
22 when you cut prices.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

55

1 And the Justice Department did a paper on
2 this recently and they explained that phenomenon.

3 SECRETARY VILSACK: I'm curious, the word
4 "relationship" has been used here frequently in the
5 short time that we've -- that we've been visiting here.

6 For the producers, I'm interested in your
7 perception of that relationship, and for the -- and for
8 the folks who are representing packers or the retail
9 side, are these relationships, since they're such long-
10 term, is it more difficult then for someone who wants
11 to develop a relationship to be able to do that? In
12 other words, if you are -- if you have a relationship,
13 a packer to a retailer, how does another retailer
14 engage in an opportunity if the relationship is so
15 strong and so long-term?

16 Ben. We'll just go right down the line.

17 BEN BURKETT: I'd like to speak from my
18 producer side; it takes years to build a relationship
19 and to become a vendor for Whole Foods or Safeway. To
20 get into that door, it takes several years. And if a
21 producer at my size, it takes a long time to develop
22 that relationship.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

56

1 I tend to just disagree that the variety of
2 food in the supermarket is more. I think it's even
3 less. It's just been repackaged. You know, it's just
4 been different branded. If you go to the supermarket
5 now, you was buying a pound of leaf lettuce, if you
6 look at the bag, it says 12-ounces now or 8-ounces. But
7 I think if we are to continue ten years or twenty years
8 now, we want more farmers -- more of that retail dollar
9 have to be returned to farmers.

10 I know -- they generally state that the
11 Kroger Supermarket buyers told me they operating off of
12 two pennies. I find that hard to believe. But if
13 there's anyway possible that we going to increase the
14 number of farmers we have or even hold onto the one we
15 have, definite, the margin should be reflect -- return
16 to the farmer. And that's the only way we going to
17 increase the number of farmers or even maintain the
18 ones we have, because what we are receiving as farmers
19 is just too low to continue to operate.

20 BARRY CARPENTER: When we talk about
21 relationships, I think they take lots of shapes and
22 forms in the industry. But clearly, as you try to

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

57

1 satisfy the need of a customer you build -- there's
2 this trust that's built up and the -- and the product
3 development associated with it is built up. And it
4 makes it very difficult for others to fit into that
5 mix, especially between the packer and the retailer.
6 But, certainly, the overriding factor is competition
7 and ultimately price and the desire to keep the price
8 as manageable as possible.

9 On the other end of the equation, a
10 relationship with the producers is somewhat different
11 in the sense that producers, depending on the
12 complexity of their product, if -- I'll use an example.
13 If you're producing non-hormone treated cattle for
14 export to Europe, that's a lifetime commitment to have.
15 So you're looking at probably 20, 24 months of
16 commitment on that animal before you can ever market
17 it. It's very unlikely that producers will get into
18 that marketplace unless they know they have a
19 commitment to buy that product so it can be marketed in
20 a marketplace that will capture full value and be
21 passed back. So those kind of relationships become
22 fairly firm where they really have to target very

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

58

1 specific attributes.

2 In the case of lesser demand on the
3 attributes maybe something like a certified Angus
4 program or something where there's a larger supply. The
5 relationship doesn't have to be -- is not going to be
6 as firm but there still needs to be a relationship
7 there that says you're going to be able to supply this
8 product. And if I supply you this product, I'm going
9 to -- I'm going to get a premium for it, knowing that
10 ultimately at the -- at the ultimate consumer there's
11 going to be a premium paid for. So there's the
12 opportunity to pass that -- this on back through and
13 everybody that added some of the value can capture some
14 of that value in the process.

15 So I think the relationship is critical, it's
16 -- certainly there are opportunities given the cow herd
17 size right now, especially the demand for livestock
18 certainly is -- much exceeds the -- the supply side.
19 Most of our packer members are not getting anywhere
20 near full capacity, so there's certainly demand there.
21 We know our export markets are -- have excess demand.
22 So certainly the demand's there, so if the producer has

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

59

1 a product that fits the needs of the ultimate consumer
2 and there's a packer that's servicing that consumer
3 they're all welcome and invited to come in and be a
4 part of the marketplace, because the demands certainly
5 exceed the supply in these unique programs.

6 SECRETARY VILSACK: Erik.

7 ERIK LIEBERMAN: Well, it's all about meeting
8 consumer demands. Our retailers work with suppliers,
9 both large and small. We're interested in any product
10 that consumers want. And, with the smaller guys, many
11 of our retailers will work with them to help innovate
12 products that are going to meet consumer demands. We
13 have a lot of resources that can help suppliers in
14 terms of consumer behavior. So we work closely with
15 them.

16 And even on safety standards, we'll help
17 smaller -- some of our members work with the smaller
18 producers and suppliers to help them meet the rigorous
19 safety standards that we have to ensure that all the
20 foods we're selling is -- are safe.

21 So we -- yeah, there's lots of opportunities.

22 VAUGHN MEYER: If I understood your question

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

60

1 correctly, you kind of related to how does the retailer
2 get in with the wholesaler, the opportunities once he's
3 got his own list of clients.

4 The only connection I would have with that is
5 through Angus Association and Certified Angus Beef. And
6 under Certified Angus Beef, we welcome new retailers
7 all the time. They have to meet certain specifications
8 and jump through hoops. And then we monitor them after
9 they come on and make sure that they are selling our
10 product and advertising it correctly and that. And we
11 have no problem. I mean, there's usually quite a
12 waiting list for people to get on as far as that.

13 But we work with the -- with them and make
14 changes where possible and that. But, as a producer --
15 there are producers out there. There's neighbors and
16 friends that have marketed their cattle through the
17 various programs like all natural and shooting for a
18 certain end product, and they've -- you know, been
19 careful with the shots and this and that, documenting
20 all that. And most of them only do it for a year or
21 two and then they switch, try to go somewhere else
22 because the premiums are not there is the main reason I

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

61

1 guess. They start out with great hopes and that and
2 then they find the extra cost of the workload and that.
3 Why, it doesn't work that way and you usually see them
4 switch.

5 In order to join those verified programs and
6 that, a lot of them end up having to feed them through
7 custom lots and signed contracts. Some of those are
8 open-ended contracts, un-priced, and that prices will
9 be on the base price the day that cattle are harvested
10 and that base price is -- it's usually on a diminishing
11 scale. It's usually going down.

12 I myself, have had cattle for three
13 consecutive years where some of those cattle went
14 through a branded program with the Red Angus
15 Association and some of those cattle that went along
16 were of the same type and same genetic makeup, were of
17 a different breed, and they went through the cash price
18 for that day. And the cash price or the base price
19 difference between the ones that went through there was
20 anywhere from \$1 to \$2.75 lower.

21 So as a producer, they usually get
22 discouraged because there is no firm price at the end

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

62

1 of the rainbow for us.

2 DAN VINCENT: I think your question was on
3 relationships. And the -- you know, I -- you know, I
4 think -- you know, the one thing we do bring as a
5 supplier, like for us as a co-op, is we have -- our
6 farmers have a relationship with the retailer or the
7 food service distributor, so that's something we bring.

8 But -- and with that said, I think it's -- I
9 think Ben mentioned it, I think it would be very
10 difficult -- it's very difficult to see a buyer, mainly
11 because they're buried. You know, they've been
12 consolidated too. They used to buy -- there used to be
13 ten buyers, now there's one buying ten categories. So
14 they're very busy. And that's the relationship -- one
15 of the things they value. If you can take care of
16 supply chain equality, keep all those things in line,
17 that's what they value in a relationship and that's how
18 you keep getting business year-to-year.

19 Now, with that said, you still have to be
20 competitive. Both of our major food service suppliers
21 put us out to bid this year and about half our
22 retailers did and we lost -- we just lost business

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

63

1 we've had for years to a Chinese importer in a limited
2 assortment chain. So you still have to be competitive.
3 But I think those things you add, the things that they
4 value in the relationship are important, or I know they
5 are, and that we've got to keep earning it every day.

6 CHRIS WALDROP: That particular relationship
7 is sort of outside of where we are on consumers, but I
8 will say that there is a small but growing segment of
9 consumers that are trying to establish their own
10 relationships with farmers and with folks that provide
11 food through farmer's markets and CSAs and those types
12 of things that are kind of going directly to the source
13 and getting their food that way.

14 ATTORNEY GENERAL HOLDER: Erik, the issue of
15 margins is often a topic of discussion that -- whether
16 it comes from the producer level or the retail level,
17 someone said that a retailer or a packer profit margin
18 is very thin. Now, without getting into any kind of
19 proprietary information, generally speaking, what are
20 the sort of margin -- what are the margins that a
21 retailer contends with or what does it take to generate
22 a profit? I mean, what are the fixed or variable costs

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

64

1 that retailers operate under and do retailers then pass
2 those costs on down the marketing chain?

3 ERIK LIEBERMAN: I'm happy to address that,
4 Mr. Attorney General.

5 Profit margins in our industry are very thin.
6 We are talking about a penny on the dollar. And I think
7 there's a misconception too that meat is a profit
8 center in the stores. I know before I joined the
9 industry I thought that it was, just assumed it, but
10 it's not the case. Actually, meat's frequently a loss
11 leader. And the margins on meat are considerably lower
12 than the margin on the average product in the store.

13 Now, like other products, competition is
14 really fierce on meat and I know there have been
15 discussions about the farm to retail spread determined
16 by ERS and how the long-term trend shows that spread
17 widening. But I think it's far too simplistic to just
18 look at the spread between the farm price and the
19 retail price and assume that the retailer is making a
20 lot of profit on meat. This is simply not borne out by
21 the facts.

22 And, in fact, ERS has cautioned about using

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

65

1 the data in that way and they've stated that the retail
2 value figure that they've calculated overstates retail
3 values and isn't really a good measure of what
4 consumers are paying at the store. One of the reasons
5 is that because -- is that it is now volume weighted.
6 When you lower prices, it generates demand. And a huge
7 proportion of the meat products that we're selling are
8 on sale or on special.

9 And there's also an assumption in the ERS
10 data that supermarkets sell beef in a wholesale carcass
11 from the day they purchased it from the farmer, which
12 we know that's not true because weeks elapse from the
13 time the animal's processed to the day the meat hits
14 the shelf. The costs we face, of course, are
15 transportation, warehousing, labor, refrigeration,
16 taxes, rent, regulatory costs, over -- other overhead
17 costs, and those aren't reflected in the spread data.
18 And these costs are high and they're growing.

19 And it's also important to consider that we
20 can't really pass those costs on downstream. It's very
21 difficult because of the intense competition on price.

22 So it's also important to contemplate that

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

66

1 supermarkets are just one of the outlets for meat too.
2 Restaurants and exports have become more important.

3 So USDA has, in fact, stated that the
4 wholesale to retail price spreads probably have less of
5 an effect on livestock prices than they did in the
6 past.

7 ATTORNEY GENERAL HOLDER: But if meat's a
8 loss leader, where then do you -- you look for profits?
9 I mean, where do profits come from if meat is as you
10 say sometimes a loss leader or the margins there are as
11 small as they are?

12 ERIK LIEBERMAN: Yeah, profits are slightly
13 higher on packaged goods.

14 ATTORNEY GENERAL HOLDER: Okay.

15 ERIK LIEBERMAN: And they're a little bit
16 higher on produce too. So those are -- those are some
17 of the areas where the profit margins are a little bit
18 better. But they're all really, really narrow.

19 ASSISTANT ATTORNEY GENERAL VARNEY: How about
20 dairy?

21 ERIK LIEBERMAN: I don't have the dairy data
22 in front of me, but I can go through my file and get

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

67

1 that.

2 VAUGHN MEYER: May I, sir?

3 SECRETARY VILSACK: Sure, go ahead.

4 VAUGHN MEYER: To add to your -- what you
5 just said there about the costs are not passed down
6 you're stuck with them. And I'll agree your margins
7 aren't very big and that, but indirectly, all costs
8 when the consumer quits buying come back down to the
9 producer. They come back down to the wholesaler and the
10 wholesaler has one of two things, he can either drop
11 his price to you or he can cut production.

12 Well, he's got fixed costs that he has to
13 meet and production lines that he to keep busy, so
14 usually the alternative and I would say in nearly 100
15 percent of the time is to lower his procurement costs
16 to us. So indirectly, all costs do come back to the
17 producer.

18 SECRETARY VILSACK: We have also talked in
19 addition to relationship, the word "transparency" and
20 "communication," those two words have been used, and
21 I'm interested in all of the panelists commenting on
22 this.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

68

1 Given what you know about the marketing chain
2 and given what you know about your piece of it,
3 whatever it might be or whatever your organization --
4 what piece your organization might be involved in, do
5 you believe there is adequate transparency and
6 communication in the chain today? If you do, fine, if
7 you don't, what changes would you suggest we consider?

8 Let me start, Chris, if I can start with you.

9 CHRIS WALDROP: Sure.

10 I would just point again to the information
11 needs of consumers and how those are not always met. An
12 example of that is country of origin labeling, which is
13 something that was fought for for a long time; basic
14 information about where commodity products come from.
15 And that was fought by the industry. They didn't want
16 to provide consumers with that information.

17 We do now have that information. It's not on
18 all products. It's only on commodity products so it's
19 not on packaged goods; it's not the dairy, for example,
20 and some other areas. But that's an area again where
21 consumers could have more information and could be
22 better informed when they're in the marketplace.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

69

1 DAN VINCENT: Yeah, I would say you're right,
2 Chris. I didn't even think of the very end of the
3 transparency but the -- there is transparency in terms
4 of what our -- our customers ask us, the retailers in
5 food service about. They want to know where our
6 products are grown, and we need that for recall as
7 well.

8 But they are interested in who's growing it,
9 where it's grown. We have farm visits every year. And
10 then on the information side, they need transparency to
11 know where their products are at all times all the way
12 to distribution and pickup.

13 SECRETARY VILSACK: What about pricing? Is
14 there adequate transparency towards the pricing?

15 DAN VINCENT: You mean, do I tell them our
16 cost?

17 SECRETARY VILSACK: Well, is there -- is
18 there adequate information for a producer to know that
19 they're getting a fair price?

20 DAN VINCENT: Oh, for our producers it's
21 pretty simple cause we're all -- they have commercial
22 price negotiations. So all of our products are

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

70

1 represented by associations like the California Tomato
2 Grower's Association or the Peach Association. So
3 there is a mechanism to pool all that and then find a
4 commercial price. So I think that -- that transparency
5 works well, because there is an ebb and flow. If our
6 producers aren't getting the price they need, we see
7 supply go down or pushed back.

8 And then as a co-op, we don't negotiate but
9 our target internally is to meet commercial price or we
10 probably wouldn't have a co-op if we didn't do that
11 either.

12 VAUGHN MEYER: As far as transparency of the
13 label brings -- there's -- producers out there are
14 willing and many of them are working with that now
15 today to identify their product and pass along that
16 information on to the wholesalers. Whether it gets on
17 to the retailer and the customer, that's a big if. I
18 suspect a lot of that gets lost along the way.

19 I've got neighbors that have documented, you
20 know, that when the calves are born and where they --
21 and the location and all that and the treatments
22 they've had, and you never see that when you go to the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

71

1 retail counter. It may help them sell that product to
2 the retailer, but I don't know if the consumer is
3 getting that.

4 As far as transparency of price, if the
5 production level to the wholesaler, there is no
6 transparency. We're at the mercy of whatever they want
7 to give us out there. 66 percent of the markets are
8 now through contracts and many of them are open-end or
9 alternative marketing agreements, and those really are
10 working against us because they're captive supply, that
11 they got a group of cattle under that contract that can
12 come -- they know they're coming on such and such a
13 day. If they get enough of those cattle in there, they
14 don't even put bids on any of the -- of the bid cattle
15 like through the auction markets and that. They'll
16 tell their buyers not to even bid on cattle, they've
17 gotten enough for a week or two.

18 Or if they've got a fluctuation of import
19 product coming in or something like that, that works
20 against us too as captive supply. And they may even
21 use that non-bidding process to -- and they own a lot
22 of cattle their-selves. Ten percent of the cattle that

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

72

1 go through are packer owned cattle. They can bring
2 them in and not have any bids for say, a week or two
3 and that forces all the cattle that are on feed to wait
4 longer on feed which increases the amount of product
5 out there and helps to cheapen our price too.

6 So basically, there's no transparency, hasn't
7 been any transparency. The best reference to this is
8 the fact that the -- on the -- in farm to retail spread
9 we've lost 20 percent of our retail value since --
10 between 1970 and 2002. And if you check that out, the
11 wholesale end has picked up 20 percent.

12 ERIK LIEBERMAN: There's no question that
13 prices are more transparent for consumers at the retail
14 level. I -- I just got a smart phone not that long ago
15 and it actually has a barcode application in it, and I
16 can scan the products on the store and get a price
17 online for them and see what other retailers are
18 charging.

19 So that's quite remarkable and it's driving
20 competition, it's making the consumer even more aware
21 of the prices. So I think the trend is with increased
22 technology and more of these apps, we're going to be

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

73

1 seeing even more competition and more transparency.

2 ATTORNEY GENERAL HOLDER: And Erik will share
3 the app at the conclusion of the meeting with the
4 panel.

5 BARRY CARPENTER: Transparency in the
6 marketplace is very effective in the livestock
7 industry. It's very well driven by USDA's mandatory
8 price reporting. The packers report all of their
9 transactions on their procurement of livestock as well
10 as their sale of products. So that information on the
11 value of the product is very available, it's online,
12 it's very timely information, multiple times a day. So
13 I think -- I think when you think about pricing in the
14 livestock area it's all out there for the industry to
15 look at.

16 When you start talking about things like
17 price spread from farm gate to retail, all of a sudden
18 you start losing sight of what you're trying to be
19 transparent on. When you start -- when you look at --
20 when you look at price spreads and you're trying to
21 compare it year-to-year, you're really apples and
22 oranges at best.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

74

1 Just looking at the meat industry, just a few
2 key things I would mention that have changed the spread
3 from farm gate to retail or to food service. When you
4 start thinking about regulatory changes, food safety
5 changes; food safety alone in the last ten years the
6 number of additional interventions that have been
7 included in the packing industry, the cost of the
8 regulatory impact of that, the cost of recall, the cost
9 of testing, the additional costs that have been
10 incurred by the industry just to get products through
11 the process totally differ from the way they were 20
12 years ago.

13 And if you start looking at really key
14 things, product changes, all of you can remember when
15 you went into the retail market and the traditional
16 trim on a strip loin was a half-inch of fat up to an
17 inch of fat. That's not there anymore. That product
18 has changed. The further processing of that product has
19 changed.

20 So it's really erroneous to start looking at
21 a spread and comparing it year-to-year. Yes, it's
22 interesting information to see that spread, but to try

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

75

1 to tie that to the lack of transparency or a lack of
2 information, I think, is really misguided.

3 BEN BURKETT: From a producer's standpoint, I
4 don't see any transparency. From the time a farmer
5 plant a seed or birth an animal, you're looking at a
6 long-term commitment there.

7 In the case of dairy farmers, these cows have
8 to be milked every day, whether you have a sale for the
9 milk or not, whether you get 1,600 or \$21 per hundred
10 weight, you still have to milk the cow.

11 In the case of watermelon that I grow, I
12 plant a watermelon seed, in 90 days it's ready to be
13 harvested. I have a perishable product. And I think
14 buyers can use that against us as farmers because they
15 know what we growing only have a life to it, a shelf
16 life to it. We have to move the product.

17 So we need that support of a safety net from
18 USDA, from Justice, and from the industry that we are
19 assured of a fair, equitable marketplace so that we can
20 survive. Now, transparency, I personally don't believe
21 it's there in that sense from the producer side.

22 ATTORNEY GENERAL HOLDER: Okay. Yeah, just

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

76

1 let me -- the last question is a follow-up to what Ben
2 was saying, I mean, it's obvious, I think that
3 producers need packers, just as packers need retailers
4 and other marketing outlets. And everybody in here
5 works in agriculture in one form or another.

6 What I'd like to do is kind of as a wrap-up
7 make you all kings of this industry. You've got
8 absolute power. What do you think we need to do to
9 ensure that all segments are profitable and that we
10 have fairness in the market? So what would you do,
11 total power to ensure profitability and fairness?

12 I'm going to start with you. You're the
13 king.

14 BEN BURKETT: If I were the king, I'd do away
15 with all those major corporations.

16 ATTORNEY GENERAL HOLDER: Okay.

17 SECRETARY VILSACK: That would take care of
18 it.

19 BARRY CARPENTER: I -- while I'm king I'll
20 take a little different approach. I'd -- I think -- I
21 think, obviously, food is essential and the more cost-
22 effective that process can be, the better. So I think

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

77

1 that the more we can strengthen the communications and
2 relationship between the producers of livestock to the
3 ultimate consumer, the more efficiencies you're going
4 to build in the system, the more -- the better quality
5 and the better you're going to satisfy those needs.

6 Now, with all that said, everybody in the
7 sector has to be in a profitable situation or it
8 doesn't exist. Packers clearly are a pass-through.
9 There are certain costs that are incurred that have to
10 be -- have to be dealt with, but, I think, in order for
11 the whole industry to survive, you have to look at ways
12 to maximize the total marketplace, and that's looking
13 at things like exports.

14 If I was king for a day, we would be -- we'd
15 do away with all these market access issues we have
16 with our trading partners, because they certainly limit
17 our ability to capture the full value of livestock.
18 There are so many things that we really need to focus
19 on in the marketplace to take out -- take out
20 restrictions, to take out some of the burden that's in
21 there to make it more streamlined and more efficient
22 for everybody in that whole marketing chain to be

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

78

1 successful.

2 ERIK LIEBERMAN: America --

3 ATTORNEY GENERAL HOLDER: King Erik.

4 ERIK LIEBERMAN: Thank you.

5 America is blessed with the best food and
6 agricultural system in the world. We enjoy the safest,
7 the freshest, best quality and most affordable food on
8 the planet. And everyone up here plays a role in that
9 system.

10 Advancements in agriculture and vigorous
11 competition among retailers have expanded access to
12 quality and nutritious foods for the American people
13 and both DOJ and USDA deserve a tremendous amount of
14 credit for that miracle which is our food system.
15 Without question, this has improved quality of life.
16 And this abundance is really essential to the American
17 way of life.

18 Competition is why our food system is so
19 phenomenal. Our retail profit margins are razor thin
20 and consumers are enjoying a better shopping experience
21 than ever before. And a recent survey shows that
22 shopper satisfaction continues to rise. Nine out of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

79

1 ten people would recommend their primary store to a
2 friend.

3 So Justice Warren famously said that, "The
4 purpose of the antitrust laws is to protect
5 competition, not competitors." Competition is more
6 intense than it has ever been in the grocery industry
7 and consumers are benefiting greatly from this.

8 So this competition must be maintained.

9 ATTORNEY GENERAL HOLDER: Vaughn,
10 profitability and fairness?

11 VAUGHN MEYER: Well, I'll agree with a lot
12 that's been said about communications. We have to keep
13 communications in this industry and we do enjoy the
14 best and safest food in the world right at this present
15 time.

16 But producers out there, a lot of them are a
17 very patriotic bunch. Most of them have come many
18 generations from countries where there was oppression
19 and they realize what they have in this country and
20 most of them want to continue to see that this is a
21 great country. And there's great concern out there
22 about the amount of food that's not coming from our

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

80

1 country anymore and that some of our better food that
2 is being ground and added to that product to make it
3 better, but there's still a safety factor in there. So
4 I would say that a lot of producers are concerned about
5 that.

6 As far as competition, we -- the best thing
7 that the producers could use out there is -- a lot of
8 people, and I've heard it here since I got here, are
9 talking we don't need more government telling us what
10 to do, you know, and all that. But we have had the
11 Packers and Stockyards Act since 1921 and it's done
12 nothing to us. So we're going to have some sort of
13 rules if producers are going to remain in this -- in
14 this game. Otherwise, we're going to see producers in
15 Mexico, South America, Canada, Argentina, other places.
16 You won't know of an American producer pretty soon
17 probably unless it's a giant firm that's maybe running
18 tens of thousands cattle out there and he has a
19 contract with the packer.

20 The family element is in real danger as far
21 as production agriculture is concerned.

22 So I guess the best thing, we need to do

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

81

1 something now, we need to do it quick, and the best way
2 to enforce these rules has finally been proposed in the
3 last year and it's these GIPSA's Rules. And I guess I
4 would like to see these GIPSA Rules enforced. There's
5 things that may have to be addressed in them in the
6 final rule and changed to make them more workable and
7 everything on that, but these rules are designed to
8 prevent the past injustices from happening.

9 And part of these rules also say that if
10 those injustices continue, they will give me or any
11 other producer out there the same option to go into
12 court just like any other American or any other
13 American industry or entity. So we need -- we need the
14 GIPSA Rules and we need them immediately.

15 (Applause.)

16 DAN VINCENT: I guess I'll second that
17 because the -- no one will applaud for me.

18 You know, I do believe our system is
19 ultimately effective in terms of competition primarily
20 because it starts with the consumer. That's why
21 retailers have such slim margins, because the consumer
22 will go next door if they don't get it. And that goes

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

82

1 all the way down to us, and unfortunately the last
2 person to get pushed is the producer. There's no doubt
3 about that. But I do think our system works well.

4 I think the one thing I would ask if I were
5 king is -- for a day at least, the -- we're asked to do
6 a lot of things and especially in California with
7 environmental air, we're -- we have 4,000 teamster
8 jobs, so we provide good working wages. We do a lot of
9 things that I think are important, and I think are
10 ultimately good for our country. But it's very
11 difficult when I have to compete against an import
12 where none of those things are required except for
13 price. And somehow that value that has to be -- is
14 implied when you farm in America, I don't know where
15 that comes from but somewhere it has to be recognized.

16 CHRIS WALDROP: Well, I'm a consumer advocate
17 so I have a long list of things that I would change if
18 I was kind for day, but just to hit on a couple for the
19 purposes of this discussion, one would be information
20 as I've said before, that's important for consumers to
21 be able to have enough information to make decisions
22 and -- when they're in the marketplace.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

83

1 Access, I would improve access to food,
2 period, but specifically healthy, nutritious food
3 that's affordable, particularly for low-income
4 consumers.

5 And then, because I do most of my work on
6 food safety, I do have to address the safest food
7 supply in the world comment. It's not -- it's not as
8 good as it needs to be and can be. And we have 5,000
9 people that get sick every year from -- excuse me, die
10 every year from food-borne illness and that's something
11 that we certainly need to -- that I would improve if I
12 was king for a day.

13 SECRETARY VILSACK: Well, thank you all very
14 much. We're going to -- I'm going to give the Attorney
15 General an opportunity to close, but before I do, I
16 want to thank the panelists for a very informative and
17 interesting conversation and one that points out the
18 complexity of these issues that we're dealing with and
19 the difficulty in determining at what point you got the
20 proper balance between competition, efficiency, low
21 prices for consumers, but reasonable profits for
22 producers. It is a delicate balance. There's no

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

84

1 question about that.

2 We are going to -- after the Attorney
3 General's comments, we're going to break for a few
4 minutes and then the second panel will be focused on
5 margins in the dairy industry. Mark Tobey, who is the
6 Special Counsel for Agriculture and State Relations,
7 Antitrust Division of the Department of Justice will
8 moderate that panel discussion.

9 Then that will be followed by public
10 testimony, an opportunity for people to put their
11 comments into the public record that's being assembled
12 from these meetings. There will be a break for lunch
13 and then we'll have a third panel focused on issues in
14 food retailing going into more of the issues that we've
15 talked about briefly here in greater depth.

16 Again, Sharis Pozen, who is the Chief of
17 Staff of the Antitrust Division will be moderating that
18 conversation. That will be followed by a break and
19 then the final panel, which will be margins in the
20 livestock and poultry industry. James MacDonald who is
21 from USDA ERS will be moderating that conversation.

22 We'll have again additional opportunities for

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

85

1 public testimony if we haven't concluded all of the
2 remarks earlier and then we will close hopefully
3 sometime around 5-5:30 this afternoon.

4 So, again, I want to thank everyone. I want
5 to thank the Attorney General. You know, he made a
6 pledge to be fully participating in these hearings and
7 I appreciate the fact that he's traveled and that
8 Christine Varney has traveled all over the country to
9 listen to the words and testimonies, the stories of
10 folks who are farming the land and who are responsible
11 for this food supply that we take sometimes for
12 granted, a food supply that is abundant, a food supply
13 that does provide us greater flexibility with our
14 paychecks than most folks around the world have. And a
15 food supply that comes from folks who really do believe
16 in the basic fundamentals of this country and just
17 simply want a fair shake in return.

18 So, Mr. Attorney General, the floor is yours.

19 ATTORNEY GENERAL HOLDER: Well, this, I
20 think, as all the other panels that I participated in,
21 the sessions that we've had has been one for me that's
22 been extremely enlightening.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

86

1 I think we're talking about, you know, a
2 segment -- a sector of our economy that's really more
3 than that. It has defined, I think, what this country
4 has been over the years, who we are as a people, who we
5 are as a nation. And I think it's an important thing
6 for us to focus on because I think it will define who
7 we will become in the 21st century and even beyond.

8 Our concern at the Justice Department as well
9 as at Agriculture, is to ensure that we have fairness
10 in this important part of our economy, that it is as
11 profitable as it possibly can be and that we put as
12 much transparency into the system as we possibly can so
13 that ultimately all components, all parts of this
14 sector do well and that the American people ultimately
15 are the beneficiaries of our action.

16 We are, under Christine Varney's leadership,
17 bound and determined to stay, you know, tied with our
18 partners in Agriculture in ensuring those three things.
19 As I said, fairness, profitability and transparency. I
20 think there's a partnership that has been established
21 between Justice and between -- and Agriculture that did
22 not exist before and frankly should have existed

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

87

1 before.

2 Our pledge in the Obama Administration is to
3 stay involved, to continue to listen. We have
4 thoughts, we have ideas, but we know that we don't have
5 all of -- all of the answers and that is, I think, one
6 of the real values in these workshops that we have had.
7 We will use the information that we glean from these
8 workshops and then from the thousands of comments, as I
9 said, that we have received as we are developing
10 enforcement policies, enforcement practices, so that we
11 do all that we can to ensure the continued viability of
12 this very, very important part of our economy.

13 So it's been a real pleasure for me to be on
14 this panel with all of you and a real pleasure to have
15 this new relationship with my colleague at the
16 Department of Agriculture.

17 SECRETARY VILSACK: Very good. We'll
18 reconvene at 10:30.

19 (Applause.)

20 MARGINS IN THE DAIRY INDUSTRY

21 MR. TOBEY: We'd like to get started to stay
22 in some semblance of being on time, so please come back

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

88

1 in the hall.

2 Good morning. My name is Mark Tobey. I'm
3 the Agriculture Counsel at the Antitrust Division of
4 the Justice Department. We next have this panel on
5 profit margins or price spreads in the dairy industry.
6 Just to give you a teaser about what we're going to try
7 to talk about today or talk about today, we're going to
8 take aim at two fairly complex questions that have come
9 up in our past discussions about the dairy industry.

10 As many of you may know, we had an entire
11 competition workshop devoted to the dairy industry in
12 June of this year in Madison, Wisconsin. And at that
13 discussion, there were a couple of questions that
14 seemed to be worth discussing today and having further
15 discussions about.

16 One of those questions is: Does the
17 available evidence suggest that firms at any particular
18 stage in the supply chain for milk are making more
19 profits than in the past and if so, why has this
20 changed?

21 The second big general question that I think
22 we're going to try to take aim at is: Many industry

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

89

1 participants at that Wisconsin Dairy Workshop say that
2 they have seen an apparent disconnect between the
3 grocery store price of milk and the price paid to
4 farmers. We would like to figure out what does the
5 available evidence suggest about the relationship
6 between grocery store prices and farm prices for milk.

7 And I will say that our focus today is going
8 to primarily be on fluid milk rather than on other
9 dairy products like cheese, although I'm sure it will
10 come up.

11 This is a one-hour panel. Let me tell you
12 what the procedure will be. We'll -- I'll try to --
13 I'll introduce everyone, we'll give a question to
14 everyone to kind of get the discussion going and then
15 we'll try to get a discussion going between the panel
16 members.

17 I believe that we are prepared, although the
18 logistics of this are a little not transparent to me,
19 to take written questions from the audience, and at
20 some point in time, I think someone will come down both
21 aisles and pick up written questions. So if you have
22 written questions, we're not going to do the mikes for

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

90

1 this session, we'll do the open mike after this
2 session; if you have written questions that you would
3 like this panel to address, if we have time to do so,
4 please pass them to the aisle and someone will come and
5 collect them, and they will be taken up to my colleague
6 from the Justice Department, a very fine dairy
7 economist named Sheldon Kimmel who will go through the
8 questions and then pass them on to me.

9 So, in order to address these two rather
10 complex questions, we have a very distinguished panel
11 today comprised of two producers from different parts
12 of the country and different size of producer. We have
13 a state regulator from Pennsylvania and we have two
14 economists who have looked extensively at pricing in
15 dairy markets. Let me introduce the members of our
16 panel today.

17 Starting at my right, Chuck Nicholson is an
18 Associate Professor of Agribusiness at California
19 Polytechnic University. He grew up in San Diego and
20 graduated from U.C. Davis. He subsequently worked for
21 the Congressional Budget Office here and served as an
22 agricultural extension agent with the Peace Corps in

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

91

1 Africa. He also worked for an economics consulting
2 firm here in D.C., went on to get his MS and doctorate
3 degree from Cornell and was a Rockefeller Foundation
4 Social Science Fellow at the International Livestock
5 Research Institute in Ethiopia. He has served on the
6 faculty at the University of Vermont and at Cornell
7 prior to being at Cal Poly.

8 Next to him is Eunice Biel, who along with
9 her husband and son and daughter-in-law, operate a
10 dairy farm near Harmony, Minnesota in Fillmore County.
11 Their family operates 950-acres and grows corn,
12 soybeans, hay and they milk 150 cows.

13 Eunice's education includes a master's degree
14 in public affairs from the University of Minnesota and
15 a Bachelor of Arts degree in communication from Winona
16 State University. She's been very involved in farm
17 policy at many levels, including being an officer in
18 the Minnesota Farmer's Union.

19 Next to me here is Buster Goff. Buster was
20 raised on a dairy farm in Albuquerque, New Mexico, and
21 began his own operation in 1973 with 40 cows. He grew
22 that herd to nearly 200 cows and spent the next 25

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

92

1 years operating in New Mexico as a producer-handler. In
2 the late 1990s, Buster and his family decided to become
3 part of DFA and they expanded their herd dramatically.
4 He and his wife milk 8,000 cows today in the Hobbs, New
5 Mexico area. Their operation also includes 3,000 acres
6 that are double cropped in corn and wheat, and 12,000
7 acres of grassland which satisfy about 30 percent of
8 their dairy's -- of their dairy feed needs.

9 He's been a recipient of New Mexico's
10 Agriculturalist of the Year Award and received an
11 Entrepreneurial Award and the Free Enterprise Award
12 from the College of the Southwest.

13 Next to me on my left is David DeSantis who
14 currently serves as the Chief of the Enforcement and
15 Accounting Division of the Pennsylvania Milk Marketing
16 Board. This comprises a staff of milk marketing
17 auditors, market examiners, investigators, accountants
18 and other specialists who monitor and regulate the
19 marketing of milk in the state of Pennsylvania. David
20 has represented that Board before the state legislature
21 and in hearings with government officials in an attempt
22 to improve regional milk marketing in the Pennsylvania

1 area.

2 On the end there is Rigoberto Lopez, who is
3 professor and head of the Department of Agriculture on
4 Resource Economics at the University of Connecticut. He
5 is the interim director of the newly created Charles
6 Zwick Center for Food and Resource Policy. He received
7 his PhD in food and resource economics from the
8 University of Florida in 1983.

9 Dr. Lopez has published extensively on
10 industrial concentration and pricing in the food
11 channels including those for milk products. And among
12 his publications was one that won the Outstanding
13 Journal Article Award in Agribusiness in 2009.

14 So that's our panel. We want to talk about
15 pricing in the food channel for milk, so as an
16 overview, let me now turn to Professor Chuck Nicholson.
17 Chuck, can you give us an overview of the supply chain
18 for dairy products, primarily fluid milk, from the
19 dairy farmer through product manufacturers and
20 retailers? Talk a little bit about how prices and
21 costs move down that chain and maybe give us a view of
22 what you think margins look like in the dairy industry.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

94

1 DR. CHUCK NICHOLSON: Okay. Thank you very
2 much, Mark.

3 Mark has apparently worked with academics
4 before because he said he was going to be very strict
5 about the time we have. And so the tasks he's given me
6 to describe the supply chain and the margins and how
7 they've changed over time is a little bit challenging,
8 but I'm going to try and do this in about six different
9 points and not use up more time than he's asked me to.

10 So the first description of the supply chain
11 that I would give you for dairy is that it is diverse.
12 It means that it incorporates a bunch of different
13 folks who have different roles. Of course, we have
14 dairy farmers, dairy co-operatives are also very
15 important. We have fluid milk processors and dairy
16 product manufacturers, we have food retailers, we have
17 food service, restaurants and food retailers are also
18 part of the supply chain.

19 One of the things that we need to keep in
20 mind is there are a bunch of different dairy products,
21 even though we'll focus on fluid milk this morning.
22 And the supply chains and the amount of product moving

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

95

1 directly through to retail is very different for
2 products. For fluid milk, the retail share is fairly
3 high. For a product like cheese it's less than half,
4 it's usually about 30 percent, the rest going through
5 food service and restaurants.

6 Okay. I'll also say that foreign buyers of
7 dairy products have become more important to the U.S.
8 in recent years. Dairy co-operatives also play an
9 important role as manufacturers of dairy products in
10 addition to providing other services to their members.
11 And I'll also quickly mention that the dairy supply
12 chain is influenced to no small amount, by what state
13 and federal governments do in terms of regulating milk
14 prices and other programs to support dairy farmers.
15 Okay. So that's the brief overview.

16 What I also want to offer is from my
17 perspective, one of the key issues that the dairy
18 supply chain faces and has been dealing with for at
19 least the past ten years, if not longer, is price
20 volatility. And the big issue with price volatility is
21 that it tends to result in periods where we have
22 significant financial distress, and it's hard for me to

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

96

1 find the words severe enough to describe that, a
2 significant financial distress for dairy farmers.

3 And the past two to three years have been
4 particularly challenging in that regard with first
5 record high milk prices in 2007, and then not record
6 low milk prices, but a very significantly bad
7 combination of low milk prices and high feed costs. I
8 will also note quickly though that I don't think that
9 the cycles that we've seen that cause so much distress
10 in dairy are really that closely related to any of the
11 things that we've seen changing with margins.

12 Okay. Moving on to talk about marketing
13 margins for dairy, I want to focus on a couple of the
14 challenges of measuring and interpreting them and then
15 say a little bit about how they've changed over time.

16 One of the challenges is that the milk price
17 that farmers see in a milk check every month and we
18 price milk monthly in the U.S., is not the same price
19 that any buyer of milk pays. And that sounds funny,
20 but the reason for that is that we have federal and
21 state regulation that provide minimum prices based on
22 the use to which the milk is put. And so that means

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

97

1 that different buyers of milk will be paying different
2 prices even within the same month and the farmers
3 actually receive a weighted average of those different
4 prices based on the use that the milk is put to.

5 Okay. So the other thing is, related to
6 that, is that most buyers of milk pay something above
7 the additional, or the minimum regulated prices but we
8 usually don't know exactly how much they pay. So that
9 makes for some challenges in figuring out exactly what
10 the costs are to different actors in the supply chain.

11 The second challenge is that we do have
12 information on prices at the farm, sometimes at the
13 wholesale level and at the retail level. But that
14 really only tells us what a gross marketing margin is
15 if we subtract the retail price from the farm price.
16 And that gross margin is actually different than what
17 we would usually think of as profit. That includes the
18 cost of processing, packaging, transporting and selling
19 milk and dairy products and it means basically that an
20 increase in the marketing margin does not necessarily
21 mean that any particular actor in the chain is seeing
22 increased profitability.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

98

1 Public information about the actual costs of
2 the processing, packaging, transporting and selling
3 otherwise is much more limited than the information we
4 have about prices and that was mentioned for beef
5 during the first panel.

6 So with those challenges in mind, I will say
7 that the average gross marketing margins for both
8 cheese and the focus of this panel, fluid milk, have
9 increased in the past ten years, but I'll also note
10 that they have varied over time and to a certain
11 extent, they appear to be related to cost increases in
12 the rest of the milk supply chain. As quick examples,
13 the gross margin for fluid milk by at least one
14 calculation that I've done, increased from \$1.60 a
15 gallon in 2000 to about \$1.75 a gallon in 2010. The
16 gross margin between the wholesale and retail price for
17 cheese increased from about 2.75 a pound to about \$3.00
18 a pound, again, in the period from 2000 to 2010.

19 Associated with that, however, are costs
20 increase for labor, energy and packaging that dairy
21 processors and fluid milk processors paid during that
22 same time period.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

99

1 And, finally, to wrap this up, I want to
2 state that the prices that we have at the different
3 market levels in the dairy supply chain do, in general,
4 at least when measured at a national average level,
5 tend to move fairly closely together. And as you can
6 clearly see from the handout that I -- well, I guess
7 that's not going to work so much. So, basically, the
8 farm equivalent price, that is what first buyers of
9 milk are paying, the wholesale and retail prices for
10 cheese, tend to move together over time. And the same
11 is true actually also for fluid milk.

12 We don't see full and complete what's called
13 pass-through of cost increases or decreases from the
14 farm level to the retail level for dairy products in
15 general. We see that retailers are known to practice
16 what's called price smoothings so they don't fully pass
17 through the increases or decreases and this is meant
18 that the farm share of the fluid milk retail value has
19 varied over time from 30 percent at a low when farm
20 milk prices are low to about 50 percent when farm milk
21 prices are high.

22 And I'll close by saying there appears to be

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

100

1 a common perception that retailers in particular don't
2 pass through cost decreases from the farm level to
3 consumers. It's true that we don't see necessarily
4 full pass through but they do, in fact, pass through
5 some portion of price decreases when the farm milk
6 price goes down based on data from a variety of cities
7 and a variety of time periods.

8 So I hope that met the criteria for time and
9 for content.

10 MARK TOBEY: I am truly amazed, Chuck. You
11 can be on a panel of mine anytime. We'll come back to
12 some of the points that you've made as an overview but
13 I think we want to step back now and hear from our
14 producers, the people that actually, you know, produce
15 the fluid milk that we buy in the stores and look at
16 the world from their perspective. And so now let's
17 turn to Eunice Biel.

18 Eunice, I've talked a little bit in your
19 introduction about your farming operation in Minnesota,
20 but could you tell us a little bit more and then talk
21 to us a little bit about how your milk gets marketed,
22 what options you might have if you were dissatisfied

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

101

1 with the way your milk was marketed and what you see
2 happening to the price of milk as it moves from your
3 farm to the grocery store?

4 EUNICE BIEL: Okay. Thank you.

5 Well, as you said, we raise corn, oats and
6 soybeans. We market some of our corn and some of our
7 soybeans and we raise all of our replacement heifers
8 and we also feed out our Holstein steers.

9 Our son does -- our son and his wife, Kelly,
10 help us. They do like a lot of the herd maintenance
11 and the breeding. And I just wanted to say that in
12 2009 when prices were so low, it was very -- it was
13 quite a struggle to do the basic maintenance with the
14 cattle to keep them fed correctly, do -- we didn't even
15 do the dairy herd improvement every month where they
16 measure our milk, we kind of had to put that on hold.

17 You cannot stop doing herd health, you cannot
18 stop doing, like, hoof trimming, the basic -- you have
19 to feed your cows, you have to take care of them, you
20 have to keep them bedded, you have to keep them fed.
21 And the expenses with the fuel, the cost of the fuel,
22 the cost of feed, at one time the -- several times the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

102

1 cost, the feed bill would be higher than the milk
2 check.

3 And our -- we are -- our only saving grace
4 was that we had Holstein steers to market. I mean, we
5 had enough room and not very many people do that, not
6 many people are able to do that.

7 Our milk goes to AMPI, Associated Milk
8 Producers, in Rochester, Minnesota, and 85 to 90
9 percent of the milk in Rochester goes to cheese and
10 then 10 to 15 percent goes to fluid milk and it's sold
11 to Kemps. And there's 14 different cheese
12 manufacturing divisions in the Midwest.

13 We're strictly regulated, as you well know,
14 dairy is a very strictly regulated industry. Every
15 time the milk truck comes to pick up our milk, they
16 take a sample, and that sample has to pass muster
17 before they can -- every sample from the tank of the
18 truck has to pass or else the truck can't be unloaded.
19 And if there is anything wrong with the load of milk,
20 they could trace it back to the dairy producer. So
21 we're very strictly regulated and that's fine. We're -
22 - we like to -- we're proud of the fact that in the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

103

1 United States we have the most safest, purest dairy
2 products in the world.

3 But, after 2009, I guess I'd like -- we have
4 never -- we'll never regain the assets that we lost.
5 We're still struggling. That's the -- everybody thinks
6 that the price went up a little bit, but the expenses
7 have also risen significantly. And now the futures for
8 -- the first quarter of 2011, it's hit a new low of
9 \$13.41. Our last milk check was an average of \$16. And
10 you can kind of -- we don't know exactly the cost of
11 production, they're around \$15, so it's pretty tight
12 just to make ends meet on \$16.

13 I guess if we didn't sell our milk to AMPI,
14 we could -- there are other costs co-ops in the area.
15 We could sell to Land O' Lakes, Foremost Farms and
16 there's the Plainview Dairy, Plainview Milk Co-op. But
17 the problem is we're 50 miles from Rochester and we
18 have enough neighbors so the milk truck will come down
19 and pick up our milk and he'll get a load. Well, if
20 all of our -- if many more dairy farmers in our county
21 that our neighbors, go out of business, will they want
22 to come down for our milk for 140 cows? And that's

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

104

1 kind of a -- and will we be able to get a veterinarian,
2 and will we be able to get other services in our area?

3 Minnesota currently has 4,500 dairy farmers;
4 it's an average herd of -- the average herd size in
5 Minnesota is 105 cows. And we're right now in --
6 planning on -- we're working with Manure Feed Lot Rules
7 in Minnesota. And that's going to be a big expense
8 even with cost sharing.

9 And our question is if the corn gets to be \$6
10 and milk stays around \$13, will we want to spend
11 several hundred thousand dollars to upgrade our
12 facility so that our -- a young farmer who dearly wants
13 to raise cattle and milk farm with us, our son, and his
14 family, he would -- he was even thinking of -- if
15 milker prices were staying high, they're thinking of
16 looking into robotic milkers because that's -- that's
17 kind of turning into be the thing for medium sized --
18 any sized farmer. But the cost is quite -- it's quite
19 a commitment for the future if you don't know if you'll
20 be able to make a -- meet your expenses.

21 If the milk price had kept up with the price
22 of parity which was taken away in 1981, we wouldn't be

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

105

1 getting such a poor price, we'd be getting a much
2 better price and there wouldn't have been the
3 volatility. I feel that the volatility really started
4 in -- after 1981 when the price of parity was taken
5 away.

6 MARK TOBEY: Thank you very much.

7 Buster Goff, you're in New Mexico and you
8 have a substantially larger operation. Do you have
9 some of the same issues?

10 BUSTER GOFF: Yes, thank you, Mark.

11 Yes, we have a lot of the same issues that
12 Eunice has talked about. It seems like 2009, was the -
13 - was the lowest that we've -- we've experienced since
14 I've been dairying.

15 MARK TOBEY: Can you hear okay or is it?

16 (Audience responds negatively.)

17 MARK TOBEY: Okay. Let's see if we can --
18 maybe that mike is not doing well. Let's give you
19 mine.

20 BUSTER GOFF: I don't want yours. Just bring
21 them all together. Just get them all here.

22 Yes, we've experienced the same, a lot of the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

106

1 same things. We -- in 2009, we had three months that I
2 went -- I had to go all the way back to the mid-'70s to
3 compare the milk price. And with that, we didn't -- we
4 saw, of course, the -- the feed costs and the
5 operational costs much different than we had in the
6 '70s.

7 Because of what we've experienced in
8 volatility, we had began to look more and more into
9 risk management of our feeds and our milk. We think
10 that's going to help. It's not -- it certainly isn't
11 the solution but I think our lenders -- I know our
12 lenders are very interested in us trying to take out
13 some of these lows that we've experienced the last
14 couple of years. The lows are longer and the highs
15 don't last very long anymore and that's -- that's one
16 of the reasons why we haven't been able to get through
17 very well these last few years. We've always operated
18 on highs and lows but it's just been the lows just keep
19 getting longer.

20 I spent most of my career as an independent
21 producer-handler, where I operated a dairy and a small
22 bottling plant and marketed my milk direct to the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

107

1 consumer or into stores. And so in 1998, I had decided
2 to close that plant and focus strictly on a dairy herd.

3 I have a choice of four co-ops that I can
4 market my milk with and one independent cheese plant is
5 available. In the last couple of years there's been at
6 least one Class 1 processor that has started
7 contracting some small amounts of milk in our area.

8 We've chosen to market our milk with DFA.
9 We're very happy with DFA. We -- we like the security
10 of knowing that we get paid on a regular basis and I
11 think you get that when you operate with co-ops. I
12 guess as an independent, I wasn't always that secure. I
13 did worry a little bit about accounts receivable and
14 about the balancing of my milk on exactly where --
15 where I'm going to sell my milk the next day. So the
16 co-op has really helped level that out and help us know
17 that we do have a market for our milk.

18 MARK TOBEY: Alright. Thank you, Buster.
19 Obviously, the ups and downs and the cost structure of
20 being a dairy farmer these days presents a lot of
21 challenges and the state of Minnesota has taken a
22 different -- or the state of Pennsylvania has taken a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

108

1 different approach to some of these problems.

2 And with me today is David DeSantis. David,
3 can you tell us a little bit about how Pennsylvania has
4 decided to approach the issue of the pricing of milk?

5 DAVID DESANTIS: Yes. Good morning.

6 Just to give you a brief overview of the
7 Pennsylvania program, it's one of the most
8 comprehensive pricing programs anywhere in the states.
9 We start with a producer price which is pretty much the
10 same classified pricing system that the feds have
11 established. Our price for a Class 2, 3 and 4 milk, 3
12 and 4 being manufactured type grades, is identical to
13 the feds.

14 Where we differ from the feds is in our Class
15 1 program. We have a premium that is mandated to be
16 paid for all milk that is produced in Pennsylvania,
17 processed in a Pennsylvania plant and resold in a
18 Pennsylvania store. To date, that premium has
19 generated over \$560 million to our Pennsylvania dairy
20 farmers.

21 To ensure that that pricing is paid to our
22 dairy farmers, we have a very aggressive auditing

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

109

1 program. We audit every dealer that buys Pennsylvania
2 milk every month to make sure it's paid at the right
3 price and on time.

4 Moving on through the chain, we also have a
5 regulated wholesale price for fluid milk. That
6 wholesale price is built based on one, the farm costs
7 which includes all premiums not just the mandated
8 premium, but any voluntary premiums or fees that a
9 dairy may pay to a co-op. And we add to that their
10 processing costs, the cost of bringing the milk into
11 the plant, receiving it, standardizing and pasteurizing
12 it, moving it through the bottling area into the cold
13 room and then delivering that milk. So that's all part
14 of our mandated minimum wholesale price.

15 And moving on through to the retailer, the
16 retailer is now paying a wholesale price that includes
17 all costs including the costs for the premiums to the
18 farmers. And we establish a retail minimum that is --
19 adds to that wholesale price the cost of getting the
20 milk through the store, getting it in the backdoor,
21 putting it in the cooler, stocking, rotating, moving it
22 through the checkout, operating the cooler and any

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

110

1 overhead costs.

2 So whenever you look at our system, whenever
3 we do retail price surveys in similar markets, New York
4 being similar to Philadelphia; Baltimore being somewhat
5 similar, we find that Pennsylvania producers or
6 Pennsylvania consumers are actually paying about the
7 same or maybe a little less for the products that are
8 most often purchased by consumers.

9 So putting it all together, we have producers
10 that are getting a little bit more through our over-
11 order premium mandated and consumers that are paying
12 about the same or maybe a little bit less for the
13 products they'd most like to buy, and everyone in
14 between is happy. It's magic.

15 MARK TOBEY: I've come to understand that
16 there's very little magic available in agriculture but
17 I'm glad to hear that some of it exists in
18 Pennsylvania.

19 I was just curious, this is a totally -- this
20 is a regulated margin approach? In other words, both
21 the wholesale and the retail margins are regulated by
22 statute. What is the band for those margins?

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

111

1 DAVID DESANTIS: The wholesale and retail
2 price generate two-and-a-half to three-and-a-half
3 percent at wholesale and retail. Our law also provides
4 that farmers should also make a profit on selling milk;
5 however, given the nature of how milk moves across
6 state lines, the Board has the authority to set the
7 price where it will allow the milk to be marketed. So
8 our farm price fluctuates in lockstep with the national
9 farm price. It's just that it's a little bit higher.
10 We keep that premium at a set rate, about \$3 a hundred
11 weight on that Class 1 milk produced process and sold
12 in Pennsylvania.

13 MARK TOBEY: I do want to get some discussion
14 going between the various panel members that we have
15 here, but let me turn to Rigoberto Lopez now and then
16 we'll get some discussion going.

17 I will remind you again, if you do have
18 written questions for this panel, go ahead and write
19 them out on a piece of paper and we'll have someone
20 come through and collect them in a few minutes.

21 But, Rigoberto, we want to look a little more
22 in-depth now at this issue of margins or price spreads,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

112

1 profit margins or price spreads in the supply chain
2 from farm to retail. And I know you've studied, you
3 know, the issue of market power and market
4 concentration from the industrial organization
5 economics point of view. Where do you come out on the
6 broad question of price spreads and who's making the
7 profit in the supply chain for fluid milk?

8 DR. RIGOBERTO LOPEZ: First of all, thank you
9 for inviting me.

10 With the exception of Pennsylvania, I'm going
11 to talk about the rest of the country. Like the farm
12 milk price, which is regulated, the fluid milk retail
13 price is not regulated. So the margin between the two
14 reflects, of course, you know, value added, costs such
15 as labor, packaging and fuel. But it also reflects
16 the result of consolidation of firms in milk processing
17 and the resulting increase in market power and
18 efficiencies.

19 So my research shows that while milk
20 processor consolidation leads to significant cost
21 efficiency gains, it also leads to significant
22 increases in market power, pricing power, milk power.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

113

1 So this leads to higher prices charged for milk sold.
2 As you sell less milk you buy less milk and this will
3 put a downward pressure on either the farm milk price
4 and/or the over order premium. So that is the
5 efficiency effects are not passed on to the consumers
6 or passed down to the farmers, they are retained in the
7 market channel. And I will show you some numbers a
8 little bit later. So my research also shows that there
9 is significant market power of supermarkets over
10 consumers having the same effect.

11 So the two things combined to produce
12 coalescing power, that is adversaries would combine to
13 effectively increase the exercised market power up and
14 down the channel. And this will increase, of course,
15 the spread.

16 So I want to show you a quick picture from
17 the USDA data actually, October 2008, the raw milk
18 price was 1.61 per gallon. The retail price, okay, was
19 3.88 per gallon at supermarkets. That is a spread of
20 \$2.27. Six months later, we hit February 2009, dollar
21 spread increased to 2.63, the difference between the
22 retail and the raw milk price.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

114

1 What happened? The retail price dropped 6
2 cents from 3.88 to 3.82, but the raw milk price dropped
3 42 cents, a much bigger drop. It's leaving like a
4 watermark. So that explains the widening of the
5 margin. So that, you know, provides some, you know,
6 evidence that there is, you know, a pricing power.

7 When a farmer has an increasing production
8 cost, they cannot pass on that increasing fifth cost,
9 for example, like Buster and Eunice mentioned, to up
10 the channel. However, when the retailers or
11 wholesalers face an increasing cost, they are -- they
12 have the ability to pass those costs on to -- up the
13 channel or up to the consumers.

14 MARK TOBEY: Alright. Thank you, Professor
15 Lopez.

16 Alright. So let me then take a couple of
17 your statements and, first of all, maybe ask Professor
18 Nicholson, to react and give us your views.

19 Professor Lopez believes that the fact that
20 say in 2009, we saw much more dramatic decrease in the
21 farm level price for milk than we saw in the retail
22 price as evidence that there's pricing power on the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

115

1 part of retailers. Chuck, do you have reaction to
2 that?

3 DR. CHUCK NICHOLSON: First, my reaction is
4 that must be why they put Rigo and I on opposite ends
5 of the table or something. I'm not sure.

6 But I don't do nearly as much work as Rigo
7 does in this particular area so I don't want to
8 overstep the bounds of my experience or my direct
9 research efforts. But one of the things that I do want
10 us to keep in mind is that we shouldn't use any one
11 year, we shouldn't use any one month, you now, or a
12 comparison of two different months as a really
13 definitive comparison of what's happening with the
14 gross marketing margin in part because of the pricing
15 dynamics, again, that retailers practice.

16 And I'm sure Rigo's done more than I have in
17 this area, but when I've looked at this there are
18 delays both in raising fluid milk prices when the farm
19 milk costs to fluid milk processors and retails goes up
20 and there are also delays bringing those prices back
21 down and that's the essential nature of price
22 smoothing.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

116

1 So there was a period of time during 2008,
2 when we were seeing actually record high, never seen
3 before milk prices, where fluid milk prices went up by
4 -- not by as much as the actual costs, probably to the
5 folks who were -- throughout the rest of the supply
6 chain for fluid milk and that meant that they were not
7 doing so well financially, presumably and that's one of
8 the reasons that there was probably some delay in
9 bringing back down the prices. And that's the essence
10 of having a widening marketing margin at that period of
11 time.

12 Since then, we actually have seen the
13 marketing margin, calculated again as a gross marketing
14 margin, fall back into a range that's lower than the
15 kind of numbers that we saw from the specific data
16 points that Rigo is talking about.

17 So I guess I'm not convinced there isn't an
18 issue with margins in fluid milk pricing, but I think
19 we need to be fairly careful in assuming that the kinds
20 of changes we've seen, particularly in the last few
21 years, are really indicative of that.

22 MARK TOBEY: Alright. Rigo, let me give you

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

117

1 a chance to respond and then maybe we can ask our
2 producers from their point of view, I'm sure they
3 remember 2009, and what they may recall about how they
4 felt about grocery store prices, or maybe they even
5 talked to their grocers, but let's talk, let's go first
6 to you, Rigo.

7 DR. RIGOBERTO LOPEZ: Well, I want to clarify
8 that those were only two pictures, but we have done
9 more in-depth studies, you know, to prove the point.

10 So, second, you know, we should keep in mind
11 that the milk is not the only cost, you know, in
12 retailing milk. So there is a lot of no milk costs
13 without -- usually more -- much more stable such as
14 wages, for example, and fuel -- well, that depends on
15 the month as well, but capital prices.

16 So, but nonetheless, you know, the fact
17 remains, I think, that the -- even if you account for
18 costs and we have done that, you know, by calculating
19 processing costs, maybe in a similar fashion to what
20 Pennsylvania has done, and we have also calculated,
21 other stuff calculated, retailing costs. Even
22 accounting for those costs, I think that there is over

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

118

1 a dollar in profit margin that are left in the market
2 channel beyond the farmer. Otherwise, I don't think
3 you can justify a 2.50, 2.63 margin when the prices are
4 1.19 to the farmer, for example.

5 MARK TOBEY: Alright. Let me follow up with
6 that. We heard on the earlier panel from the
7 representatives from the Food Marketing Institute,
8 among others, that retail grocery store competition is
9 vigorous and that their margins are very, very thin.
10 How can you square that with what your research shows?

11 DR. RIGOBERTO LOPEZ: Well, the -- we have
12 estimated the retailing costs of milk to around 50
13 cents, for example, and processing around 80 cents. So,
14 I guess, you know, I'd just say also that retailing is
15 now facing new forms of competition from big box
16 stores, for example, that are, you know, cutting into
17 their profits.

18 But, however, you know the prices of milk at
19 the supermarket remain much higher than those prices
20 charged by big box stores. So I don't think that the
21 price is not high enough and stable enough that it will
22 have to exceed the cost that we had calculated for

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

119

1 retailing milk, and the costs beyond the wholesale.

2 MARK TOBEY: Alright. Either, Eunice or
3 Buster, do you have thoughts about retail pricing of
4 milk and what happens to your milk in the food chain?

5 This may be a little beyond your area of
6 expertise, but let me give you a shot.

7 EUNICE BIEL: Well, when I go -- when I go
8 grocery shopping for milk, I never look at the price
9 because I figure -- I feel that milk is a bargain at
10 any price and it should be. When people said to me,
11 oh, milk -- people I work with say, "Oh, milk is high."
12 And I says, "Good. You should be paying more." I feel
13 that way.

14 But I think there's a disconnect, because
15 when people pay more in the grocery store and our
16 prices are low, they think that we're getting all this
17 money -- all the money. We're getting all of it, and
18 they don't understand that there's a lot of complicated
19 issues and there's a lot of external factors affecting
20 the milk price. And I guess we don't have -- we just
21 don't have confidence in the -- it's a very complicated
22 system, we just don't have confidence, and I don't feel

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

120

1 that there's a true supply and demand.

2 And we're exporting a lot and that's helping.

3 And then we got lots of stock of cheese and we got low

4 inventory butter and -- but -- and -- but, yet, we --

5 there's no mention also of the milk protein

6 concentrates that are imported in this country. There's

7 -- I don't know if that's ever factored in.

8 So I guess -- I think that there is -- the

9 people who -- the people who get to it before it gets

10 to the shelf are the ones that make the money. I think

11 -- my father always said to me, "There's money in

12 farming, but it's after it leaves the farm gate."

13 MARK TOBEY: Buster?

14 BUSTER GOFF: It's hard to follow Eunice, by

15 the way.

16 You know, when we had the record highs in '06

17 or '07, I forget now it's so far away, but there was a

18 lot of national press talking about the high milk

19 prices and what the farmer was receive -- excuse me,

20 was receiving. So, you know, we really -- or the

21 retailers had the opportunity to say, here, this is why

22 we're selling our milk at a higher level, because of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

121

1 what you hear in the press that the farmers are getting
2 the higher price.

3 But, another thing, Rigo, I did a little
4 research myself. It's kind of old research. It was
5 between '73 and '98 when I was marketing milk into
6 grocery stores. But every -- every day I walked into
7 these grocery stores and marketed my milk on a
8 wholesale level and this was wholesale through our
9 dairy herd and then wholesale through our milk plant.
10 And it was -- it was always a pretty standard 30
11 percent increase from what I sold milk to the store and
12 what the store sold to the customer. I don't know what
13 their costs are, but it -- it was pretty general that
14 that was what the difference in the margins were
15 between what I sold to them and what they sold to the
16 consumer.

17 You hear a lot about milk being a loss
18 leader, and the only experience I have with that is if
19 I ever wanted to be a part of that I would be the one
20 that had to reduce my price.

21 MARK TOBEY: Thank you.

22 You brought up the topic of milk as a loss

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

122

1 leader but let me go to that. First of all, David
2 DeSantis, I guess, because of the way that Pennsylvania
3 regulates the retail margins, minimum margins, milk
4 can't be sold as a loss leader in Pennsylvania; is that
5 right?

6 DAVID DESANTIS: Yeah, that's absolutely
7 true. Actually, you have the opposite occurring. There
8 seems to be in some markets a retail culture that puts
9 the price up a little bit, and you can understand why
10 that would happen. If you have a inner-city store that
11 is buying two or three cases of milk, it's quite
12 expensive for them to market that milk. So you're
13 going to find that well over our minimum price. But on
14 the other side of it, stores that are in highly
15 competitive areas will go down to our minimum. Our
16 minimum becomes the maximum.

17 And the good thing about our system is that
18 the price wars can be very destructive to the people
19 that are supplying the stores. If you're in
20 competition with a store down the street to lower the
21 price of milk, you're going to ask your supplier for a
22 better price or you're going to lose the business. The

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

123

1 supplier in turn is going to go back to the farmer and
2 say, we can't pay premiums this month. You don't see
3 that in Pennsylvania. You don't see it in a regulated
4 environment like we have.

5 MARK TOBEY: So, alright, this is the
6 approach in Pennsylvania. I understand New York has a
7 slightly different approach, New York state, where they
8 -- they tie the retail price of milk to some multiple
9 of a farm level price.

10 I guess my question to the economists would
11 be is this type of regulation a good thing or a bad
12 thing, regulation that would prevent a retailer from
13 having full pricing flexibility for fluid milk?

14 Maybe we'll go to you, Chuck.

15 DR. CHUCK NICHOLSON: Alright. Just -- since
16 I used to work in New York at Cornell before I went to
17 Cal Poly, I'll just say a bit about the New York,
18 what's called the Milk Price Gouging Law which was
19 passed in 1991, largely in response to the kind of
20 issue where the farm price had dropped and the retail
21 price didn't come down as quickly as the farm price.

22 That law basically specifies a maximum margin

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

124

1 that can be earned by other agencies in the marketing
2 chain; that is the processors and the retailers. And
3 that multiple is something like the number 2. And what
4 has been observed is that that ratio is pretty the
5 price that gets charged or maybe actually even a little
6 bit more, there are certain allowances in New York
7 City, but in most of the upstate markets that markup is
8 not binding, it's not something that sets actually what
9 the price of milk will be.

10 So it's interesting that New York and
11 Pennsylvania, two neighboring states, you have a
12 minimum margin law and a maximum margin law presumably
13 designed to try and achieve the same thing.

14 What I'll say in terms of the kind of general
15 approach to thinking about doing something about
16 margins, again, I think the -- the challenge that I
17 have in sort of warming up to the idea that this is
18 something that should be addressed, is that I think we
19 lose sight of probably the more important issue for
20 dairy producers, which is really the tremendous price
21 volatility and the periods of particularly low prices
22 and high costs that cause them significant financial

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

125

1 distress.

2 And I have done some recent work in
3 preparation for this workshop that tends to suggest
4 that if we really want to deal with the issue of those
5 low price periods, we need to be thinking about other
6 programs and not so much worrying about what the margin
7 is between the farm and the retail level. And that may
8 sound kind of funny, but the basic idea though is that
9 we have programs in place that could probably be more
10 effectively used to support dairy farmers. We have new
11 proposals from the National Dairy Organizations that I
12 think would actually be much more effective in trying
13 to deal with the severe pain that we've seen as
14 typified by the last couple of years.

15 MARK TOBEY: Okay. Rigoberto, do you have
16 any thoughts?

17 DR. RIGOBERTO LOPEZ: Okay. So, there are
18 two important -- there are two important
19 characteristics of this type of proposal that I see
20 from Pennsylvania and from New York is that they
21 pertain to a state regulation, first of all.

22 And second, the second important

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

126

1 characteristic is that we are getting the money to
2 rebalance the margins in the channel from the market
3 itself. It's not coming from government subsidies,
4 it's coming from the market channel itself.

5 So those are the two important points I
6 think. So that -- I think that -- another point that I
7 wanted to make is that an unregulated market or a so-
8 called free market, is not necessarily a fair market.
9 It's not necessarily competitive either. So we have to
10 really address this question in the context of whether
11 the status quo is competitive and it is fair. So I
12 think that this would be a good start, this type of --
13 looking at this type of regulation, to start addressing
14 some of these questions on behalf of all institutions
15 in the vertical market channel.

16 And I want to make one last point about being
17 a loss leader. I think that the people just to talk,
18 Mark, about milk, about 20 years ago, and it's clearly
19 a loss leader in some of the gas stations perhaps, some
20 news stores, like Aldi perhaps that is employing
21 penetration pricing, but is no longer the case. I
22 think the dairy section of supermarkets, for example,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

127

1 is among the most profitable ones in the -- for
2 supermarkets. So the leader has found its way if he
3 was ever lost in the last 20 years.

4 BUSTER GOFF: Yeah, thank you. I'd like to
5 kind of comment a little bit about what Chuck was
6 talking about. I believe we as producers, are probably
7 closer to agreeing with some sort of program than we've
8 ever been. Of course, not all of us, but some of the
9 things that we've worked towards is putting something
10 called "Foundation for the Future."

11 And some of the things that are in this is
12 readdressing how we look at federal orders, addressing
13 market margin insurance, that's tying your feed costs
14 with your milk price and having some sort of insurance
15 for that margin, and also addressing supply management.

16 So hopefully, this is going to continue to go
17 forward and hopefully it will be considered sooner than
18 later.

19 MARK TOBEY: Did you want to say anything,
20 Eunice?

21 EUNICE BIEL: Well, there's been a lot of
22 proposals and I'm not real -- I heard from our

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

128

1 Congressman from Minnesota, Collin Peterson, some of
2 his ideas and he's not -- right now everything's in the
3 discussion stages and nobody's really signed on to
4 anything because there's problems with all of them. But
5 I do think we need supply management and I think that's
6 very important.

7 And we also need to deal with the phantom
8 milk supply of milk protein concentrates that's coming
9 in and it's not recognized as a dairy product, so it's
10 not assessed as an import. It just has to be dealt
11 with because it's there and it's generally accepted but
12 it should be dealt with because it isn't really
13 factored into the pricing. So I just -- hopefully that
14 this today will bring an awareness so that we realize
15 the importance of getting a strong dairy policy.

16 MARK TOBEY: Thank you. I think what we'll
17 do since we're getting near the end of this panel, is
18 we'll take one audience question that we've gotten.
19 It's a good question and it would be directed at our
20 colleague from Pennsylvania.

21 The question is: What are the barriers to
22 entry in Pennsylvania to keep all dairy producers from

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

129

1 coming in and taking advantage of the magic in
2 Pennsylvania?

3 DAVID DESANTIS: And the answer is: You
4 can't put up barriers. We try to encourage the
5 Department of Transportation to not plow the roads at
6 the borders, but that won't work, you know.

7 (Laughter.)

8 DAVID DESANTIS: So, the adage is: "Money
9 moves milk and more money moves more milk." So if our
10 price is very disparate from the surrounding markets
11 then we will invite milk in, usually from west to east
12 and from north to south. There's a lot of milk in New
13 York that could invade our markets very easily.

14 Plus, we have importing retailers that don't
15 buy their milk in any regulated way from -- that's
16 under our control, so someone like Aldi or Costco does
17 bring milk into the state and they bought it at prices
18 that were not under our control.

19 So we have to be very sensitive whenever we
20 set the over-order premium so that it doesn't create
21 such an incentive that dealers and retailers don't
22 bring the milk in just to evade the premium.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

130

1 MARK TOBEY: Well, thank you very much, all
2 the members of this panel. Obviously, this dialogue
3 will continue to be ongoing and thank you very much for
4 being here today.

5 (Applause.)

6 MARK TOBEY: I think what we'll do next is go
7 directly into the public participation phase of the
8 workshop. We'll have open microphones.

9 John Ferrell from the U.S. Department of
10 Agriculture and I think my colleague Bill Stallings
11 from the Department of Justice will sit up here and
12 listen to your comments and John will probably describe
13 a little bit more about what the -- what the rules will
14 be.

15 Thank you all.

16 PUBLIC TESTIMONY

17 JOHN FERRELL: Well, I think we will go ahead
18 and get started for the public testimony section of
19 today. We will -- we will have people provide comments
20 that want to come up to the microphone for the next
21 hour and then at 12:30, we'll go to lunch then.

22 So what we'll do is if you wanted to provide

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

131

1 a comment, we had tickets out front that you could get
2 and what we'll do is if you have a ticket and want to
3 provide a comment to line up on either one of the
4 microphones up front here. We're going to ask that you
5 limit your comments to two minutes each and we do so
6 just so we can ensure to get as many people as possible
7 who want to provide a comment to be able to do so.

8 We do have a timer over here and he'll help
9 keep track of our time and make sure we're getting as
10 many people through as we possibly can because we want
11 to hear from as many of you as possible.

12 So, again, if you want to provide a comment
13 go ahead and come up to the microphone and we'll -- we
14 can go ahead and get started.

15 Right over here.

16 ED KING: Good morning. I assume this is on.
17 Yes, it is. My name is Ed King and I'm a dairyman from
18 New York State, the eastern edge of the state. And I
19 sit on the Board of Directors of the Dairy Lee Co-
20 operative.

21 I was fortunate enough to be able to be
22 offered the opportunity to back in June, to testify in

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

132

1 Madison. And I really appreciate the fact that the
2 interest in both the Department of Justice and USDA
3 continues in the dairy industry and its economic
4 viability. So I'm -- we really appreciate that.

5 Second of all, I really appreciate the fact
6 that we have strong support that's been voiced by both
7 the Secretary and the Attorney General for the Capper-
8 Volstead Act. That's extremely important to us as co-
9 operative members going forward.

10 A couple of my main points in Madison were
11 the fact that retailers, large retailers, supermarkets,
12 are able to extract concessions from processors that
13 say, well, okay, here's the price and these are the
14 movers and the price of the contract but then when it's
15 all finished, the supplier has to keep quote-unquote,
16 "keep the retail marketer competitive." Those same
17 demands are passed from the processor back to the
18 cooperative; therefore, to the farmer. And it's pretty
19 clear. The farmer doesn't have anyone to turn to to
20 keep them competitive.

21 We've heard a lot of discussion here today --
22 and I think that's an area that certainly needs

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

133

1 investigating.

2 We've heard a lot of discussion about price
3 and margins, et cetera. I would tell you that the
4 comment that was made about New York State's anti-
5 gouging law and the fact that there is a law, but
6 currently it's not being enforced. I assume that's
7 because of budgetary restrictions and lack of
8 personnel, et cetera, but the State of New York would
9 be better off commenting on that than I. But I know
10 for a fact that that anti-gouging law is not being
11 enforced in New York.

12 And we've had a lot of good testimony but
13 another -- another certainly extremely important factor
14 in all of this is that we talk about margins but the
15 spread between the farmer and retail, but no one has
16 spoken about -- only in a tertiary way about how
17 drastically the cost of production of milk on farms has
18 increased. And if those, that factor is not taken into
19 consideration, then some of the margins that are quoted
20 are meaningless until you -- until you take a look at
21 that.

22 So there's -- those are the points. And,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

134

1 again, I appreciate the opportunity to be here today
2 and the focus of attention that you folks have given to
3 the dairy industry.

4 Thank you very much.

5 JOHN FERRELL: Thank you.

6 JOEL GREENO: I have to turn it on or --

7 JOHN FERRELL: It's on.

8 JOEL GREENO: It's on? Okay. Good.

9 Hi, I'm Joel Greeno, dairy farmer from
10 Kendall, Wisconsin and I also had an opportunity to be
11 on the panel in Madison, Wisconsin, June 25th.

12 And I just would like to remind everyone that
13 rural America is in serious trouble, that our small
14 communities are failing because the farmers that live
15 around those communities don't have any money. And
16 especially in my area of dairy, things are extremely
17 bad, you know, due to the last two years of extremely
18 low prices.

19 I've seen more farm equipment hauled off to
20 the salvage yard than I've ever seen ever before. I've
21 seen dairy farmers sell their corn crop because it's
22 the only thing they had that was of any value and I

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

135

1 don't know if they're banking on a better milk price by
2 spring, which the way it looks isn't likely, or if
3 they're planning on selling their cows soon, because in
4 Wisconsin once you're out of feed, and that with cold
5 weather the situation's drastic.

6 And so we need the milk pricing system fixed.
7 If we want young farmers to come into the industry they
8 need to be paid a living. Everyone in the chain can
9 adjust their margin accordingly and earn a living
10 except for the farmer. And if Antitrust Division and
11 USDA doesn't step it up and ensure that farmers earn a
12 living first, and everyone else adjusts their margins
13 accordingly thereafter, the entire system will fail,
14 rural America will fail, our farmers and our nation as
15 a whole will fail, just because our whole
16 infrastructure relies on our farmers who produce 70
17 percent of our -- the world's raw material and we're
18 absolutely vital.

19 And, you know, we're depended on and we're
20 the people that create the economic activity that
21 creates jobs and puts people back to work and all that
22 needs to be taken into consideration when all these

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

136

1 decisions are being made. And for dairy farmers, you
2 know, time is critical and these decisions need to be
3 made in short order and far sooner than the 2012 Farm
4 Bill.

5 And ongoing investigations need prompt
6 attention such as the one into Dairy Farmer's of
7 America, Dean Foods and National Dairy Holdings that
8 I've spoke of before.

9 Thank you.

10 (Applause.)

11 KATHY MULVEY: Good morning, I'm Kathy Mulvey
12 speaking on behalf of the Community Food Security
13 Coalition which includes more than 400 social and
14 economic justice, anti-hunger, environmental, community
15 development, sustainable agriculture, community
16 gardening and other organizations who are working to
17 catalyze food systems that are healthy, sustainable,
18 just and democratic by building community voice and
19 capacity for change.

20 And really alarming levels of corporate -- of
21 concentration in agriculture and lack of enforcement of
22 antitrust regulations and laws are inhibiting

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

137

1 development of our local and regional food systems. Our
2 members are concerned about corporate consolidation in
3 the agriculture and production and retail sectors
4 because it negatively effects both producers and
5 consumers. Producers are receiving less of the retail
6 dollar and consumers are paying more for food.

7 And in an industry that's dominated by a
8 handful of corporations we're finding producers
9 struggling for access to markets, land, fair wages and
10 non-GMO seeds. And consumers struggling for access to
11 affordable healthy food, transparent food origination
12 information, market diversity and in rural and limited
13 income areas, particular concern about lack of access
14 to healthy food, healthy grocery stores.

15 So really after -- now is the time to move
16 from study to action to ensure that consumers and
17 farmers receive fairness in the marketplace. So we're
18 encouraged by this process, we look forward to seeing
19 DOJ and USDA work together to enforce antitrust
20 legislation, stop anti-competitive behavior and also to
21 recommend new laws coming out of this process to
22 encourage more regionally-based food infrastructure.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

138

1 Thank you very much.

2 (Applause.)

3 PAUL SOBOCINSKI: My name is Paul Sobocinski.

4 I'm a crop and livestock farmer from southwest

5 Minnesota. I'm with the Land Stewardship Project and

6 I'm now producing hogs for Nieman Ranch.

7 In my neighborhood where there was once ten
8 of us producing hogs I'm the only one left. I want to
9 be clear that the National Pork Producer Council does
10 not represent me as an independent pork producer. In
11 my opinion, with my money, and on their watch, 90
12 percent of the hog producers have been eliminated since
13 I've been farming.

14 So what do independent family farmers need?
15 We need better market access. We need real discovery
16 of price in terms of sales being offered for livestock.
17 We need real fairness. We need USDA to swiftly enact
18 and enforce the proposed GIPSA Rules.

19 I'd like to tell a story and hope that maybe
20 you can remember. It's my pie story. When my mom made
21 a pie for our family with seven kids in the family,
22 that pie was divided up all equally. Right now, both

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

139

1 USDA and Justice have got to decide with the GIPSA
2 Rule. Are you going to take that pie, are you going to
3 put that hand on the pie on the hand of Wal-Mart and
4 the multinational packers, put your hand on it and
5 guide that pie slicer back to fairness just like my mom
6 did for each of us so that farmers get a fair share of
7 that pie?

8 That's what needs to happen. What also needs
9 to happen, if they can't get their hand moved over for
10 fairness, Wal-Mart's hand moved over for fairness,
11 along with the packers, you need to take that slicer
12 and start cutting them up and splitting them up. They
13 don't need to be that big if they can't be fair.

14 Thank you.

15 (Applause.)

16 STEVE MEYER: Hi, my name is Steve Meyer. I'm
17 an industry consultant and an analyst and I run a
18 company called Paragon Economics in Iowa.

19 I'd like to bring a couple of points to the
20 attention of the panel today. And the first two are
21 really about the elephant in the room, I've been to
22 four of these things, and it seems as though everybody

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

140

1 forgets that one of the best ways to help the
2 livestock, poultry, dairy and egg industries in these
3 United States would be for USDA to quit working against
4 meat and animal protein demand by promoting other diets
5 through the dietary pyramid, the food guide pyramid and
6 other ways. We don't feel like you've done us very
7 much good on that count.

8 The second elephant in the room is the fact
9 that over the last five years, the number one
10 determinant and the number one damage to profitability
11 in the livestock and egg and dairy industries and
12 poultry has been the run-up in feed costs due to the
13 subsidization of ethanol production from corn. If you
14 want to help profits, do something about that and help
15 our costs getting back to a more reasonable -- and put
16 us on an even playing field on buying corn.

17 The last point I would make is that these
18 price spreads that we're talking about today are
19 spreads. They do not indicate profits. The major
20 component of any of the prices that you talk about in
21 the ERS price spread data is cost. There's a lot more
22 costs than there are profits. And one of the ways that

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

141

1 USDA can help in keeping prices spreads low is to make
2 sure they don't add to our cost in some fashion. This
3 would -- with this in mind, it doesn't mean do nothing,
4 but it does mean do what you do carefully. Now the
5 Hippocratic Oath says first "Do no harm." And I would
6 really urge you to do that in this case as well.

7 Price spreads are wide for some goods because
8 the finished good doesn't look very much like the good
9 that comes off of the farm. In the case of beef and
10 pork, for example, the farmer's share of the pork
11 dollar is lower because there's a lot more processing
12 that goes into pork than there is to beef. And so the
13 level of these price spreads in and of themselves,
14 don't mean very much. They're the function of how much
15 processing needs to be done to a given good and the
16 costs of doing it. You can help us by making sure that
17 you don't add to those costs.

18 (Applause.)

19 WES SHOEMYER: Good morning. I'm Wes
20 Shoemyer and I'm a family farmer from northeast
21 Missouri and I'm going to shift gears just a little
22 bit. The last time I was out here was 12 years ago and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

142

1 we were talking about COOL and those type of products
2 and mandatory price reporting. Today, we're here --
3 and the two words we hear today are "fairness" and
4 "competition."

5 And I'm going to shift gears just a little
6 bit and talk about the supply side. There is nothing
7 in this country that eliminated competition and created
8 a monopoly faster than the general utility patent. And
9 I'm going to talk about our seed industry, and the
10 access that we have to seed. And what needs to happen
11 is one of two things. If you're not going to have
12 competition, which that patent has eliminated, then we
13 need to seek the fairness.

14 And there's two ways that we can grab that
15 fairness if we have the political will. One is to go
16 back and visit the Plant Variety Protection Act and
17 allow farmers to retain their own seeds once again,
18 which will create competition and fairness in the
19 market.

20 The other thing I was just reading my
21 Blackberry from Missouri and I read the headlines. It
22 said, "The Public Service Commission celebrates 97

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

143

1 years of operation." Well, when the Public Service
2 Commission was created, it was to regulate those things
3 that are so important to us like the electricity,
4 water, but we allowed monopolies to happen in Missouri.
5 But we said if we are going to allow a monopoly to
6 exist there has to be fairness to consumers. And we
7 forced those monopolies to open their books, justify
8 their costs so that there is fairness to those people
9 that they are selling to.

10 We either need to have the political will to
11 create a Public Service Commission for intellectual
12 property in this country to force them to open their
13 books to justify their investment and the cost, because
14 since the time of Round Up Ready and the tech charge
15 has gone up from \$6 to well into the 20s with no
16 additional investment by the holder of that patent. It
17 is time for fairness on this side of the market too.

18 Thank you.

19 (Applause.)

20 RUDY ARRENDONDO: Good morning, my name is
21 Rudy Arrendodo, President of the National Latino
22 Farmers and Ranchers Trade Association. And one of the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

144

1 things that we truly would want to express our
2 appreciation to Secretary Vilsack and General Holder
3 for getting us to this juncture, because in the past we
4 couldn't even get past that door.

5 So it is important that at this juncture that
6 the leadership continue to move forward and ensure that
7 those markets are regulated. We are continuing to --
8 we are small producers. So we have a tremendous amount
9 of concern with regard to this concentration and these
10 monopolies in poultry, beef and pork, and we would like
11 to have the Department of Agriculture look towards, you
12 know, those small producers who are really trying to
13 re-retrofit the decimation that this concentration has
14 done to our rural infrastructure.

15 And, you know, sharecropping has -- has
16 become contracting on steroids with regard to these
17 monopolies that have -- that has -- that are now in
18 place.

19 So I appreciate very much if you continue to
20 do this, we'll be willing to be very helpful to you as
21 you move forward. Thank you.

22 (Applause.)

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

145

1 DAVID COOPER: Hi, my name is David Cooper
2 and I represent Family Dairies USA, a dairy co-
3 operative in the upper Midwest based in Madison,
4 Wisconsin.

5 But more importantly, I'd like to say that
6 I've spent 44 years in agriculture. My parents have a
7 farm, my brother is a fourth generation farmer and so
8 I've been in agriculture and around dairy farmers all
9 my life. They work hard, they re-invest in their
10 operations and they support local communities.

11 Agriculture, specifically the dairy industry,
12 has changed a great deal in the past ten years with
13 vertical integration, operational size and profit in
14 their operations. The percentage return to producers
15 in these products has been reduced greatly over those
16 years. Despite operational efficiencies obtained on
17 the farms which has helped reduce costs and provide
18 greater supply to support the growing population, input
19 costs relating to that has increased dramatically when
20 you talk about feed and fuel and fertilizers who have
21 skyrocketed over the past several years because of the
22 energy policies that are being introduced or

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

146

1 competition that's being increased.

2 So the ability for producers to obtain equal
3 percentages or even greater percentages from the
4 marketplace are not required -- or have not occurred.
5 Someone, not the producer of the product, has reaped
6 huge rewards over the years.

7 I'd like to illustrate a few things to bring
8 this to light. The consumer price index for whole,
9 fresh milk based on U.S. city averages from 2000 to
10 2010 showed that in year 2000 the price of a gallon of
11 milk was \$2.78. At the time Class 1 in the Midwest,
12 price to the farmer was 13.35 per hundred weight versus
13 \$32 per hundred weight that that gallon of milk would
14 have equated to. With premiums to producers, the
15 farmers received \$1.26 of that 2.78, leaving a balance
16 of \$1.52. When I fast-forward that ten years, the
17 price for a gallon of milk is \$3.11 and producers are
18 receiving approximately \$1.25, leaving the balance at
19 \$1.85 or 5 percent disappearing.

20 I want to explore a little bit in the cheese
21 market because that's certainly what the Midwest is
22 familiar with and a large amount of that coming from

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

147

1 their cheddar cheese, has a standard of identity. You
2 can buy it on the CME for \$1.50 a pound. Producers
3 basically are getting about \$1.60 a pound, yet it's
4 being sold in the store anywhere from \$3.39 to \$6.38 a
5 pound. There is a spread there and I recognize that
6 all cheeses aren't created equal. The standard used to
7 be 10 pounds per hundred pounds of milk. Some vats are
8 coming out with 15 pounds per hundred pounds of milk,
9 so there is a difference there.

10 And when you see spreads of anywhere from \$22
11 to \$47 per hundred weight for that same milk that's
12 being made into that cheese, someone is making that
13 money. And I realize that dairy producers can't reap
14 all of that, there's certainly energy costs that
15 processors and the food chain has experienced, but the
16 difference that producers have experienced as well is
17 greater.

18 Price discovery and transparency in those
19 systems need improvement and they need improvement
20 because the fabric and the backbone of the America that
21 we know being agriculture, will not survive without it.

22 Thank you.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

148

1 (Applause.)

2 MARCIA ISHII-EITEMAN: Thank you. I'm Marcia
3 Ishii-Eiteman from Pesticide Action Network, PAN, a
4 global network of scientists, family farmers, consumers
5 and farm workers working towards a fair and healthy
6 food system. PAN has 35,000 supporters in the U.S.
7 many of whom have written to us this pastweek bringing
8 us messages to share with this workshop.

9 Our supporters are deeply concerned about the
10 fact that, right now, the top six chemical companies
11 control 75 percent of the global pesticide industry.
12 And one corporation, Monsanto, controls 60 percent of
13 the U.S. corn and soybean seed supply. This level of
14 consolidation is unprecedented and is dangerous.

15 Our supporters are concerned in particular
16 about lack of access. Farmers today can barely access
17 non-GMO seeds. This lack of market choice deprives
18 farmers of any real control over what to plant and how
19 to tend their crops.

20 Meanwhile, the agricultural biotech industry
21 has lobbied aggressively to prevent labeling of food
22 products containing GMOs or pesticides. But American

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

149

1 consumers want to know what's in and on our food, how
2 it's produced, where it's produced in order that we can
3 make informed choices about how to feed our families.

4 Health and safety: Local and organic farmers
5 and ranchers have a hard time finding markets for their
6 products. They can't get a fair price from corporate
7 buyers, they have a hard time getting a fair deal for
8 supermarket shelf space, and on the other hand,
9 consumers have difficulty finding, accessing and
10 affording healthy local and organic food.

11 What is available in our large supermarkets
12 tends to be highly processed food-like products linked
13 to obesity and diabetes that ultimately cost consumers
14 more in healthcare expenses, in lost employment
15 capacity and reduced quality of life.

16 Our supporters are also deeply concerned
17 about threats to the environment posed by corporate
18 agriculture. It's this kind of agriculture that
19 poisons our air and water, wears out our soil,
20 threatens biodiversity and the very eco-system
21 functions on which agriculture depends and weakens food
22 security. It does not have to be this way. There are

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

150

1 other ways of farming that are sustainable and highly
2 productive, less costly to the environment and public
3 health. Farmers just need a fair chance and a fair
4 marketplace to make this happen.

5 And that brings me to my final point,
6 fairness. Our supporters want fair prices for farmers
7 and ranchers and fair wages for farm workers. We want
8 an end to the revolving door between the ag lobby, the
9 corporate actors and the government agencies that are
10 responsible for regulating the industry. It's this
11 kind of corruption that enables corporations to
12 indirectly set public policy for their benefit at the
13 expense of ordinary farmers, workers, consumers and the
14 environment.

15 In sum, Pesticide Action Network and our
16 supporters are urging the Justice Department having had
17 a year to review the evidence, to take decisive action,
18 vigorously enforce existing antitrust laws, break up
19 Monsanto's monopoly control and give farmers back the
20 right to freely save and exchange seed.

21 So, in essence, we urging public agencies and
22 lawmakers to return control of agriculture to the real

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

151

1 farmers and ranchers of America, restore fairness to
2 our food and agricultural markets and allow consumers
3 to have a real meaningful choice and all consumers at
4 all income levels, to buy healthy food at affordable
5 prices.

6 Thank you very much.

7 (Applause.)

8 JOHN FERRELL: Thank you.

9 I do ask if you can keep your comments to the
10 two minutes just out of fairness to everybody.

11 So right over here.

12 PETER MICKELSEN: My name is Peter Mickelsen.
13 My wife and I own a ranch, cattle ranch near Lewistown,
14 Montana. And I'm here in strong support of the
15 proposed GIPSA Rules.

16 I'm going to tell a quick little story
17 because it is absolutely typical, not atypical, of
18 what's happened in rural America. When I first owned
19 my first calf and was responsible for the raising of
20 that calf, in 1942, our ranch today was three ranches
21 then, supporting four families, the three owner
22 families and one ranch had a full-time hired family.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

152

1 Today, that same ranch cannot support one
2 family. And there is one reason and one reason only
3 and it's been very well spelled out, by the Secretary
4 and by the Attorney General, and that is we do not have
5 a fair marketplace. As a matter of fact, it's only
6 unjust, I consider it dishonest and illegal. Why?
7 Because it's controlled by monopoly.

8 Now, USDA knows this, the Department of
9 Justice knows this, most of us in this room know this
10 and it's now time to act and put these proposals into
11 effect.

12 I would like to make a couple comments about
13 some of the things we heard from the panelists this
14 morning. If anyone in this room thinks that we have a
15 fair, competitive market it's a myth. And one other
16 thing, if anyone in this room thinks we have the best
17 marketing system for our livestock, they're very well
18 ill informed.

19 I've lived a good part of my life overseas
20 and I can tell you that this monopoly, four companies
21 controlling over 80 percent of the red meat and I think
22 I've said my piece. I thank you, but let's do the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

153

1 action. USDA and the Department of Agriculture have
2 had since 1921 to do something about this and it has
3 not been done and now you're doing it, do it.

4 (Applause.)

5 STEPHEN WAGNER: Hi. My name is Stephen
6 Wagner. I'm a student from Bar Harbor, Maine. And I'm
7 also a volunteer with Slow Food. And I do this because
8 I want to see a food system that is fair and equitable
9 for all actors in the food system. That includes
10 growers, producers, consumers, retailers, and also the
11 future generations.

12 And, specifically, I'm here as a consumer
13 because I'm concerned about the safety of our food
14 supply. There was a panelist previously who said it
15 was the safest food supply in the world and a high
16 quality of life. With all due respect to the
17 gentleman, I would like to see what those definitions
18 of "safe" and "quality" are because that is not what
19 Americans have been seeing.

20 Every year this country has 5,000 people die
21 and over 300,000 people hospitalized for food
22 contamination. And the link between our food -- the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

154

1 safety of our food supply and corporate consolidation
2 is very clear. The bigger the farms, the larger the
3 distribution; the larger that distribution, the
4 accountability and the transparency disappear and an
5 outbreak cannot be controlled as it can on a smaller
6 farm. This is why -- this is why an outbreak in just
7 two egg laying facilities only a couple of months ago
8 led to a recall of over a half a billion eggs
9 nationwide.

10 I am not alone in my concern. I am speaking
11 for over 10,000 people who signed a Slow Food petition
12 that demanded the government take action and create a
13 safe food system for this country. 5,000 deaths a year
14 is not only outrageous but it is preventable.
15 Therefore, I ask the DOJ to please enforce existing
16 antitrust legislation that will begin to break up the
17 corporate consolidation and take a significant step
18 toward ensuring our nation's food supply.

19 Again, I thank you for your time and this
20 opportunity to speak.

21 (Applause.)

22 CHRIS SANDERS: Good morning. I'm Chris

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

155

1 Sanders with the Food and Commercial Workers Union in
2 Kentucky. I'm here with all these gold shirts down
3 front.

4 I've been to several of these hearings. I've
5 been to Normal, Alabama, and to Fort Collins, Colorado,
6 and I really wanted to be here in Washington, D.C. to
7 talk about profit margin and talk about the retailer.

8 Now, first, I wanted to say a word about
9 fear. When we were in Normal, Alabama, a grower stepped
10 up to the microphone and said, "I'm speaking for
11 another who is afraid to speak for fear of
12 retaliation." And I really appreciated it, it's one of
13 the kindest things I've ever seen. The Attorney
14 General running that hearing from the Justice
15 Department, took that man aside and said, "You speak
16 freely without fear of retaliation, nothing will -- no
17 harm will come to you or anyone else you speak for."
18 And that kind of reassurance has emboldened many, many
19 people to speak freely in these hearings with the trust
20 that our government can provide.

21 But since I've been to these hearings, I've
22 talked to several of our major suppliers with whom we

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

156

1 have collective bargaining agreements. I'm talking
2 about names that you know, names that have been
3 mentioned in this room and in other hearings, who said,
4 "I appreciate you speaking up about the tyranny of the
5 retailer" -- in fact, I was the first person to name
6 Wal-Mart in these hearings. "I appreciate you speaking
7 up about the tyranny of the retailer in these hearings
8 because we're afraid to do that."

9 So there's two things I want to say to
10 Justice and to the suppliers. Please assure everyone
11 under this flag and under God, that they can speak
12 freely without fear of retaliation in their business
13 relationships.

14 And to the suppliers, do like us in our gold
15 shirts, stand up, speak freely. If you feel like
16 you're being treated unfairly, participate in these
17 hearings and explain what you think about the
18 retailers.

19 Thank you.

20 (Applause.)

21 MICHAEL SLIGH: Good morning. I'm Michael
22 Sligh. I work for the Rural Advancement Foundation

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

157

1 International. We are a not for profit foundation
2 dedicated to equity, justice and sustainability in
3 agriculture. We trace our roots back to the last great
4 depression where solutions such as the reform of share
5 croppers rights, the establishment of supply management
6 and parity, legislation for agriculture helped mightily
7 to pull both agriculture and our country out of the
8 last great crisis. Now is the time to provide such
9 leadership again.

10 If the goals of this process are aimed at
11 restoring resilience, fairness and economic prosperity
12 to our rural communities and to family farmers that we
13 are so indebted, then we must cut to the core of this
14 ongoing crisis.

15 I call for several of the key things that we
16 need to get to the bottom of. First, we need to
17 rapidly decentralize our packing, processing and
18 cleaning slaughter facilities to ensure that the value
19 added dollars flow back to the desperately needed rural
20 communities.

21 Secondly, we need to reinvigorate public
22 cultivars and breeds development through classical

1 plant breeding to ensure that farmers and consumers
2 have choice and tools to meet the regional climate
3 adaptation, the challenges of nutrition and growing
4 demand for healthier, fresher fibers, foods and fuel
5 choices.

6 We need to repeal utility patents on seeds,
7 breeds and planting stock as these patents are wholly
8 inappropriate for agriculture and present monopolistic
9 control over the very building blocks of our food
10 system and have paralyzed real research innovation,
11 scientific exchange and have been a very costly
12 failure. Farmers should not be renters of patented
13 germ plasm, but seed savers of a global heritage.

14 We should also not only enforce strong GIPSA
15 rules but we must create federal rights and protections
16 for all farmers and workers to fair contracts and
17 licensing agreements whether as individuals or in
18 associations.

19 We must also mitigate the growing market and
20 ecological crises due to GMO contamination and shift
21 this liability back to the patent holders.

22 We must enforce antitrust powers where

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

159

1 appropriate. And we must, in the future, have public
2 evaluation on such considered mergers prior to any such
3 considerations.

4 And we must also develop transparent and full
5 cost analysis of our food system so that we incorporate
6 the currently externalized cost so that we get at the
7 real full cost accounting of our food system, because
8 it is not antithetical for farmers and workers for
9 farmers and workers to have fair prices and for
10 consumers to have reasonable prices.

11 And, finally, we must ensure the next
12 generation of family farmers through the expansion of
13 beginning and re-entry programs for farmers back into
14 agriculture. We need one-stop full shop type models.
15 To be clear, minor tweaking and adjustments and
16 recommendations will not get us there. If we are to
17 create the kind of renaissance needed, we must do
18 justice.

19 Thank you.

20 (Applause.)

21 LEE RAMSBURG: My name is Lee Ramsburg and I
22 have 100 cow dairy farm in southern Pennsylvania.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

160

1 I'm here this morning to testify as to the
2 need for dairy cooperatives in this country today. In
3 my area, there are four or five dairy co-operatives
4 active and lots of independents. I chose DFA because I
5 think they are the most concerned about keeping their
6 producers in business. I use, for an example, they
7 have a grazing program, which educates farmers on
8 grazing management, which is a viable option for a lot
9 of struggling farmers nationwide. They also have
10 extensive education on risk management which helps to
11 minimize the volatility that we're experiencing in the
12 dairy price cycling today. They also have field staff
13 that help you work out quality and management problems
14 on your individual farms.

15 DFA is big enough that it has research and
16 development that allows them to explore new uses for
17 milk and expanded dairy products.

18 I think that dairy cooperatives are the
19 essence and the structure of milk management in this
20 country today and without them I don't know who would
21 perform all these functions that I've just named and
22 this is just a partial list, and I think that without

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

161

1 them, the milk marketing would be chaotic in this
2 country.

3 Thank you for listening to me.

4 (Applause.)

5 MEGAN LOTT: My name is Megan Lott. I work
6 with the Community Food Security Coalition.

7 A comment was made this morning on people are
8 now spending less on food now than they have in the
9 past and I just want to speak to that, because I think
10 the reality of that is that the food that people can
11 afford is bad for them, it's not healthy.

12 I'm also a registered dietician. I've worked
13 with clients, senior citizens, who I've seen been in
14 their homes making tuna noodle casserole from cat food
15 because that was an available cheap option. I've seen
16 them making tomato soup from a bottle of Heinz ketchup
17 because they could get more price-wise out of volume by
18 watering that bottle of ketchup down than buying a can
19 of soup in the grocery store or buying fresh produce.

20 The reality is, a lot of low income Americans
21 live in quote-unquote "food deserts" and don't have
22 access to healthy food options.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

162

1 More people are dying today from diet related
2 chronic disease than any other cause of death. If we
3 don't have healthy food options available, affordable,
4 how can they make the right choice?

5 The contrast between this industrialized high
6 yield corporate food production and growing world
7 hunger suggests that it is time to reevaluate the
8 effectiveness of a dominant industrial agribusiness
9 model that is not solving the problem of hunger. Please
10 don't let these workshops be the last step in this
11 examination. We need more action to ensure that
12 people, all people, have access to affordable, high-
13 quality healthy food items.

14 Thank you.

15 (Applause.)

16 ALICIA HARVIE: My name is Alicia Harvie and
17 I'm here representing Farm Aid.

18 Farm Aid is a nonprofit organization who has
19 worked for 25 years to keep family farmers on the land
20 and thriving. We hear from farmers and ranchers every
21 day. And we're concerned by the stories we're hearing
22 of increased economic pressures, intimidation and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

163

1 unfair contracting terms farmers faced at least in part
2 from an overly concentrated agricultural market.

3 We're also concerned about the impact this
4 has had on rural communities. America's farmers are
5 the foundation of our economy and as hundreds of
6 thousands of farmers have been forced off their land
7 from both rising production costs and downward pressure
8 on the prices they receive, jobs disappear, rural
9 wealth disappears and the fabric of rural communities
10 are eroded.

11 Lastly, we're concerned by what we hear from
12 the general public, from consumers who want to support
13 America's family farmers and want good food, but don't
14 know how to do so in a marketplace that lacks
15 transparency and has too few options, too few
16 retailers, too few corporations, masked by the
17 appearance of thousands of brands.

18 We are encouraged by the development of new
19 market models that have developed despite these
20 pressures, local and regional markets and other
21 arrangements that deepen the relationship between
22 farmers and consumers. Yet, these markets are also

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

164

1 stymied by the marketplace.

2 The point is, there is a real problem here.

3 Please do not take your eye off that mark. Please take
4 strong action after this year of study. Please pass and
5 implement the GIPSA Rule. Please follow through on the
6 Department of Justice investigations in the dairy
7 industry and release the results of your investigation.
8 Encourage the Federal Trade Commission to join both the
9 DOJ and USDA and this task force on antitrust issues
10 and agriculture, including retail markets. And,
11 please, recommend laws that encourage regionally based
12 food infrastructure that will give farmers a fair
13 shake.

14 Thank you.

15 (Applause.)

16 LISA MITTEN: Hi, my name is Lisa Mitten. I
17 am a consumer and a small scale food producer from
18 Huntington, Long Island and a member of the NOFA New
19 York Slow Food and the Long Island Small Farm
20 Initiative.

21 I'm here to say that myself and many other
22 consumers on Long Island want to pay farmers, growers

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

165

1 and ranchers the real cost of food.

2 Earlier today, Erik Lieberman of the Food
3 Marketing Institute and earlier this fall, Secretary
4 Vilsack on the Colbert Report, touted the fact that
5 Americans spend less of their disposable income on food
6 than just about anybody on the face of this Earth. This
7 is not something to be proud of and is incredibly
8 shortsighted.

9 I do not want cheap food because I prioritize
10 the future over the present. I prioritize my current
11 and future health, the future health of the children
12 that I will bear, the economic health of farmers and
13 the ecological health of our country and our world.

14 I only earn an average income and I am able
15 to buy good quality food because I prioritize it and do
16 not purchase other things that are associated with a
17 high standard of living like Starbuck's lattes, iPhones
18 and even home ownership.

19 I want to pay the real cost of food, the real
20 cost of high quality food like raw dairy, meat and eggs
21 raised from pastured animals and produce raised in
22 nutrient-dense soils. If I can purchase a product --

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

166

1 if I can't purchase a product from a farmer I know,
2 then I'm going to have to turn to the food industry and
3 a food producer from farther away.

4 But how am I going to make these decisions?
5 Brands and distinctions like natural, cage-free,
6 antibiotic-free and even organic are just baby steps in
7 the quality that I and many other consumers are looking
8 for. They do not represent the quality that Americans
9 are demanding.

10 Take, for example, an egg. When I crack an
11 egg and open it, I ask myself, "How much integrity does
12 that eggshell have? How vivid orange is the egg yolk?
13 How firm and upright is that egg yolk?" The goal of
14 cheap food in the United States is only weakening our
15 country, not strengthening it.

16 (Applause.)

17 TANIKKA CUNNINGHAM: Hi. I'm Tanikka
18 Cunningham. I'm the executive director of Healthy
19 Solutions and I bring you greeting also from Safaronda
20 (ph) Southeast, an African-American Organic member.

21 I'd like to speak today because I've heard of
22 two things about the price of food. And what Healthy

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

167

1 Solutions does is that we work with communities of
2 color to be able to impact themselves by helping them
3 to resource directly from farmers into the community.
4 And I hear a lot of things about the price of food and
5 everyone talks about inner cities, we're here in D.C.
6 where we function and work. They talk about dairy
7 coming in two cases is a lot and no one wants to
8 purchase it. But a lot of our retailers in our stores,
9 those prices aren't real. When you go to a corner
10 store in D.C., the price of milk is \$5.99. The price
11 of an orange is \$1 each. So when you talk about -- and
12 they're gone off the shelves because people have to
13 eat. They're suddenly in a disconnect from farm to
14 community.

15 Myself, I'm the only African-American female
16 to ever own a produce distribution company. I moved
17 about 100,000 pounds of produce a day to military
18 troops supporting schools. But within that role I
19 realized the disconnect in our communities. And there
20 needs to be a bridge of a gap. It makes no sense that
21 our farmers are suffering and it makes no sense that
22 our producers can't sell, but we have these

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

168

1 corporations, small, large, in between, it doesn't
2 matter the size, that aren't -- aren't buying directly
3 from our producers and aren't giving to our consumers.

4 Our farmers are suffering, our communities
5 are suffering because they can't afford the food. So
6 within this conversation I'd like to say do not forget
7 the communities that are suffering. And we talk about
8 all foods and all people, and I'm also going to strike
9 the African-American community cause that's where our
10 farmers are suffering, we're down to one percent. And
11 our community members all live in these food deserts.

12 Thank you.

13 (Applause.)

14 HELEN STARR: My name is Helen Starr. I
15 practiced law in private practice in Washington, D.C.
16 for about 30 years, and about a year ago I changed
17 direction. I went to Italy where I earned a master's
18 degree in food studies at the University of Gastronomic
19 Sciences which is related to Slow Food. So I speak
20 today as a consumer, an academic and founder of a Slow
21 Food chapter devoted to the Chesapeake Bay Watershed on
22 the eastern shore.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

169

1 Anti-competitive behavior in agriculture has
2 impacts far beyond prices and far beyond negative
3 impacts on small farmers and family farmers. The grip
4 that a monopolistic agriculture has on markets
5 contributes to poor health of Americans. It drives
6 what Americans eat and drives them to eat highly
7 processed foods lacking in variety and to depend
8 unnecessarily on inexpensive meat.

9 The production systems of a large scale
10 monopolistic agriculture are more likely to damage
11 soil, water and air on a global scale. Failure to
12 enforce antitrust laws in agriculture will, therefore,
13 eventually contribute to economic decline in the United
14 States. We will have higher health costs, and there
15 will be externalities from the large scale farming that
16 have not been paid for by the industry that's created
17 them.

18 Therefore, I urge the Department of Justice
19 and the USDA to enforce the laws for which they have
20 authority and to save the health, economy and
21 environment of our nation.

22 Thank you for your time.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

170

1 (Applause.)

2 CECELIA KLUDING: My name is Cecelia Kluding.

3 I am in high school and I came here from
4 Boulder, Colorado. I missed a day of school to come to
5 talk to you today.

6 I have just returned from the climate talks
7 in Cancun where indigenous farmers south of our border
8 from various other countries report their destruction
9 of their lands and resources by multinational
10 corporations in the industry of mining, gas and trade
11 agreements.

12 There need to be discussions happening
13 between and/or within the Department of Agriculture and
14 the Department of Justice that are addressing the
15 working conditions that these farmers who do much of
16 the labor producing harvesting -- and harvesting the
17 food that we eat. Having left a bad situation and
18 entering a bad situation on this side of the border.
19 Specifically, I would like there to be accountability
20 for the stated issues of the Immokalee farm workers of
21 Florida and the United Farm Workers of California who
22 report that their working conditions resemble slave

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

171

1 conditions.

2 This is not okay for our country and I think
3 this needs to be -- I demand accountability on the part
4 of the Department of Justice and Agriculture.

5 Thank you.

6 (Applause.)

7 SIENA CHRISMAN: My name is Siena Chrisman.
8 I'm here from Why Hunger in New York City. I've been to
9 three of the other workshops as well, organizing with a
10 larger coalition of groups who have been trying to get
11 many voices out to speak with you as you're conducting
12 this investigation.

13 I'd like today to really echo Chris Waldrop
14 from this morning's panel when he mentioned that many
15 Americans are being left out of the safest and best
16 food system in the world as another gentleman called
17 it. Both obesity and eye-related disease and also SNAP
18 participation are high and growing every day. Both of
19 these are directly related to the consolidation of our
20 food system. Nutritious food is too expensive,
21 producers of fresh and local foods can't get their
22 products into grocery stores, grocery stores have

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

172

1 abandoned low income communities, many of these issues
2 that we've heard from the other commenters today.

3 We at Why Hunger have been hearing from
4 thousands of our constituents that these issues matter
5 to them too. I'm here -- many of us who have commented
6 are here representing thousands, tens of thousands of
7 other people as well for whom these issues are vitally
8 important.

9 We have just submitted almost 11,000
10 signatures on a comment to the DOJ website requesting
11 strong action on this investigation. Those 11,000
12 signatures are part of a network of about seven other
13 NGOs who have among us collected almost a quarter of a
14 million signatures, 240,000 signatures, on similar
15 comments which we've all submitted in the past week to
16 you folks urging you to really take very strong action
17 at the end of this year of investigation. An action
18 which will really benefit both farmers and consumers.

19 Thank you.

20 (Applause.)

21 JOHN FERRELL: Well, I appreciate everyone
22 providing comments. We will go to a lunch break right

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

173

1 now. We will have another opportunity for people to
2 provide comments later on this afternoon, so you can be
3 free to go to lunch right now and we will ask that you
4 come back at 1:15 for the panel on issues in food
5 retailing.

6 Thank you.

7 ISSUES IN FOOD RETAILING

8 MS. POZEN: Good afternoon. If you could
9 take your seats, we'd like to get started with Panel 3,
10 Issues in Food Retailing. This afternoon we are going
11 to add to the already wonderful discussion that went on
12 this morning and talk about issues in food retailing.

13 With the increasing consolidation in the
14 retail sector, specifically in certain regions, it's
15 raised questions about the impact on consumer prices
16 and viability of smaller stores to compete and the
17 impact on suppliers down the marketing chain. There's
18 also been changes in industry structure and some new
19 trends that we're going to touch on.

20 I am delighted today to be joined by
21 panelists of all kinds and from all different
22 organizations, and I'm a little worried. We put the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

174

1 two economists side by side, so we'll have to sort that
2 out as we go forward.

3 Let me start by introducing the panelists and
4 then Howard Shelanski is going to tee up the issues for
5 us and then we're going to go through a question and
6 answer and hopefully have a really fulsome dialogue
7 about what I think are very important issues that we
8 face in the agricultural context and in retailing, food
9 retailing.

10 So I will start and introduce Howard.

11 Howard Shelanski is the Deputy Director of
12 the Bureau of Economics at the Federal Trade Commission
13 where he's responsible for the Bureau's antitrust
14 portfolio. Since 1997, he's been a professor of law at
15 University of California, Berkeley. Howard recently
16 joined the faculty at Georgetown Law Center from which
17 he's on leave while at the FTC. His research focuses on
18 antitrust and regulation.

19 Howard has twice before served in government
20 as a senior economist at the President's Council of
21 Economic Advisors and as Chief Economist at the Federal
22 Communications Commission. Before joining the Berkeley

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

175

1 faculty, he practiced law in Washington, D.C., served
2 as a law clerk to Justice Antonin Scalia in the U.S.
3 Supreme Court, Judge Louis Pollock in the District
4 Court of Philadelphia, Judge Stephen Williams on the
5 U.S. Court of Appeals in Washington, D.C. Dr.
6 Shelanski earned his J.D. and Ph.D. in economics at the
7 University of California, Berkeley and his B.A. from
8 Haverford College. Welcome, Howard.

9 To my far right is Bert Foer, a very familiar
10 face to us antitrusters and we're so pleased you're
11 here today, Bert. Bert is the President of the
12 American Antitrust Institute. His career has included
13 private practice in Washington, D.C. at my old stomping
14 ground, Hogan & Hartson, and also at Jackson &
15 Campbell. He has also served in various positions in
16 the federal government. Bert was the Assistant Director
17 and Acting Deputy Director at the Federal Trade
18 Commission's Bureau of Competition. He was also a CEO
19 of a midsized chain of jewelry stores for 12 years, has
20 had trade association and nonprofit leadership. He's
21 also taught antitrust to undergraduate and graduate
22 business students. Bert has published a number of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

176

1 articles, book chapters and reviews related to
2 competition policy, including in particular for us
3 today the topic for us today of buyer power. He's a
4 graduate of University of Chicago law school and magna
5 cum laude from Brandeis and also an MA in political
6 science from Washington University, my old law school.

7 Next to Bert is Wenonah Hauter. Wenonah,
8 welcome.

9 Wenonah is the Executive Director of Food &
10 Water Watch. She has worked extensively on energy,
11 food, water and environmental issues at the national,
12 state and local level. She's experienced in developing
13 policy, position and legislative strategies, also a
14 skilled and accomplished organizer, having lobbied and
15 developed grassroots field strategy and action plans.

16 From 1997 to 2005, she served as the Director
17 of Public Citizen, their energy and environment
18 program, which focuses on water, food and energy
19 policy. From 1996 to 1997, she was the Environmental
20 Policy Director at Citizen Action where she worked with
21 the organization's 30 state-based groups. And then
22 before that she was with the Union of Concerned

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

177

1 Scientists where she was a senior organizer
2 coordinating broad-based grassroots sustainable energy
3 campaigns in several states. She has her M.S. in
4 applied anthropology from University of Maryland.
5 Welcome, Wenonah.

6 Next to Wenonah is Mary Hendrickson.

7 Mary is from my home state of Missouri, so
8 I'm thrilled that she's here as well. Go Mizzou. I
9 can't help myself. Mary is an extension associate
10 professor in rural sociology and Director of Food
11 Circles Networking Project at the University of
12 Missouri. Her research and extension program focuses
13 on understanding the changes taking place in the global
14 food system and helps farmers, eaters and communities
15 create profitable alternatives.

16 Dr. Hendrickson serves as the Associate
17 Director for the University of Missouri community food
18 systems and sustainable agricultural program. She's
19 also served as President of the Agriculture, Food, and
20 Human Values Society and as President of Community Food
21 Security Coalition. Dr. Hendrickson is a recipient of
22 the 2002 Cooperative Servers Award presented by the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

178

1 National Farmers Union. She holds a B.S. in
2 agribusiness from the University of Nebraska and a
3 Master's and Ph.D. in rural sociology from the
4 University of Missouri.

5 Welcome, Mary.

6 To my right is Erik Lieberman. Those of you
7 who were here this morning saw Erik and heard his bio
8 in the Food Marketing Institute. We are so pleased
9 that you are here. We know that you did a lot of work,
10 and I won't repeat your bio if that's okay.

11 MR. LIEBERMAN: That's fine.

12 MS. POZEN: And we'll move along so we get to
13 the good stuff.

14 I'll move on to Kyle if I can find my notes
15 here. Here we go. Kyle is a professor -- Stiegert is
16 the Director of Food System Research Group, the
17 Department of Agriculture and Applied Economics at the
18 University of Wisconsin in Madison, Wisconsin. Kyle is
19 widely published in economics and agriculture economics
20 and food journals. His research interests include
21 investigating the competitive structures of agriculture
22 markets, trade policy, issues in international

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

179

1 agriculture, competition and policy in food retailing.

2 So welcome, Kyle. We're so glad you're here.

3 Sorry. I'm fumbling around a little bit

4 here. Al, I'm looking for your bio. I want everybody

5 to get credit for all that they've done here. Al

6 Vincent, Junior is the International Vice President and

7 Director of Region 2 of the United Food and Commercial

8 Workers International Union, which represents over 1.4

9 million members in the United States and Canada. Mr.

10 Vincent has been with a UFCW since 1990.

11 However, he first became a member of Local 204 in

12 Charlotte, North Carolina while employed at A&P.

13 Before being named in his current position, he served

14 as an international representative and collective

15 bargaining representative and national poultry

16 coordinator, Executive Assistant of the New York Region

17 and Assistant to the National Director of Organizing

18 and Director of Region 5 South Central.

19 Mr. Vincent serves as the Executive Vice

20 President and Chairman of the UFCW Minority Coalition's

21 scholarship fund. He's a member of the Coalition of

22 Black Trade Unions and serves on the Board of Directors

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

180

1 of the Keystone Research Center. He's also a former
2 teaching fellow of the AFL-CIO Institute. Mr. Vincent
3 holds his Bachelor degree in political science from the
4 University of North Carolina and a Master's degree in
5 public administration from the University of Baltimore
6 Yale Gordon School of Business. He's also attended
7 John Hopkins University, Peabody Preparatory School of
8 Music. So we have that as well.

9 We have Tom Wenning next to him.

10 Tom is the Executive Vice President and
11 General Counsel of the National Grocers Association, a
12 national trade association representing the retail and
13 wholesale grocers that comprise the independent sector
14 of the food distribution industry, and has served in
15 this capacity since its inception in 1982. Prior to
16 joining the NGA, he was a partner at a Washington, D.C.
17 law firm of Bison & Wenning and served as general
18 counsel to the National Association of Retail Grocers
19 in the United States, predecessor to the NGA and the
20 National Food Brokers Association. Tom is a graduate of
21 the University of Akron School of Law and Miami
22 University and also a member of the D.C. Bar as well.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

181

1 And to his left we have Bob Young. Bob, let
2 me find my notes here. I'm fumbling around a little
3 bit. There we go, Bob. Bob joined the American Farm
4 Bureau Federation in 2003 as a chief economist
5 coordinating the activities of the economic analysis
6 team. Dr. Young came to the Farm Bureau from the Food
7 and Agriculture Policy Research Institute where he was
8 Co-director from 1992 to 2003.

9 Before becoming Co-director of FAPRI, Bob
10 served as a Chief Economist in the United States Senate
11 Committee on Agriculture from 1987 through 1991. Bob
12 has a Ph.D. in agricultural economics from University
13 of Missouri and a B.S. and M.S. in atmospheric sciences
14 from the University of Missouri as well. So another
15 Missourian. I love this. Boy, I feel right at home.
16 Also, Bob's a former Lieutenant Commander in the U.S.
17 Naval Reserve and has toured the South Pacific as well.

18 So welcome, everyone. I'm so pleased that
19 you're here. We got through all those very impressive
20 bios, and I hope you all are as impressed as I am with
21 this panel. I asked Howard if he would sort of kick
22 off our discussion because he's done some really

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

182

1 interesting work in food retailing and can identify
2 some of the trends that we're seeing and foster a lot
3 of our discussion. So Howard, if you could.

4 MR. SHELANSKI: Thanks very much, Sharis.

5 I'd like to start by thanking the Antitrust
6 Division of the Department of Justice and the
7 Department of Agriculture for inviting me to
8 participate in today's workshop. The issues before us
9 are obviously vital to the country, and they merit I
10 think the important leadership the DOJ and the USDA
11 have shown in organizing this and the previous
12 workshops.

13 I'm going to present a brief discussion of
14 some issues related to consolidation in the retail
15 grocery market, and my job here is really just to tee
16 up a number of issues. Coming from an antitrust
17 agency, I'm going to focus on some of the consumer
18 welfare issues that are usually the concern of
19 antitrust or really the central concern of antitrust.
20 There are obviously very important food safety, labor
21 and other kinds of issues that I will mention and
22 raise, but that will obviously merit further

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

183

1 discussion.

2 Consolidation has been an ongoing process in
3 grocery retailing for many years. USDA data show that
4 the top 20 retailers accounted for about 39 percent of
5 U.S. grocery sales in 1992. Between 1997 and 2000,
6 more than 4,000 stores were acquired, amounting to
7 almost a fifth of all U.S. supermarkets, and that trend
8 of consolidation has continued. The top 20 grocery
9 stores today account for roughly 65 percent of U.S.
10 grocery store sales, so a tremendous increase from that
11 1992, 39 percent figure. And sales by the 20 largest
12 food retailers totalled approximately 725 billion
13 dollars in 2009, according to Supermarket News.

14 One important contributor, other than mergers
15 and acquisitions, to the increased volume and share of
16 the top 20 retailers over the past two decades has been
17 the rapid growth of what are often called
18 nontraditional grocery retailers like Walmart, Target
19 and Costco. Walmart's food and nonfood grocery sales
20 amounted to an estimated 258 billion dollars in 2010
21 according to Supermarket News, making Walmart the
22 largest U.S. retailer of grocery products. In

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

184

1 comparison, second place Kroger, which is the largest
2 traditional grocery retailer, had estimated sales of 77
3 billion dollars in this 2010 year.

4 Many studies and commentaries show that this
5 growth and consolidation has helped food retailers to
6 reduce costs and made grocery retailing more efficient.
7 Nontraditional grocery retailers have prices that are
8 on average seven and a half percent below the prices of
9 traditional supermarkets for identical products and
10 packaging, according to a USDA Economic Research
11 Service study.

12 Consolidation and growth through productivity
13 increases may make it harder, however, for smaller
14 grocery stores to stay in business and may decrease the
15 margins earned by suppliers to large grocery chains,
16 and I include in suppliers not just farms and
17 manufacturers but those of you who supply your labor to
18 those chains. Smaller chains and independents have
19 been seen to exit some markets in which Walmart has
20 entered.

21 Monopsony, the power of buyers, can become a
22 concern when buying power becomes concentrated in too

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

185

1 few hands, although reduced payments to upstream
2 suppliers may not harm and instead can benefit final
3 consumers when benefit is measured in terms of their
4 food bills. So some of the buying power that
5 agricultural providers make in front along the supply
6 chain may be beyond the scope of traditional antitrust
7 enforcement. That's not to say that monopsony is not
8 an antitrust concern. It is just, as many have
9 acknowledged, a very difficult issue for antitrust
10 because what amounts to lower payments upstream can
11 lead to lower prices downstream.

12 The available evidence we have examined does
13 not show that changes in the retail grocery markets
14 have been bad for consumers when measured in terms of
15 consumers' food bills. The consumer price index for
16 food at home, which roughly includes all food, prepared
17 and otherwise, sold by grocery stores, has tracked
18 closely but just below the overall consumer price index
19 for the U.S. economy over the last 30 years. The
20 producer price index for retail grocery stores has
21 risen steadily but modestly for the past decade which
22 is as long as the Bureau of Labor Statistics has

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

186

1 reported data on grocery retailing.

2 The retail grocery PPI has been in the
3 midrange of PPIs for other industries. For example, it
4 lies below the overall manufacturing PPI and the
5 finished consumer goods PPI but above the farm products
6 and crude foodstuffs PPI. One question that might
7 arise from the fact that the retail grocery services
8 PPI is above the farm products and crude food stuffs
9 PPIs is whether grocery retailers have gained market
10 power that allows them to squeeze the margins of their
11 suppliers without passing through the savings to
12 consumers. The economic evidence, however, suggests
13 some other explanations for the retail grocery producer
14 price index.

15 First, supermarkets have increased their
16 provision of value added services over time. The price
17 index for farm goods includes lettuce, cucumbers, corn,
18 wheat, et cetera. The price index for supermarkets a
19 generation ago included such commodities but now
20 captures much more of such items as bagged salad,
21 processed foods, salad bar sales, prepared meals and
22 gourmet items. One would therefore expect the price

1 index based on supermarket sales to diverge over time
2 from the price index for farm goods because what
3 supermarkets sell has diverged increasingly from farm
4 goods over time.

5 Second, the wholesale costs that BLS
6 subtracts from revenues to measure the margin on retail
7 grocery services do not include an important set of
8 available costs, notably processing and food
9 preparation costs, a grocery retailer itself incurs. So
10 the cost of in-store baking, cooking or other food
11 preparation may not be counted in the higher grocery
12 retailing PPI. As a result, the retail grocery
13 producer price index may appear artificially high.
14 Retail grocers have in fact been increasing the total
15 proportion of total sales made up of post- wholesale
16 value added products.

17 This increase in sales of retailer prepared
18 food is consistent with data showing that consumers
19 have been steadily increasing the proportion of
20 commercially prepared food in their overall food at
21 home budgets.

22 Compared to the producer price index for

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

188

1 other links in the chain of food supply from farmers to
2 consumers, the retail PPI lies far below the PPIs for
3 food manufacturing and finished consumer goods for
4 example. Changes in the market structure for retail
5 groceries therefore do not translate into a simple
6 story of increased market power over consumers, even if
7 the power of those increasingly large buyers, that is
8 to say the grocery retailers, may be felt in various
9 upstream markets. If one measures consumer welfare by
10 the variety of products and services consumers receive
11 from retail grocers and from the prices they are
12 charged, we do not see evidence of a general decrease
13 in consumer welfare from retail grocery consolidation.

14 A broader set of policy considerations might
15 take into account important issues related to the
16 effects of consolidation on market structure in other
17 parts of the food supply chain and address food
18 security and safety, labor and environmental concerns.
19 This overview is focused only on the question of market
20 power through consolidation of the retail grocery
21 segment. It is prevention of such market power that is
22 the central concern of the antitrust agencies, but I

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

189

1 look forward to hearing some comments on these other
2 issues as well as this panel goes forward. Thank you.

3 MS. POZEN: Thank you, Howard. Thank you for
4 teeing up those issues, and now I think it's our job,
5 panelists, to unpackage those a little bit if we could.
6 So I would like to -- I think it's a great foundation
7 for us. What I'd like to do is turn to Wenonah and to
8 Bob, and I know your organizations have been involved
9 in looking at these issues as well, and if you could
10 comment or elaborate on some of the points that Howard
11 made. Wenonah, you want to go first?

12 MS. HAUTER: Sure. Well, the consolidation
13 of the last two decades has created a food chain that's
14 shaped like an hourglass. We have a large number of
15 very powerful companies that stand between 300 million
16 citizens and two million farmers, and the retail
17 consolidation is one of the tightest links in that
18 chain. The dominant grocery stores of the 1980s were
19 gobbled up in the 1990s as we've heard from Howard, and
20 we had about a hundred mergers a year. By 2009,
21 Walmart, Kroger, Costco and Supervalu controlled more
22 than 51 percent of sales, more than double the four-

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

190

1 firm concentration of a dozen years earlier. And on
2 the local level, that consolidation and lack of
3 competition is even higher. In 1998, the four largest
4 retailers controlled 72 percent of sales in the hundred
5 largest metro areas. Today that figure is considerably
6 higher. Walmart alone has more than 50 percent market
7 share in 29 markets, and consumers haven't benefitted
8 from this increased efficiency that's been touted by
9 the industry.

10 And I'd like to begin by correcting a
11 misimpression that I think Erik left us with this
12 morning, that figure, that 5.5 percent of a consumer's
13 budget is spent on food, this figure is of food eaten
14 at home and it also includes earned income along with
15 noncash benefits, things like food stamps and rent
16 subsidies. Nine percent of all food -- that's home and
17 restaurant -- rather, nine percent of income is spent
18 on all food, home and restaurant, and that's earned and
19 noncash benefits. If you're looking -- if you subtract
20 the noncash benefits from that -- that's the food
21 stamps and rent subsidies -- eleven percent of
22 consumers' dollars are being spent at the grocery

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

191

1 store. And if you look at people in the United States
2 who make under \$39,000 -- and that's 40 percent of
3 Americans -- 15 percent of their income goes to food.
4 And this is a very poor measurement anyway because
5 we've had much higher health care costs, much higher
6 housing costs and much higher energy costs. So if
7 people are spending less on food, it's because they're
8 spending more on these essential things.

9 In fact, consumer spending on groceries has
10 been on the upswing. Real expenditures in food have
11 risen 12 percent over the past decade and food
12 inflation was especially high during 2007 and 2008.
13 These growing prices are especially difficult for low
14 income consumers. According to a 2008 Congressional
15 Research Service report for Congress, even a four or
16 five percent increase in the price of food has a
17 significant impact on lower income consumers. Today
18 with 40 percent of income or households earning \$39,000
19 or less, a small increase can dramatically erode food
20 security, and USDA recently reported that one out of
21 seven households are suffering from hunger and one out
22 of four children do not have enough food to eat.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

192

1 At the other end of the food chain, farmers
2 are also suffering. Real inflation adjusted prices
3 that farmers receive for livestock and crops has been
4 falling for decades, but the savings is not passed on
5 to consumers. In 1990, the farmer received 24 cents of
6 the grocery store dollar. It's now 19 cents. That's a
7 21 percent decline. In 1990, out of every dollar spent
8 on beef, 60 cents went to the producer. Now it's 43
9 cents. Down by a third. In 1990, a pork producer
10 received 46 cents 00193 1 out of a dollar. They now
11 receive 25 cents. Down by almost 50 percent. And
12 fruits and 3 vegetables have experienced the same
13 decline. Farmers get only 35 cents of the strawberry
14 dollar and 14 cents of the orange dollar, and they've
15 fallen about a third since the 1990s.

16 And dairy is a good example of consumer
17 prices increasing while farm gate prices decrease. When
18 milk prices fell during the latter half of 2009, the
19 consumer price of milk fell only by 22 percent, and the
20 price of cheese actually went up six percent. So
21 sometimes prices rise slightly, but consumer prices
22 rise much faster. For example, ground beef prices

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

193

1 increased 24 percent between 1999 and 2008, but cattle
2 prices rose less than nine percent, a third as fast as
3 retail.

4 But you know we can throw out all of our
5 statistics and all we need to do is ask our friends and
6 family does your grocery store dollar go as far as it
7 used to, and across the board the answer is going to be
8 yes. The real consumer welfare measurement should be
9 that people have enough food to eat and that farmers
10 are making a living, and I say the system isn't
11 working.

12 MS. POZEN: Wenonah, thank you very much.

13 Thank you. Thank you for giving us your
14 perspective. Also would like to hear the perspective
15 of the farm and ranch families from Bob Young and from
16 your organization. You've touched on some of the
17 farming issues, Wenonah. Let's hear from Bob on those
18 issues.

19 MR. YOUNG: Thank you very much. First, let
20 me say that whether the number's 6 percent, 11 percent
21 or 12 percent in terms of what the consumers are
22 spending on food, it seems to me like that's a pretty

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

194

1 good deal, that they've received a pretty good deal for
2 a number of years and, you know, I think that's just a
3 fact of life.

4 Let me follow up on some of the points that
5 Howard made if I could, and also that Wenonah made as
6 well. Farmers' share of the food dollar has shrunk
7 substantially over the course of the last 40 years. It
8 was 37 percent in 1973 and to 19 percent that Wenonah
9 discussed in 2006. Most recently, it's kind of crept
10 back up into the 22 percent level in the last few
11 months or so. But I'd also tell you out loud to this
12 group, that changes in the value of farmer's share is
13 not really particularly indicative of much of anything
14 at all when it gets right down to it.

15 We buy a very different package mix today in
16 the grocery store than we did in 1973. Let's think
17 about chicken as a particularly good example. We don't
18 typically buy all that many fresh whole broilers as our
19 primary source of poultry anymore. Now, the real story
20 in my family is my wife trying to instruct my son over
21 the phone as to how to cut up a whole broiler when he
22 was in seventh grade, and this would have been about 20

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

195

1 or so years ago, trying to get the evening meal put
2 together.

3 Let's also not forget that in 1973 we were
4 kind of just beginning the whole microwave boom. I can
5 remember buying our first microwave in 1974. Think
6 about how much shelf space we dedicate today in the
7 grocery store to microwave-ready products as opposed to
8 how much shelf space we dedicated in 1973. Our
9 consumers are spending much more on service today, and
10 if we look only at market share or our slice of the
11 pie, we're failing to recognize that with product
12 innovation the whole pie is bigger today than would
13 have been the case without that product innovation.

14 Even so, within product categories, farmer's
15 share can show some market resiliency. In 2000, the
16 farmer's share of the beef dollar was 48 percent. For
17 2001, it's probably going to average 47 percent. For
18 2000, the farm share of dairy averaged 30 percent and
19 for the first half of 2001 it has averaged 30 percent.

20 Finally, let me say that in 1973, labor and
21 farm supplied inputs combined to account for about two
22 thirds of the consumer food dollar. The farm share was

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

196

1 about 37 percent. Labor accounted for about 29
2 percent. In 2006, the last easily available set of
3 data, the two combined to account for about 57 percent
4 of the food dollar. Agriculture's share in that year
5 was 18 percent, while labor's share had ballooned to 39
6 percent.

7 This is not a poke at the labor sector of
8 food processing. Rather, it's to point out that we are
9 providing much more of the food processing out of the
10 home today than used to be supplied in the kitchen in
11 days past.

12 Let's not get too hung up about these
13 changing share values because they're really not
14 telling you very much about what's going on in the
15 various different processing levels. I will also tell
16 you that they're not necessarily telling you all that
17 much about what's going on at the farm level either,
18 and we need to make sure we understand what's happening
19 to the size of the pie as we go through these changes
20 as well. With that, let me try to get us back on time.

21 MS. POZEN: Thank you very much. Thank you,
22 Bob, I appreciate that. And Erik, it's only fair I

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

197

1 think as moderator to let you respond. Wenonah had
2 some -- I'll call them criticisms of some of the
3 figures you had this morning.

4 MR. LIEBERMAN: Sure.

5 MS. POZEN: Do you want to say something
6 back?

7 MR. LIEBERMAN: Yeah, I would like to
8 respond. The argument that food prices have been going
9 up over the past several decades just isn't borne out
10 by the facts. In the 1940s, Americans spent about 19
11 percent of their income on food.

12 Today it's 5.5 percent, and those are the
13 numbers that USDA uses and they represent the real cost
14 of food. Even if we do use the special metric that Ms.
15 Hauter came up with, she said it was 11 percent. Well,
16 that's still about half of what folks were paying in
17 1940. So it's because of advances in agriculture and
18 intense competition in the retail marketplace that food
19 costs have come down, and American consumers are
20 benefitting from this and it's raising the quality of
21 life in our nation.

22 MS. HAUTER: Can I just respond quickly?

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

198

1 MS. POZEN: Sure. Sure. Why not? Keep it
2 lively.

3 MS. HAUTER: I'd just like to say that in the
4 1940s we had food rationing, so I don't think that's a
5 really fair point to start from. And I think I agree
6 that it's a very poor metric, and it's not a metric we
7 should be using because if people are paying more for
8 energy, health care and other costs that are more
9 expensive, of course the food -- it looks like the food
10 has shrunk. So let's all agree it's a really bad
11 statistic and we shouldn't use it.

12 MS. POZEN: Well, maybe that speaks to better
13 data that would give us better insights.

14 How's that?

15 MR. LIEBERMAN: And if you start in 1900,
16 it's 50 percent.

17 MS. POZEN: Okay. Alright. So let's move on
18 and talk about what's happening to the grocery stores.
19 And I'd like to turn to Tom. With this growing
20 concentration we've heard about, we've heard sort of
21 the pros and cons. Tom, can you speak to some of those
22 issues from a grocery association perspective?

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

199

1 MR. WENNING: Thank you. I don't know if
2 this -- is this working? Can you hear?

3 MS. POZEN: Yep.

4 MR. WENNING: Okay. Sharis, thank you for
5 being here. I appreciate the opportunity, both the
6 invitation from the Department of Justice and the
7 Department of Agriculture. We've worked together on a
8 number of these issues, particularly with the Federal
9 Trade Commission and I really appreciate Howard's
10 introduction.

11 I think the question of the growing
12 concentration, including mergers and its effect on
13 prices, is certainly not something that I feel
14 qualified to address because of the fact that we don't
15 track prices. We don't set prices. We don't have any
16 great assessment of being able to determine whether the
17 10 or 20 thousand items that we carry in supermarkets
18 these days have gone up, and certainly not as the
19 result of a merger I think. To Howard's point, and the
20 part that I addressed in my statement that I filed with
21 the DOJ, was that we've been engaged in addressing the
22 issue of concentration before its inception when a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

200

1 merger is being developed and, as Ms. Hauter mentioned,
2 there was a rush of mergers in the late 1990s and the
3 early 2000s. We addressed a number of those,
4 particularly in Ahold's attempt to acquire Pathmark and
5 Big V Supermarkets in various markets, Walmart's
6 attempt to acquire Super Americanos Amigos in Puerto
7 Rico and a couple others.

8 I think our point there was that it's
9 important to address potential concentration issues
10 before their inception. Merger policy has been a long-
11 term effort, and there are variables that go into
12 deciding what market share goes into consideration,
13 what the market is, the various aspects that have to be
14 addressed as mergers go forward. So I think it's
15 difficult to measure what the impacts are in prices.
16 I'm not aware of any studies by FTC or others that have
17 measured what the increase in prices have been. I also
18 think that it doesn't address the issue of organic
19 growth and the effect of concentration in markets, so I
20 don't think that there's any conclusive answer to the
21 question as to what has been the impact of ultimate
22 long- term concentration, but I do think that it's

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

201

1 important to address it before there is such a high
2 increase in concentration as is outlined under the
3 merger guidelines that the FTC follows. That's what
4 got us engaged in those mergers in the early 19 -- the
5 early 2000s, late 1990s is to address those issues,
6 challenge the concentration that would have resulted.

7 I also think that what we also said that, as
8 a result of those mergers, when stores are divested, we
9 believe that they should be given an opportunity to the
10 independent sector to acquire those stores, to give an
11 opportunity for market competition to be perpetuated in
12 the market where those mergers take place.

13 And I guess in concluding part that I would
14 say is that even though those mergers took place in the
15 early 2000s, some of those divestitures did make stores
16 available to independents that are now successful
17 today, and there is also the fact that some of those
18 mergers did not turn out as great as what the forecast
19 was.

20 MS. POZEN: Alright. Thank you. Thank you,
21 Tom. I'd like to turn to Kyle actually for you to take
22 this to a different place in talking about

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

202

1 concentration. Can you talk to us a little bit about
2 the prices that consumers pay and the prices that the
3 stores pay to suppliers, sort of that dynamic, sort of
4 again teasing off the idea that we know there's been
5 increased merger activity and we know that there's been
6 increased concentration?

7 MR. STIEGERT: Sure. Thank you, Sharis, and
8 I want to thank the Department of Justice and the
9 United States Department of Agriculture for inviting me
10 to this panel.

11 My first thought when I was -- we were
12 kicking around this idea of what is the impact of
13 increased concentration, and it's -- my answer to that
14 thought is really where is this concentration really
15 coming from? That's the fundamental point that I would
16 like to make here before I talk about pricing per se.
17 Really, what got the ball rolling in terms of all the
18 public outcry in the retail sector has been the
19 emergence of Walmart and Targets in these larger
20 warehouse store formats.

21 That put in motion several other events that
22 have really impacted the food market. One of those

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

203

1 points is the exit of the smaller, localized grocers
2 and smaller supermarket chains around the country, and
3 that's had a pretty big impact in my estimation on poor
4 people, people living in rural sectors, poor people
5 living in, say, blighted urban regions, et cetera. It's
6 required those people, many of them that don't have
7 cars, to get their food source maybe by taking a bus or
8 driving with a friend or something like that. So that's
9 had a pretty big impact on those lives.

10 The other consequences of the arrival of
11 these large warehouse store formats has been increased
12 consolidation in sort of the more general supermarket
13 sector. What we're talking about here is large chains
14 such as Kroger, Safeway, et cetera. These chains have
15 been involved in mergers. Other chains have been
16 involved in mergers, sort of consolidation across large
17 urban sectors, and the pattern there we're observing is
18 for higher prices in that part of the market.

19 Now, you say, higher prices in that market,
20 that must mean market power. Well, not per se. These
21 companies are smart. They know they can't just raise
22 prices in every context, so they've also offered a lot

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

204

1 more services. They've increased their store ambiance
2 and things along that nature, so there may be an
3 exercise in market power. The crystal ball begins to
4 look a little foggy at that point. There may be market
5 power at play here, but there's also some changing in
6 their strategies. Okay?

7 So the other issue I want to address on the
8 issue of Walmart and warehouse store formats has been
9 one that's been studied and talked about a lot at the
10 University of Wisconsin, and that's this issue of buyer
11 power. That stands to me right now as the relatively
12 more important issue in terms of the food system,
13 because a company like a Walmart has come in and
14 they've really flown under the radar of any of the
15 antitrust authority's sort of criteria for evaluating
16 markets. Their concern at the Department of Justice is
17 largely on consumer welfare.

18 There's been a lot of push -- and I think one
19 of the members of our audience, Peter Carstensen here
20 today, has been making that point for quite some time -
21 - that we really need to broaden our perspective on
22 what constitutes power. And his point is very relevant

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

205

1 to this audience because one of the, one of the issues
2 with a company like a Walmart is their ability to push
3 down prices through the food system all the way to the
4 farm sector. And so -- and I would encourage the
5 Department of Justice, United States Department of
6 Agriculture, Federal Trade Commission to really broaden
7 their scope a little bit here. We're really dealing
8 with a vertical sector that has been hammered over the
9 last 10, 20 years, and I think it's pretty relevant in
10 terms of income distribution and the way rural sectors
11 have participated in the larger economy and the way
12 urban areas have been impacted as well. So -- thank
13 you.

14 MS. POZEN: Thank you. Thank you, Kyle. I
15 appreciate that. I'd like to focus a little bit -- so
16 we've talked a little bit about concentration. We've
17 talked a little bit about pricing. I'd like to focus a
18 little bit on retail consumers' experience beyond
19 prices. Quality and variety come to mind. And I
20 think, Mary, can I start with you to speak about those
21 issues? As a rural sociologist, can you enlighten us
22 on those?

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

206

1 MS. HENDRICKSON: Well, and I think that this
2 is really important to understand. I want to build on
3 something that Kyle talked about and a little bit on
4 what Howard talked about earlier is that we've been
5 narrowly focused on consumer welfare as price and we've
6 been focused on what does market power do to the price,
7 and I think we have to really expand both our
8 definitions of what is consumer welfare and then where
9 does power reside in the food system. And as a
10 sociologist, this is critical for us, because power is
11 about can you control your life chances.

12 Some actors in the food system have more
13 power over their life chances than others, and this is
14 particularly important for farmers and for workers. And
15 how does this power come about? It's not just about
16 the economic definitions of power -- and I'm really
17 glad that Peter Carstensen and so on, these folks have
18 been working on buyer power -- but it's also about
19 power. Power comes from lots of different places.
20 Control over intellectual property, we heard about that
21 this morning. It's through the standard setting. And
22 we talked a little bit about food safety and so on, but

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

207

1 those food safety standards are now being set largely
2 in the private sector and the people that can help,
3 farmers and workers don't actually get to be at the
4 table in this -- in much of that standard setting, and
5 I would argue a lot of consumers aren't either.

6 And so we also have powers accumulated in
7 access to markets, and this is really critical for
8 farmers. It's also critical for consumers, but I think
9 also the big elephant in the room that we're not
10 talking about too is access to capital.

11 Capital's really the name of the game, and
12 how capital plays out in the food industry I think is
13 really important. Bob Taylor from Auburn has done some
14 really interesting research on return on investment,
15 which is of course a much -- return on investment's
16 really return on capital. It's a much better way to
17 gauge what's happening in food the system for farmers,
18 for producers, than some of the other things we've been
19 talking about, and the farmers haven't done very well
20 in that.

21 So let's talk about consumers for a minute.
22 Access. Kyle started to talk about rural areas. What I

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

208

1 think that the power is translated into is some
2 entities have the ability to impose their business
3 models on others, and these business models have really
4 left out rural areas and they've left out inner-urban
5 areas quite frequently.

6 I'd give you an example of my home town of
7 Schickley, Nebraska, population 350 people. There is
8 still a grocery store in that town, but it's hard for
9 them to get deliveries. Because of the restructuring,
10 the consolidation that's happened in the grocery
11 industry and the restructuring that's happened among
12 distributors, it's really hard for them to get the
13 deliveries. My 80-year old mother is spry enough to
14 still drive. Others can't. So what happens if they go
15 out of business?

16 But the same situation exists in Old North
17 St. Louis within view of the arch, and folks there,
18 it's at least three miles, many without cars, two
19 grocery stores and they live in a food desert. These --
20 the quality of things that they can get in Old North,
21 the quality of things that we can get in my hometown of
22 Schickley are vastly different than -- and a lot of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

209

1 this is due to the restructuring of what's happened in
2 the grocery industry, and I think those are really
3 important things to point out and think about power in
4 much broader terms in impacting people on the ground,
5 producers, labor, consumers on the ground, and it's not
6 just about prices.

7 MS. POZEN: Okay. Erik, you represent the
8 large retailers. Do you have a perspective on this as
9 well?

10 MR. LIEBERMAN: Yeah, absolutely. And thanks
11 again for giving me an opportunity to participate.
12 There's no question that the marketplace has changed
13 dramatically in the past several decades. Thirty or
14 forty years ago, consumers pretty much had to purchase
15 all of their groceries at conventional supermarkets,
16 but today the marketplace is much more diversified.
17 Shoppers can purchase items through so many more retail
18 channels now. You have super centers, warehouse club
19 stores, limited assortment stores, convenience stores,
20 chain drugstores, natural and organic stores, and even
21 online retailers are now selling groceries. And all of
22 these retail channels are competing vigorously with one

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

210

1 another. Competition is extremely robust. I would say
2 it's more robust than it was back in those days, and
3 this is resulting in low prices for consumers and more
4 convenience too.

5 Many stores are open 24 hours, and the
6 variety of items that are carried in stores has
7 expanded. And there's not only competition on price.
8 There's very vigorous competition on services now too.
9 More stores are offering prepared foods. This provides
10 value to the consumer. It saves them time. Sushi,
11 gourmet bakeries and top notch delis are more
12 commonplace. Stores are even offering cooking classes,
13 wine tastings, flower arranging classes and dieticians
14 on site, and our latest poll found that store
15 satisfaction is rising and nine out of ten shoppers
16 would recommend their primary store.

17 MS. POZEN: Thank you. So they're offering
18 more, but I guess to Mary's point, the question is
19 where are those stores. And Wenonah, do you have
20 anything you want to add to this as well from your
21 perspective?

22 MS. HAUTER: Yes, absolutely. Well,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

211

1 supermarkets exert power over consumers based on
2 location, and so consumers have to spend their time and
3 their travel dollars to get to a store.

4 Research has shown that women spend twice as
5 much time shopping as men, and women often also have
6 jobs outside of the home, so they don't have time to
7 travel around to different stores to get the best deal,
8 and probably at least 60 percent of Americans don't
9 have an iPhone with an app on it to find the best deal.

10 As far as the food deserts go, I think
11 there's some really interesting information from some
12 studies on rural nutrition that show that, as we would
13 think, in these food deserts in rural counties, there's
14 not enough nutritious food, fruits, vegetables, dairy
15 products. But the study also found that many local
16 grocery stores actually charged lower prices for basic
17 food products that are important to a healthy diet than
18 the super stores did.

19 I think also that we really -- we have this
20 illusion of choice, and grocery stores present this
21 illusion by having many, many similar products sold by
22 only this handful of companies. So there may be 50

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

212

1 kinds of potato chips, but 75 percent are sold by the
2 top four firms, or there are enough kids' cereals to
3 take up a whole aisle, but they're sold by the same
4 four companies. So this gives the illusion of choice,
5 but what's actually happening is that the food and
6 retailing industry is -- largely, they're marketing
7 machines and they often target children, which is
8 really contributing to the epidemic of childhood
9 obesity with all of these marketing tie- ins. So foods
10 are targeted at children by placing them at eye level,
11 and then they're cross-marketed with cartoon or movie
12 characters that kids recognize. And a recent Yale study
13 found that the number of products with these commercial
14 tie-ins to other kid friendly products increased 78
15 percent between 2006 and 2008.

16 And then I guess the other elephant in the
17 room is what is the food that's actually being sold?
18 And I think that Dr. David Kessler, who is the former
19 Surgeon General, had some very important points about
20 this in his book The End of Overeating. He basically
21 documented that the food industry scientists have
22 developed this formula that is based on sugar, fat and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

213

1 salt that alters the brain's chemistry and compels
2 people to overeat. And grocery stores along with the
3 food processors have every incentive to sell this
4 highly processed food because that's the most profit
5 making -- those are the most profit-making items.

6 And then I guess I would have one more point
7 around concentration and food safety. When there are
8 only a few companies that are providing the ingredients
9 for an entire food system, we have a real problem. So
10 we've seen it with the egg factory and the salmonella
11 outbreak. We've seen it with peanut butter. Peanuts
12 are in all sorts of products, and so it ends up
13 destroying all sorts of food items and poisoning
14 people. And as others have noted, many of the food
15 companies and the farm marketers have merged in part
16 because they're responding from the pressure from the
17 big supermarket chains. So we've seen this kind of
18 consolidation and these other food products that
19 comprise the processed foods that we eat.

20 So we have two firms, for instance, that
21 control all bagged, leafy greens and they're mostly
22 produced in two counties in California. So when there

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

214

1 is an E. Coli problem in spinach, it means that most
2 spinach has to be pulled off the grocery store shelves.

3 These are the impacts that aren't generally -
4 - that people, even consumers, aren't generally aware
5 of.

6 MS. POZEN: Thank you, Wenonah. Thank you.
7 I'd like to turn to you, Al, and talk a little bit
8 about the impact --

9 MR. VINCENT: Did you see me twitching?

10 MS. POZEN: I did. I knew it was you. We
11 definitely needed to hear from you because we wanted to
12 -- we've discussed there's been a lot of changes. We've
13 heard concentration. We've heard some of the suggested
14 impacts from that concentration in grocery stores and
15 in other food retailers. But I'd like to talk to you
16 about sort of the supply chain, and with your
17 organization and the folks that you represent who are
18 literally lifting and moving the items through the food
19 chain. Can you talk to us a little bit about what
20 you're seeing?

21 MR. VINCENT: Sure. Before I start, let me
22 say it's a pleasure to be here with Department of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

215

1 Justice, Department of Agriculture. I'm really happy
2 to see Howard here with the Federal Trade Commission.
3 From the onset, we thought it was very important to
4 have the FTC in this process. We're really happy you're
5 here. And to follow up on what Secretary Vilsack said
6 this morning, this may be the last hearing, but it's
7 definitely not the last chapter. So let's make sure we
8 push this work forward.

9 I also just want to thank Brother Lieberman
10 down there for a great opening for me, in that I
11 probably have a long list of retail grocery employers,
12 suppliers and others, probably two reams of paper, of
13 people that would not agree that competition is
14 thriving and that everything's well and good on the
15 ground in communities because we've talked about the
16 elephant in the room, but let's really talk about the
17 elephant in the room: Walmart.

18 If, as Howard said, the top 20 companies make
19 up 725 billion dollars in sales, let's look at Walmart.
20 They comprise 150 billion dollars of those sales. So
21 when you talk about their size, let's really talk about
22 their size. Their percent of the grocery industry went

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

216

1 from six percent in 1990 to 23 percent in 2009. If you
2 look at their -- if you look at the top five U.S.
3 companies, Walmart makes twice as much as their closest
4 competition, which is Kroger as Howard pointed out, but
5 they make more than Costco, Home Depot, Target, CVS,
6 combined. So really they're not -- when we talk about
7 consolidation, when we talk about the Kroegers and
8 Safeways, they're not the ones wielding the power.
9 Walmart's wielding the power.

10 Talk to any supplier, probably off the record
11 and one- on-one in a closet usually, but they will tell
12 you that it's not been a fun ride. The best example is
13 one that's familiar to everyone in this room which is
14 Vlastic pickle. Vlastic pickle -- many suppliers find
15 themselves in the same situation. They go to Walmart.
16 They're really happy to get the contract with Walmart,
17 but they don't know what's happening until they really
18 get in and they become dependent. It's like the drug.
19 They're dependent. They're set. They hire based on
20 this business, and then Walmart takes -- dictates the
21 price. In the example of Vlastic pickle, Walmart said we
22 will pay you \$2.97 for a gallon of pickles, so for a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

217

1 short period of time it looked like great business,
2 until their other sales in sliced pickles, cut pickles,
3 started to decline. And so Vlastic went to their
4 biggest contract and said look, we need a little help
5 here. We need you to raise the price on one of these
6 items or else let us cut the cost of this gallon
7 product from the \$2.97. So Walmart refused and
8 basically said if you try to change the price, we won't
9 sell any of your products. That's bully tactics.
10 That's not how the supply chain should work. That's why
11 we need the FTC to stand in here, come in here and
12 ensure the fairness in the supply chain.

13 Farmers are not getting enough of this pie.
14 If you look at what farmers got in 1990, they got 59 of
15 the consumer beef dollar. If you look at what they got
16 in 2009, it was 42 percent. If you go back to these
17 communities where the Vlastics exist, Vlastic has to go
18 back to the workforce and say you no longer have jobs.
19 The only way we can compete now that we've lost our
20 biggest customer is to cut jobs, cut labor costs. And
21 if you don't think that that reverberates into the
22 community, then we're all kidding ourselves.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

218

1 So really the question here is, as we look at
2 the supply chain, is we've had kind of a missing link.
3 We've had no oversight over the retail grocery sector.
4 But with that said, let's put a little asterisks on
5 that because we're really just talking about Walmart.
6 They're the only ones that control the process. They
7 control the biggest employer in the United States,
8 biggest private sector employer, and they're dictating
9 to suppliers, to farmers, to everyone down the chain.

10 It is the number one issue that we hear at
11 the bargaining table in negotiations from these
12 supposedly thriving competitors. They don't look at it
13 that way.

14 So if I say anything here today, it's that
15 the FTC has to remain a true partner in this process.
16 We can't let this be the final stop in terms of
17 bringing equality and fairness into this process.
18 Unfortunately, I have example after example of
19 suppliers that have just about totally cut out of this
20 process, so let's -- one last note, just to give you
21 one more piece of information about how big Walmart is.
22 Walmart controls -- has a 30 percent market share in

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

219

1 168 markets across the country. In 29 markets they
2 have 50 percent market share, and probably the best
3 resource to talk about how we should handle that was
4 former Walmart CEO Lee Scott himself who said that any
5 company that has over 30 percent of the market share
6 should surely have oversight and investigation by the
7 government. So I'll use Walmart's own former CEO's
8 words in saying it's time for us to have action because
9 everybody else we talk about, it's not a waste of time,
10 but we're not talking about the real issue, we're not
11 talking about the power that Walmart wields in this
12 arena.

13 MS. POZEN: Thank you. I appreciate that
14 perspective and I'd like to help. Help us at the
15 Department of Justice Antitrust Division, Bert. You're
16 with the Antitrust Institute. We've heard a lot of
17 talk about concentration and power and its impact on
18 the supply chain. Help us frame it from an antitrust
19 perspective if you could.

20 MR. FOER: Let me elaborate on what Kyle and
21 Mary said about broadening the concept about consumer
22 welfare. When we put this into context, antitrust has

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

220

1 focused over the years mostly on seller power.
2 Concentrated buyer power is relatively new and we have
3 not put the resources into a full understanding of its
4 impact or how it relates to an entire supply chain, the
5 whole system. Antitrust tends to focus on narrowly
6 defined product in geographic markets and does not take
7 a sufficiently systemic view. Let me say that.

8 Now, one thing that comes out of that I think
9 is we've looked at monopoly as the model, and then we
10 come to monopsony, which is where there's buyer
11 concentration, and we try to live from the monopoly
12 model. We say it's a mirror image, but it's not really
13 a mirror image for a number of reasons.

14 One is that the level of market share
15 necessary to have disproportionate bargaining power at
16 the buyer's side is much smaller than at the seller's
17 side. For monopoly we talk in terms of 60, 70 percent
18 of the market or more. You don't find that among
19 buyers typically, but when a buyer has 20 percent of a
20 national market it's got life and death ability with
21 respect to the suppliers.

22 So a couple of conceptual problems come up,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

221

1 one Howard mentioned, which is you might exercise buyer
2 power in such a way that it knocks down prices to the
3 consumer at the end of the day, and maybe that's good.
4 But if that's all you look at, maybe it's not so good.
5 On top of that, maybe it won't get passed on to
6 consumers. Maybe the power buyer has so much market
7 power in a horizontal level at the retail level it has
8 no need to pass it on.

9 But let's leave that aside for the moment and
10 talk about another difference with consumer welfare
11 focusing on the reduction of output. That's what we've
12 been focused on for 30, 40 years primarily, because if
13 you have concentration and you reduce the amount of
14 goods being produced, the price will go up, and we
15 worry about that properly.

16 But when we talk about buyer power, the
17 buyer, especially if it's a Walmart, which we take as
18 the icon of buyer power, has the ability to offer an
19 all or nothing arrangement. And if it's nothing, the
20 supplier is out cold and probably can't survive. So
21 what the buyer has is an inordinate amount of power.
22 Mary's right. We've got to be looking at power. We've

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

222

1 got to be looking at the negotiating realities that
2 occur in the marketplace and not simply what the effect
3 on the consumer price is going to be, although that's
4 important, but it's not the only thing of importance.

5 So I think there may be really a third
6 category we should look at, monopoly, monopsony and
7 disproportionate bargaining power. Now what we do
8 about that maybe I'll save for another time, but I do
9 want to raise another point here, and that's something
10 called the waterbed effect. It's not necessarily
11 something all economists agree happens, but let me
12 explain it because I think it's logically sensible.
13 Let's again take Walmart as the example.

14 If Walmart can batter down its supplier and
15 get a lower price, a discriminatorily low price as
16 compared to its horizontal competitors, the other
17 retailers, then, number one, it gains a competitive
18 advantage. Because it's got lower costs, it can choose
19 to pass that on to consumers in lower prices or it can
20 keep it as additional profit, in which case it's got
21 more ability to expand and do other things.

22 The other side of that is what happens to the

1 other retailers. If I'm a supplier and I've got to
2 earn a certain return on investment, a certain profit
3 level, and as a supplier I have to give Walmart this
4 lower price than I'm giving to my other customers, I
5 have to find some way to maintain my profit margin,
6 which could be to raise prices, at least relatively, to
7 the other people I sell to. Now, that's not an easy
8 thing to do and you may get away with it partially. You
9 may not get away with it, but you're put in that
10 position.

11 So I'm saying that this idea of
12 disproportionate buyer power can lead to a double
13 whammy where the big buyer benefits from the lower
14 price that it gets and at the same time probably I
15 think -- and this is worth a lot of study -- raises the
16 rivals' costs at the horizontal level. It's a double
17 whammy, and what it leads to is an ever-increasing
18 behemoth.

19 MS. POZEN: Well, since we're talking
20 antitrust and delving into antitrust economics, Howard,
21 can I ask you to respond to the issues that Bert has --
22 we all struggle with monopsony power issues. I know at

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

224

1 the Department we do.

2 MR. SHELANSKI: Yeah. Absolutely. Let me
3 make just a few brief remarks about this. Bert is
4 absolutely right that monopsony is not in fact the
5 mirror image of monopoly and that you get all kinds of
6 localized effects, and when you look at the margins
7 that a supplier is working off of, which can be very
8 slim, a much smaller market share than can give you
9 monopoly power can give you monopsony power. And I
10 think that this is right.

11 There are a number of problems from an
12 antitrust standpoint with attacking monopsony power.
13 And let me just give -- this is not to say it's not a
14 problem, but let me talk about it as an antitrust point
15 first.

16 If a powerful buyer is making final prices
17 cheaper to consumers, antitrust is generally not going
18 to be able to turn around and say well, you're making
19 things cheaper for final consumers, but there's
20 something that you're doing in terms of bargaining with
21 your suppliers that is unfair. That's typically not an
22 antitrust concern. We can't get in and start to set

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

225

1 intermediate input prices. Now, what we can do is, in
2 the context of a merger or a consolidation event, we
3 can look at whether such outcomes are likely, whether
4 monopsony power is likely to be increased through the
5 merger and say that's a harm that we don't want to see
6 happen and stop the merger.

7 But what do you do when you have a firm that
8 has gotten big not by merging but by virtue of internal
9 growth, like Walmart? Can we tell a Walmart you cannot
10 use all of your bargaining power to buy at the lowest
11 price? That is, at least, well beyond the understood
12 purview of the antitrust authorities. That gets to the
13 -- that gets to an issue essentially of regulation,
14 which is something the agencies don't do. So when you
15 talk about unfair bargaining power, I don't mean to say
16 that that's not a problem and I don't mean to say that
17 there aren't possible ripple effects from that that
18 affect workers and communities and many kinds of
19 things. But it's certainly never been in the purview
20 of the -- it's hard enough for the antitrust agencies
21 to say that a monopolist is charging too high a price.
22 To say that a powerful buyer is acting in its self

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

226

1 interest and getting as low a price as possible and
2 that that's an antitrust problem is, I think, an
3 extremely difficult thing for us to do outside of a
4 merger kind of event.

5 MS. POZEN: So we have several folks that
6 want to comment on that. Al has some comments, and
7 Bert and Mary as well. So why don't we start? Al, you
8 want to comment on this from the workers' perspective?

9 MR. VINCENT: Sure.

10 MS. POZEN: Because you've heard from the
11 antitrust works now. We've heard there may be some
12 other theories we should be pursuing and now you've
13 heard well, we pursue those and what really happens in
14 terms of what our antitrust laws are aimed at.

15 MR. VINCENT: Sure. I'm not so sure it's
16 definitely aimed towards just the workers, but what I
17 would say is I think everyone here would recognize and
18 admit that, you know, as you said, Howard, this isn't
19 the merger. They grew in a way that was not customary
20 in past trending over the years. But that doesn't mean
21 that we shouldn't fix it.

22 And I guess what I would say is that they've

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

227

1 flown under the radar. If you look at, as Bert said
2 down there, that you have to look at more factors than
3 just the sales impact in terms of what happens with
4 quality. If you go down the chain and the supplier has
5 to make changes just to maintain a relationship with a
6 Walmart, then they're going to do things that are
7 unheard of, meaning they're going to cut labor costs or
8 they're going to compromise safety, food safety, to
9 meet those demands. So I think that we are almost
10 challenged and we almost have responsibility to change
11 the way we look at this from an antitrust perspective.
12 I'm not saying the process exists today, but I think
13 that again, if I think about what Secretary Vilsack
14 said this morning, there's the beginning of a process.
15 So we can't ignore it. It's happening, but by not
16 having the process in place to address it now doesn't
17 mean -- maybe that's a priority is to develop a process
18 to challenge this type of behavior. It's ruining
19 American communities. It's ruining -- we heard from
20 farmers earlier, from packers. Virtually everybody in
21 the supply chain is getting stripped of everything they
22 have because of this dominance by a Walmart, and to do

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

228

1 nothing is negligent on all our parts.

2 MS. POZEN: Alright. One second and then
3 Bert. Bert, you want to retort and then we'll -- I
4 love it. Everybody wants to talk. This is great. Then
5 Mary.

6 MR. FOER: A couple of quick points.

7 Howard, Justice Department has gone after
8 buyer cartels for a long time and a buyer cartel where
9 they fix prices, it's not because they're going to pass
10 anything on to consumers. That's well known to be
11 illegal, number one.

12 Number two, we say that competition is a good
13 thing and it's a good thing for consumers to be able to
14 buy from competitive sellers. Why is it that suppliers
15 don't have a right to sell into a competitive market.
16 And I know you've got good complicated questions there,
17 but as a matter of theory and justice it seems to me
18 that we need to work on that.

19 And the country in fact did work on that
20 once. It was called the Robinson-Patman Act. When A&P
21 and others were growing so strong as chains, we worried
22 about it, but we were worried then about buyer power.

1 We came up with a test regarding price discrimination
2 and we said that abuse of buyer power to get
3 discriminatorily low prices that would give you
4 competitive advantage is illegal.

5 Now, as it happened over the years, it's been
6 a very difficult law to interpret and it's been
7 interpreted in such a way that it doesn't work that way
8 at all. But that's another approach we have is to
9 either reincarnate the good parts of the Robinson-
10 Patman Act or to legislate or to figure out some way to
11 arrive at a comparable type of approach.

12 MR. SHELANSKI: Let me just respond very
13 briefly. Buyer cartels are a different matter. Any
14 time you've got a horizontal dimension I think that the
15 antitrust basis is much clearer.

16 Just a couple of very quick things. I think
17 that we certainly can, and indeed the Justice
18 Department recently has, pursued agreements that say
19 you cannot give our competitors as good a deal. In
20 those kinds of situations, the raising rivals cost
21 arguments are very high and we've got a conduct basis
22 for going after a firm, because it's not about the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

230

1 price they're paying. It's about their control over
2 the prices their competitors are paying, and that's the
3 kind of thing that we can and do look at.

4 The second thing is that the antitrust
5 agencies have not ignored monopsony. We at the FTC
6 have had a monopsony investigation. It's public -- by
7 a company that's been oft mentioned -- against a
8 company that's been oft mentioned here this afternoon.
9 So we -- it's not a question of ignoring it. It's a
10 question of finding the antitrust hook, which brings me
11 just to one broader point that I would mention.

12 To look to antitrust alone as the policy
13 avenue for getting at the kinds of problems that people
14 are talking about here, I think is a mistake, and I
15 think that a lot of communities have engaged in self-
16 help through zoning, through other kinds of things. And
17 I would just like to mention antitrust can be a piece
18 of the puzzle here, but I think there are good reasons
19 that it's got to be a limited piece of puzzle, lest we
20 punish the very thing antitrust is supposed to promote,
21 which is vigorous competition which occasionally
22 results in a winner. And we don't want to turn around

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

231

1 to that winner and say now that you've won and you're
2 the one firm to who these suppliers can sell to, we've
3 got bad news for you. Suppliers have a right to sell to
4 a competitive market, so we're going to come in and
5 break you up. I think we can all admit that would be an
6 extremely radical approach to antitrust, one that might
7 bring down the whole enterprise were we to attempt it.

8 So antitrust can be a piece of the puzzle
9 here, but I think it's important to recognize that
10 there are other policy avenues that are going to have
11 to work in concert.

12 MS. POZEN: Well, and I think that takes us
13 to Mary. And just to note, the case that Howard's
14 referencing at the Department of Justice Antitrust
15 Division is the MFN litigation that's ongoing against
16 Blue Cross Blue Shield of Michigan for their pernicious
17 MFNs that they had in place.

18 But Mary, let's -- there are other issues,
19 other ways of looking at these issues other than our
20 antitrust wonks looking at them. Help us with that.

21 MS. HENDRICKSON: Well, I'm absolutely not an
22 antitrust wonk. I don't know the law on this

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

232

1 particular issue like Bert does, like Howard does. But
2 I think it's important to remember that the historical
3 antecedents of antitrust came out of a movement that
4 was about what can competition do for citizens and for
5 communities, and that's what we have to keep front and
6 center. Okay, as lawyers you're going to have to
7 figure out how are we going to manage that, how are we
8 going to do that, but that is essentially what we are
9 talking about is what can competition do for
10 communities and citizens.

11 And we are now operating in a global world.
12 We have a food system that is a global food system.
13 Smaller entities across the board are being left out of
14 the reorganization of the food system. I've got people
15 that are working on international agriculture who talk
16 to me about the same issues that our farmers are facing
17 in terms of being able to provide volume, talking about
18 standard setting, all of these kinds of things. This is
19 at a global level. So we have got to figure out how
20 are we going to promote competition at a global level
21 in terms of the benefits for communities and citizens.
22 And if we don't figure that out quickly, it's not

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

233

1 really going to matter for the farmers who -- Bob
2 Taylor just told me that zero percent return on
3 investment for farmers over the last 13 years. That
4 means that farmers are eating their equity. What does
5 that mean for rural communities? That means that rural
6 communities are eating their equity. There is -- Al
7 was talking what's happening in terms of the bargaining
8 power for laborers, which means that they're not
9 getting wages back to them, which means that we're
10 eating up the ability of workers to participate in the
11 economy. Somewhere this has got to stop. We've got to
12 look at the historical antecedents of antitrust law,
13 and we've got to make some policies that make sense.

14 MS. POZEN: Thank you. I think Erik --

15 MR. LIEBERMAN: I just want to emphasize that
16 it's essential to consider consumers, and we're seeing
17 more competition on price and services than ever before
18 and consumers are clearly benefitting. The real cost of
19 food continues to decline, and this is so important,
20 especially during these tough economic times.

21 MS. POZEN: Well, and let me take it -- I
22 want to take it sort of to, you know, one more level

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

234

1 down to talk a little more specifically about price
2 increases. Some observers have said that price
3 increases are quickly passed on, but price decreases,
4 or cost decreases, are not. And I think this is a
5 critical issue to the discussion we're having about
6 power and what that means. And Kyle, you've done some
7 work in this area and I'd love to get your perspective
8 on that as well for all of us to benefit from.

9 MR. STIEGERT: Sure. The issue here is
10 phrased asymmetric pricing in the market, and what's
11 been observed over the years in many, many industries
12 has been this phenomena that cost increases, upstream
13 cost increases, quickly get passed on to consumers, but
14 cost decreases, for a variety of reasons, do not get
15 passed on to the consumers. And so the firms that are
16 in the vertical channel, retailers included, are taking
17 a larger share of the pie, while those cost decreases
18 are being noted. So, and this is a phenomena that has
19 a lot of theories that are being posited, that are
20 being tested, and there really is no consensus about
21 why this occurs.

22 I have my own reasons. Clearly, one

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

235

1 potential reason is this issue of oligopoly or
2 oligopsony power. Another issue is perhaps the issue of
3 risk management. Maybe this is one way for firms to
4 manage uncertainty and risk in their day-to-day
5 business.

6 Another possibility I'm pretty sure is
7 occurring in the food sector, and that's this imperfect
8 information or asymmetric information. Supermarkets,
9 whether they be convenience stores or Walmarts or
10 whatever, they know they have a fairly loyal clientele.
11 They know that consumers aren't necessarily aware of
12 what all prices are, whether they have information
13 through the; internet or through some other new modern
14 device, they're not really comparing prices. We're
15 busy people. Right?

16 So you're going to go to the supermarket
17 you've always gone to or you're going to go to the
18 Walmart you typically have gone to in the past and
19 you're going to pay those prices and you're not really
20 going to know. You have 40,000 items in the
21 supermarkets these days. I mean, you're not going to
22 notice these kinds of things. So the retailer in this

1 context is aware of that and can say "okay, I've got a
2 price decrease today on ketchup, so I'm not going to
3 lower the price to the consumer. I'll just take that as
4 profit." But if they get an increase in the price of
5 ketchup, they say "Hey, I'm not going to eat that. I'm
6 passing it on, because frankly nobody really pays
7 attention to a nickel or a dime change in the price of
8 ketchup." Right? And that's really what's going on
9 here.

10 So what does this mean? I don't think per se
11 this means -- is not a gigantic issue for the consumer,
12 but what does this mean for the farm sector? And I
13 think it's a big issue and here's why. When we're
14 talking about food, most of the cost changes through
15 the system are related to supply shocks. Yeah, there's
16 some big demand shocks, but they're pretty rare. You
17 have to have some health scare or something like that
18 to get a big jump in demand. Demand's pretty constant.
19 So what's going on here is that the cost movements in
20 the system are largely related to supply changes.

21 Well, so what happens when you have a cost
22 decrease? Well, that typically is associated with a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

237

1 large supply coming through the system. So the farmers
2 are for some reason producing a lot of beef right now.
3 Cost decreases go into the system and it's not being
4 passed on to the consumer.

5 Well, what happens? The market doesn't
6 clear. The market doesn't clear the supply at those
7 previously higher prices. So subsequently, without the
8 market clearing, if there's still more supply coming
9 in, that's even going to lower the farm price even
10 more. So what happens in this context is the farmer
11 gets whipsawed, gets whipsawed, and most of the time it
12 would tend to be on the down side.

13 If cost increases are being passed on to
14 consumers, consumers are consuming less of that
15 product, and so the farmer isn't necessarily
16 benefitting from -- they're going to get hurt by
17 decreased demand at those higher prices. So it's
18 really -- in some ways this whole issue of asymmetric
19 pricing in the food sector is really stacking the deck
20 against the farmer, and it's a problem I think as we've
21 gotten into greater consolidation. It's a problem that
22 could crop up and it could become much more severe as

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

238

1 we move forward. So one of my recommendations on this
2 issue is we need to be very vigilant about this topic.

3 I know this morning Tom Vilsack's comment
4 about the hog industry was -- brought back some
5 memories. I think he mentioned there was 670,000 hog
6 priors in 1980 and now there's 67,000. You could go
7 back to the late 1990s and you could make the point and
8 be pretty accurate that the number one reason why we
9 had such mass exodus in the hog sector occurred when we
10 had this phenomena where hog prices basically fell to
11 zero while retail pork prices didn't drop all that
12 much. Markets didn't clear. There was an
13 overabundance of supply. Meat packers couldn't even
14 manage it. Coolers were full. Farmers were letting
15 their hogs go free in Iowa just to eat the corn. They
16 weren't even -- it was a disaster of monumental
17 proportions, and I think one of the major reasons this
18 occurred was this phenomena of asymmetric pricing.

19 And nowadays, these 67,000 hog farmers that
20 are remaining are almost all under contract now, which
21 really brings up a whole other issue of bargaining
22 power and contracts. We don't want to go into that

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

239

1 right now, but the whole impetus of this major move was
2 related to this phenomena. So as we move forward I
3 think that's a phenomena that we have to pay attention
4 to, and I think if we can devise methods to decrease
5 the impact -- I don't know that you're really ever
6 going to get it to go away, but if we can improve the
7 reaction time on retail food prices to react to these
8 lower costs that are coming through the system, the
9 system would work more efficiently.

10 MS. POZEN: Thank you, Kyle. Bob, from the
11 farmers' perspective?

12 MR. YOUNG: Well, you're right. In thinking
13 back through some of those periods of time, I think we
14 were down to \$8 hogs for a while there, and it was
15 cheaper to kind of park the truck at the local coffee
16 shop and just kind of go in and beg somebody to drive
17 that truck away for you. "Take the truck. Just make
18 sure you take the hogs with you when you go."

19 This is a challenge of price changes and the
20 stickiness of prices at retail. I think as, Kyle, as
21 you've mentioned, there's been quite a bit of research
22 in that direction that would suggest that yes, when

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

240

1 prices go up, they do certainly tend to move up at
2 retail, but when they come down, it does seem to take
3 them a while to come down at retail as well, is
4 something that we have watched.

5 Don't forget though that there are reasons
6 why some of that happens. I'm not saying I like it by
7 any stretch of the imagination, but certainly on the
8 dairy side, for example, some of the dairy pricing
9 schemes that are in place and federal milk market
10 orders because of the timing in which that price
11 information is actually passed through, it kind of has
12 to work the way that it works. I don't like it. I
13 don't think it's necessarily the right way for things
14 to work, but price stickiness on the retail side is
15 certainly one of the concerns.

16 But understand that whether it be a Walmart,
17 whether it be a Costco, whether it be a Kroger for that
18 matter, that they will tend to try to price their
19 product for a long period of time. They don't want to
20 change the price at retail very often if they can avoid
21 it. They want to try to avoid those price changes at
22 the retail level. And so yes, it does tend to get mean

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

241

1 thenwhen prices move down. We tend to be aware of
2 that, hyperaware of that if you will. So I understand
3 what you're saying, Kyle. I don't disagree with you at
4 all.

5 MS. POZEN: And I think we're running short
6 of time, so I think I'm going to ask one more question
7 just to try to overlay the current economic times that
8 we're living in and get a sense of folks, how folks are
9 doing and what changes you're seeing in food retail as
10 a result.

11 And can I start with you, Tom, on that?

12 MR. WENNING: Sure. I think, as I said in my
13 statement, certainly beginning in the fall of 2008 with
14 the change in the economic climate, we saw probably the
15 beginning of the biggest financial crisis and the
16 economic depression since the greatest depression. And
17 that has affected not only retailers, but the whole
18 food industry. And that has been something that we've
19 all been adjusting to. I think if you look at our
20 membership maybe initially in 2008, they felt that
21 well, it's not too bad. People are not going out to eat
22 as much. Things are okay. We're taking food back from

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

242

1 the restaurant people.

2 After about six months and we start seeing
3 what's happening in the commodity markets, and 2009
4 being what it was with actually commodity deflation,
5 meat starting to fall, dairy starting to fall,
6 retailers started to say "hey, we're not having
7 inflation anymore where we make dollars on increasing
8 sales, we've got deflation, commodity prices are
9 falling." Now all of a sudden retailers are starting
10 to talk about "well, in order to make a dollar we have
11 to sell more commodities, we got to move more tonnage."

12 And I think that is one of the things that,
13 when you look at independent retailers and wholesalers,
14 what they've focused on and what they've done as a
15 result to change their model is they've promoted more
16 of the perimeter departments that engage in meat,
17 produce, dairy to compete against larger operators, and
18 that is something that I think we have tried to
19 partner. And I think I talked with Mary. There are
20 more and more state associations where retailers are
21 promoting buying local produce, bringing it on, making
22 it available on their parking lots, promoting it in

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

243

1 their stores. So there are independent operators out
2 there and local regional companies that are trying to
3 produce and to promote products in which there is added
4 value not only to consumers, but added value to
5 companies that are producing within their own state,
6 farmers and others that are growing products within
7 their state, whether it's Ohio, Missouri, whatever.

8 We spent yesterday, Erik and I, talking about
9 how we address with USDA bringing operators into
10 underserved areas, whether it's urban areas or it's
11 rural areas. Mary mentioned a community that's only got
12 350 people. Our wholesalers that service those rural
13 states like South Dakota, North Dakota, Nebraska where
14 there's not a whole lot of people, we're looking for
15 alternative ways to get food there, whether it's
16 through farming communities or others. So we're not
17 burying our heads in the sand here. We're working to
18 make the food system better for everyone from farm to
19 table.

20 MS. POZEN: Okay. Well, I can't help but ask
21 my last question. I have one more question, and I need
22 really like 20, 30 second answers from each of you. And

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

244

1 I had posed this before, so the folks had a chance to
2 prepare for this.

3 If you had the opportunity to offer one
4 policy recommendation in the area of food distribution
5 and retailing, what would it be? What would be the one
6 thing you think would have the most impact? And we'll
7 start down at this end.

8 Bert?

9 MR. FOER: I would propose a Blue Ribbon
10 Study Commission on buyer power made up of a variety of
11 stakeholders given ample opportunity to do something
12 serious, to subpoena information and to come out with
13 specific recommendations based on empirical analysis
14 which I think would impact on merger enforcement on
15 Section 1, Section 2 and sectoral regulation I think
16 would be a good investment.

17 MS. POZEN: Okay. Wenonah?

18 MS. HAUTER: I think that the Obama
19 administration should make this competition and
20 consolidation issue a top priority and that the
21 Department of Justice should review all of the large
22 agriculture mergers over the past decade to determine

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

245

1 the impact that these corporate combinations have had
2 on the marketplace.

3 MS. POZEN: Okay. Mary?

4 MS. HENDRICKSON: I would think that what we
5 need to do is expand our understanding of antitrust to
6 create some sort of legal policy framework. I'm glad
7 you guys are invested, that you can enforce the laws
8 that are on the book right now, but we have to create
9 some sort of policy framework that allows us to really
10 focus on citizen welfare, not consumer welfare, but
11 citizen welfare and what competition really means for
12 our communities. Quit privileging financial capital
13 and start to talk about all of the other social public
14 goods, about thriving communities, good health, you
15 know, healthy environments. These are all antitrust
16 issues and they're critical.

17 MS. POZEN: Thank you. Erik?

18 MR. LIEBERMAN: Thank you. We have the
19 safest, freshest, most affordable food and agricultural
20 system in the world, and this is because of vigorous
21 competition in the retail sector. So this competition
22 must be maintained.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

246

1 And I also think that antitrust policy must
2 acknowledge the realities of the 21st century
3 marketplace. There are many different new channels
4 where retailers are getting -- where consumers are
5 getting their groceries from, and the policies should
6 acknowledge that the marketplace is more diverse than
7 it was 20 or 30 years ago.

8 MS. POZEN: Howard, do you want to take a
9 stab or do you want to pass?

10 MR. SHELANSKI: I'll just say that antitrust
11 is constrained ultimately not these days by its
12 original purposes, and I agree very much with Mary on
13 what those were, but on what the Supreme Court has done
14 in translating those original purposes into a very
15 narrow set of constraints within the agencies, within
16 which the agencies must operate. So I think we need to
17 look beyond antitrust. And one of the most important
18 things that I think we can do is to put power in the
19 hands of consumers and information for consumers about
20 what the impact is of where they spend their dollar may
21 be one of the most important effects and get consumers
22 to understand when you spend a dollar on a certain

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

247

1 product in a certain place it has certain kinds of
2 ripple effects, or I think Bert called them waterbed
3 effects. But I think we need to make sure consumers
4 understand what's happening with their food supply and
5 what the impact of their expenditures is. So some kind
6 of transparency of consumer information would be a very
7 important policy step.

8 MS. POZEN: Okay. Kyle?

9 MR. STIEGERT: I would echo Howard's policy
10 recommendation in that I would like to see some sort of
11 experiments, natural experiments, being conducted on
12 the impacts of information.

13 Information can be a double-edged sword at
14 times because sometimes it can give the actual
15 oligopolists opportunities to coordinate. So we want
16 to move cautiously in that direction, but I think I'd
17 like to find out more about that. If we took a case
18 such as Madison, Wisconsin, 250,000 people in a very
19 small supermarket sector of maybe 30 stores, we really
20 could do something interesting and look at the impacts
21 of what happens when consumers have more knowledge
22 about pricing and products and how different those

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

248

1 prices are across that space.

2 MS. POZEN: Thank you. Al?

3 MR. VINCENT: Can I answer one question with
4 15 parts?

5 MS. POZEN: We're running out of time
6 already, so --

7 MR. VINCENT: It would be pretty simple in
8 some respect in that we would -- I would like to see
9 the FTC's increased participation in this process, and
10 by that I would mean the FTC should appoint a senior
11 person to the Interagency TaskForce that's already been
12 established by the Department of Justice and USDA to
13 look at antitrust issues. And to also launch a detailed
14 investigation into potential anticompetitive practices
15 and look beyond just a price. Look at quality, look at
16 food safety and look at updating antitrust laws, which
17 I believe may be outdated and not relative to what's
18 happening in today's marketplace.

19 MS. POZEN: Thank you. Tom?

20 MR. WENNING: Well, I'm going to follow Al
21 and expand. There are two things that I think that
22 were really pushing retail merchants from this

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

249

1 perspective. One is health care. Our independents
2 reported that their health care costs the last two
3 years have gone up an average of 13 percent. When you
4 have those type of cost pressures being put into your
5 operations, that obviously pushes up your margins. It
6 pushes down our profitability.

7 The second is -- and I want to commend the
8 Department of Justice on this -- is for the actions
9 that they brought against Visa, Mastercard and American
10 Express for the anticompetitive market power that they
11 exert on the retail community in terms of charging
12 interchange fees that you never see every time you
13 swipe a credit card or a debit card. It costs us two
14 or three or, if you're an independent operator,
15 sometimes four percent on every transaction that is
16 swiped through the grocery store. And every consumer,
17 whether they pay by cash, check, debit, SNAP, WIC, they
18 pay for that in the cost of their goods in the
19 supermarkets, and we need to fix that problem. We need
20 to eliminate the market power of those companies and
21 their largest banks in passing that charge on,
22 something that we have no control over, but it is

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

250

1 something that we have to absorb as a cost of
2 operation.

3 When you think that you can swipe a debit
4 card and it costs us three percent or two and a half
5 percent on that transaction when it's nothing more than
6 an electronic check that comes out of your account,
7 that is unfair and that is something that we can work
8 together on, and that's something that I commend the
9 Department of Justice for attacking.

10 MS. POZEN: Thank you.

11 MR. WENNING: And I wish that they would
12 continue the work.

13 MS. POZEN: Thank you. Well, we need
14 witnesses. We got a trial coming up.

15 And Bob, play clean up for us here.

16 MR. YOUNG: Well, this is going to sound
17 strange, but I'm going to agree with Erik, but I'm also
18 going to agree with Mary and Bert as well.

19 MS. POZEN: Okay. Okay.

20 MR. YOUNG: I work for the farmers in the
21 United States. I work for American farmers, and I'm
22 very proud to work for American farmers because I do

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

251

1 think they deliver the safest, most abundant, most
2 affordable food supply on the planet. Thank you very
3 much for doing that.

4 I'd also like to say that I agree with Bert
5 and Mary as well, in that I think really the biggest
6 challenge that we're facing right now for this problem
7 is this issue of how do we deal with monopsony, how do
8 we deal with buyer power if you will. And I want to
9 take you down a slightly different path than what we've
10 talked about before in that, when you recognize that
11 this large corporation that begins with a W who I shall
12 not mention but -- and recognize that they can decide
13 that they want to impose production practices, for
14 example, on our sector and they can make that decision
15 (snaps fingers) and as I recall they don't go through a
16 comment and discussion period. They just decide. Thank
17 you very much.

18 And so I think that that's very important for
19 us to figure out what the right legal recourse is. Also
20 very important, the right economic structures to put in
21 place around that in order to make sure that we're not
22 making -- running into problems of unintended

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

252

1 consequences. So I would put that at the very top of
2 the list.

3 Since we don't have that figured out though,
4 in the meantime, I think we also need to make sure that
5 we do keep Copper-Volstead and the ability to allow
6 farmers to form cooperatives to help deal with that on
7 the other side of the house. Very important that we
8 keep that in place. Thank you very much.

9 MS. POZEN: Thank you, and thank you all.

10 Let's give a round of applause to our
11 fabulous panel. Thank you very much. I appreciate
12 your views.

13 (Whereupon, a recess was taken.)

14 MARGINS IN THE LIVESTOCK INDUSTRY

15 MR. MACDONALD: I do have an important
16 announcement before we start, and that announcement is
17 the District of Columbia enforces its parking laws. If
18 you are parked on Independence Avenue right in front of
19 the building and if you're still there at 4:00 p.m.,
20 you will be ticketed and towed.

21 So if you have a car on Independence Avenue,
22 you probably need to think about moving it now or some

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

253

1 time during this session.

2 Good afternoon and welcome to our final panel
3 session on margins in livestock and poultry industry.

4 My name is Jim MacDonald. I'm with the Economic
5 Research Service at USDA. We have a panel of three
6 producers and three economists.

7 I'll introduce the speakers now.

8 Starting all the way over to my right, John
9 Crespi is professor of agricultural economics at Kansas
10 State University where his research focuses on product
11 differentiation and marketing issues in food and
12 agriculture.

13 Just next to John is Allen Lund. Allen is a
14 third generation rancher in North Dakota where he's
15 owned and operated a cow/calf operation for the last 18
16 years.

17 To my immediate right is Valerie Ruddle.
18 Valerie is currently the Secretary of the Contract
19 Poultry Growers Association of the Virginias and for
20 the past five years has been a contract grower of
21 broilers in West Virginia.

22 To my immediate left, Bob Taylor is a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

254

1 distinguished university professor in agriculture and
2 public policy at Auburn University where his recent
3 work focuses on competition issues in the food system.

4 Next is Gene Versteeg. Gene raised swine and
5 grows corn and soybeans with his son in Iowa. Gene is a
6 veterinarian and a former President of the Iowa Pork
7 Producers Association.

8 And at the far left end of the table, Mike
9 Wohlgenant is the distinguished professor of
10 agricultural economics at North Carolina State
11 University where he specializes in the development of
12 economic models of agricultural marketing, policy
13 demand and price analysis problems.

14 Now, what I'm going to do in this panel is
15 put out a few questions and try to get some discussion
16 going. I'm going to start by getting some questions
17 going on price spread data. Each of the last few panels
18 has referred to data on price spreads for cattle and
19 for hogs. That data is produced by my agency, the
20 Economic Research Service, and I had several people on
21 the panel who have some experience in analyzing it.

22 And so I'm going to set up an initial

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

255

1 question to talk about long run changes in spreads as
2 well as long run changes in the farm share of those
3 spreads. Later I'm going to shift over and talk a
4 little bit about a topic that came up in the last
5 panel, that is retail reactions to sharp movements over
6 shorter periods of time in livestock prices, whether we
7 see AA what Kyle Stiegert in the earlier panel referred
8 to it as asymmetry.

9 But let me start with the long run. I'm
10 going to refer to -- I'll start with a few bits of data
11 and I'm going to throw this question out to Mike
12 Wohlgenant to explain what we have and then get some
13 discussion going.

14 I'm going to cite two years 20 years apart,
15 1989 and 2009. In that 20-year time period, the
16 overall Consumer Price Index for all items rose by 73
17 percent over that 20-year period. If we look at our
18 data for beef and for pork spreads, the -- from the
19 USDA price spread data, the retail value for choice
20 beef rose from \$2.66 to \$4.26, about a 60 percent
21 increase for those of you who still don't do
22 percentages all that quickly.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

256

1 If we look at the farm value, in 1989 it was
2 \$1.78 out of a \$2.66 retail value. In that 20- year
3 period, it rose from \$1.78 to \$2. That is about a 12
4 percent increase compared to the 60 percent increase in
5 retail and compared to that 70 percent overall increase
6 in consumer prices. Qualitatively, you see similar
7 changes in pork, that is the retail value went from
8 \$1.94 to \$2.92, about a 50 percent increase in the 20
9 years. We've picked 2009 so those of you who are in the
10 hog business -- I'm sure Gene is shaking a little on
11 that. Prices actually fell in that 20-year period from
12 87 to 77 cents a pound. But you get a similar
13 qualitative story. Right? Retail prices rose by a
14 little bit less than the overall Consumer Price Index.
15 Farm prices rose a little in the case of beef, fell in
16 the case of pork, and as numerous people on previous
17 panels have said, the share, therefore, of the farm
18 value in the final retail dollar fell pretty noticeably
19 in that 20- year period.

20 So what I'd like to do is kick this off and
21 ask Mike Wohlgenant if he can talk about what the
22 driving forces were in that long run shift towards a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

257

1 lower farmer share, and then we'll get some discussion
2 going on. Mike?

3 MR. WOHLGENANT: Before I give some specific
4 numbers in regard to those statistics that you gave, I
5 wanted to first state that I really believe based on
6 our research, which it's been ongoing for years on this
7 topic, that I think it's very difficult to say that we
8 can first of all say that this, when we're looking at
9 long-term changes, has much to do with market power,
10 particularly on downstream purchases of farm products.
11 But I think we can explain a lot of these changes by
12 long-term movement in supply and demand, demand mainly
13 by consumers, which on the face of it might not sound -
14 - might sound a little strange, but it's actually
15 consistent with some things Bob Young was saying on the
16 previous panel, and some other people, that one thing
17 that the marketing system has characterized, not just
18 in beef and pork, but also in other commodities as
19 well, is that we've seen increased marketing and
20 distribution costs over time. And if you look at --
21 and what's important to understand here is that when we
22 talk about costs, that we're not talking about just the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

258

1 marketing input prices like wage rates and price per
2 unit of marketing inputs that are purchased, but we're
3 talking about the costs which is the product of those
4 prices and quantities. And those quantities, or those
5 expenditures I should say, or costs if you like,
6 relative to outputs in terms of the inputs, raw
7 materials that are purchased has gone up considerably,
8 and it's because of, mainly because of consumers
9 demanding more convenience, demanding more services.
10 And, you know, in terms of having full service
11 supermarkets, I'm thinking of one in my community that
12 I shop at, Whole Foods, which some of you may be
13 familiar with. I go there. My wife goes there. We go
14 to the meat counter and we get meat cut to our
15 particular specification. If we want to have skewers
16 for a particular barbecue or something, then the
17 butcher there will cut it, you know, in the way that we
18 want it.

19 I can remember 20 years ago there was
20 certainly no place that you could go to, other than a
21 very specialty meat-type shop, to get something done
22 like that. It's also the case, in this Whole Foods,

1 you can go there and you can -- I have a lot of food
2 allergies, so you can buy food where you can avoid
3 those food allergies. You can also buy things like
4 flowers and other items that, if you go to even other
5 supermarkets you can buy, you know. You do your
6 banking there. You do prescriptions. You can do --
7 get your lunch. You can go there and have a salad bar
8 or sushi bar or whatever, sort of a one-stop shopping.
9 All of these things cost and -- but they're values to
10 the consumer, things the consumer wants. So they add
11 to the overall marketing and distribution costs, and
12 that's sort of the thing that we've seen over time.

13 Now, what happens then over time is the
14 consumers, what -- they're willing to pay for this, but
15 they're only willing to pay so much for it. And some of
16 the increased incidents of these marketing and
17 distribution costs does get -- puts pressure on the
18 prices paid by farmers that we heard in the previous
19 panel about some of the actors, and the buying power
20 can be substantial in putting farm prices of raw
21 materials that are purchased.

22 So now I want to get specifically to the beef

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

260

1 price spread and looking at what's happened there. And
2 USDA constructs the beef price spread data by taking
3 the net farm value of each one of those products, beef
4 and pork respectively, and what they do is adjust for
5 byproducts. They extract out byproducts and they
6 express those per unit retail product. And so when you
7 look at the beef price spread, that increased 126
8 percent over the 20 years. Inflation accounted for 73
9 percent, which leaves 52 percent if my math is correct.
10 126 minus 73, yeah, is 53 percent. I even made a
11 simple math error there. Fifty-three percent increase
12 to explain after accounting for inflation. And of that
13 53 percent, real disposable personal income, which
14 reflects over longer periods of time now, consumers'
15 increase in buying power and demand for more value
16 added, accounted for 42 percent of that increase. So
17 there was essentially just ten percent unexplained
18 remaining there, which is not zero obviously, but it
19 was not -- there's not anything significant in terms of
20 major factors to explain what the residual was.

21 Now, if we're looking at pork price spreads,
22 we'll see that there was an increase of 99 percent over

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

261

1 that period, and again inflation accounting for 73
2 percent means there was 26 percent of that increase
3 that needed to be accounted for by other factors. And
4 of that 26 percent again, disposal personal income
5 after accounting for inflation accounted for 16 percent
6 of that 26 percent. So again we have about ten percent
7 that's unexplained, and again there was nothing I could
8 identify as being particularly significant accounting
9 for that.

10 MR. MACDONALD: Mike, can I quickly follow-
11 up?

12 MR. WOHLGENANT: Yeah, sure.

13 MR. MACDONALD: How is it that personal
14 disposal -- can you walk us through a channel by which
15 increases in real spending power, those increases in
16 people's income, affects that spread?

17 MR. WOHLGENANT: Okay. Consumers demand more
18 services. Okay? So the retail store is going to
19 provide those. Now, that's going to be mainly, and as
20 it shows up in the data overall -- I don't have it
21 specifically for meats, but we have it for the whole
22 marketing system in terms of higher unit labor costs.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

262

1 So more -- it's very labor intensive, a lot of the
2 services, so you get more labor costs being when demand
3 for value added goes up.

4 MR. MACDONALD: So if I can summarize it,
5 you're using -- for you, if we use disposable income to
6 -- growth in disposable income, spending, to reflect
7 the increased services that consumers want, that
8 accounts for some part of the spread, and the growth in
9 the Consumer Price Index for you accounts for the
10 increased prices, increased costs that have to occur at
11 that stage. Is that a fair summary?

12 MR. WOHLGENANT: That's correct. It's not to
13 say that I don't look at other things, I do, but they're
14 like real wages, real energy costs, things like that.
15 But after -- their net effect is very, very small. It's
16 suggesting to me that it's more in terms of the amount
17 of labor that's being added in terms of the value of
18 the products -- not just the product, but the services.
19 Okay?

20 Now, if you go from one -- there was a
21 comment made before in the previous panel that I
22 thought was interesting talking about how you want to

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

263

1 compare products that are identical with identical
2 packaging. I think one difficulty we run into here in
3 understanding price spreads is that if you found an
4 identical product -- and you can go to different
5 stores, you know, there's national brands -- find
6 identical products and they themselves are different
7 amounts. Well, why is that? Well, one explanation is
8 that, you know, those supermarkets offer different
9 services. If you go into a supermarket, it might be
10 closer to your home. It might be open 24 hours a day.
11 It might offer some other things, you know, like dry
12 cleaning services or something like that. Whereas,
13 another one doesn't.

14 Well, those are real costs to the
15 supermarkets, so they're going to have to add a margin
16 on to all their products in order to get their -- cover
17 their -- all their costs. So there's a difficulty, I
18 think, there in terms of comparing at that point
19 anyway, you know, products and what they mean.

20 But I wanted to qualify all of this by saying
21 too at the end that I'm looking at long run trends
22 here. And I think it was Bob Young mentioned this in a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

264

1 previous panel. We've seen a huge difference in the
2 type of -- I think most people would acknowledge that -
3 - of how we've gotten food 20 years ago even compared
4 to now. Not just away from home as in restaurants.
5 That certainly has changed a lot too. But at home as
6 well. I just want to make that point that this is what
7 these margins are reflecting, that change, and that in
8 terms of empirical analysis seems that these factors
9 are very, very important in understanding why these
10 spreads continue to increase and why the farmer's share
11 of the retail dollar tends to decline.

12 MR. MACDONALD: Any reactions on the panel?
13 Any further discussion on this? There's a few things
14 I'd like to follow-up on, but -- alright. Let me - -
15 I was just going to add in. One thing I was struck by
16 was both the cogent explanation, Mike, that you had of
17 the growth in the spread, but I also noticed there
18 really didn't have any discussion of why the growth and
19 the farm value was so limited.

20 So it seems to me if I'm thinking in terms of
21 a farm share, part of that is the growth in the retail
22 value, but part of that is very limited growth at the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

265

1 farm level price.

2 Any reactions on that? Any?

3 MS. RUDDLE: Well, I would like to make a
4 comment. I have been here all day and I've heard a lot
5 of numbers tossed around. I've heard a lot about
6 packers all the way up through retailers. I've heard
7 very little about the farmer, and I have heard almost
8 zero about poultry growers while we've been here
9 today. Just since I've been sitting here, you've
10 discussed beef and pork stats.

11 Nothing was mentioned, period, regarding
12 poultry stats. Why is that? Is it because they're not
13 existent. If they are not existent, why are they not
14 existent? And that I know has a lot to do with the
15 vertical integrator, and I'm sure we'll get into that
16 later.

17 But just while I'm thinking about this and
18 this is in my hand, here's a lunch slip from the
19 cafeteria here today. As a chicken grower, one of our
20 fellows that are here with us got a small chicken
21 rollup. I'll bet there was not even a fraction of a
22 pound of chicken on there. It cost him 99 cents for

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

266

1 that and I'll bet he got paid a whole whopping two or
2 three cents for that, but his whole meal here today,
3 \$8.66. And 79 cents went to the District of Columbia
4 in taxes, which is more than he got for his chicken.

5 MR. VERSTEEG: I think one of the
6 explanations for the decrease in farm value is the
7 farms have got so much more efficient. For example,
8 I'm most, of course, familiar with the swine industry.
9 Twenty-five, thirty years ago, the average sow would
10 produce about 15 pigs per year. Today many sows are
11 producing 25 or more pigs per year. Twenty- five years
12 ago, it took about three and a half pounds of feed to
13 produce a pound of gain in a pig. Today it only takes
14 about two and a half pounds of feed per pound of gain.
15 Farming has gotten so much more efficient, and farming
16 is also a worldwide market these days. We got to
17 compete with everybody in the world.

18 MR. LUND: If I could weigh in --

19 MR. MACDONALD: Go on. I think everybody
20 wants to, and that's good.

21 MR. LUND: First off, I'd like to say it's
22 nice to see a whole room of people that agree on one

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

267

1 thing, and that is the livestock producer isn't getting
2 rich. Second, I'd like to kind of make a couple of
3 comments on the growth in livestock prices. Back in
4 1993, that would have been the year that I sold my
5 first set of calves. I averaged a dollar a pound on
6 those calves. In 2009, we averaged a dollar and one
7 cent a pound on them, an increase of one cent in 16
8 years.

9 Then I'd like to kind of comment on another
10 thing. I was reading a paper by Professor Robert
11 Taylor. He was explaining where he did a study over
12 six years on return on equity. Well, the retailer's
13 return on equity was -- averaged 22 percent at that
14 time. The packer averaged 17 percent. The cattle
15 producer averaged negative one half of a percent. So
16 what do I do? I go back and I go over my records over
17 the last six years. I go over my profits. I go over
18 my expenses. I averaged them all out. And wouldn't
19 you know it, I made some money. Why did I make money?
20 Well, I forgot to factor in any wages for myself. So
21 the next thing I did was well, what am I worth? I own
22 and operate my ranch. I do a hundred percent of the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

268

1 labor on it, do the books. I should be worth \$25,000 a
2 year I figure. So then I go and I do these factors
3 again. Whoa, I lost a ton of money in six years. Now
4 what do I do?

5 What I ended up doing is going back and
6 averaging my income where I could show a break-even on
7 my ranch over six years, and I found out that all I'm
8 worth is \$11,800.

9 MS. RUDDLE: Well, you're worth more than me.

10 MR. VERSTEEG: A year, by the way.

11 MR. TAYLOR: Jump in on several things.

12 First, just a comment that in my academic
13 life I love numbers and math and all of that, and I
14 don't like words, but we've had a dizzying array of
15 numbers thrown out today and I've almost overdosed on
16 numbers. I may add to that a little bit. Forgive me
17 for that.

18 Discussion of the spreads, it is complicated.
19 There are a lot of complicated issues that Michael
20 referred to, data limitations that are pretty severe.
21 ERS collects the pork and beef price spreads.
22 Therefore, spec animal, spec cuts of meat, so there are

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

269

1 no quality changes supposed to be in that. They have
2 spread data from wholesale to retail for poultry. There
3 is absolutely nothing from USDA or other public sources
4 on grower pay, what Valerie was talking about.

5 The integrators have detailed information
6 they share with each other, but it's not publicly
7 available. It is extreme information asymmetry. They
8 also have a lot of detailed information they share with
9 each other, the processor and the retailer, on many
10 different kinds of products, prepared ones, whole
11 chickens, steaks and so forth. Some of that is publicly
12 available through private companies that collect and
13 report that, but you got to buy it and most of us can't
14 afford to buy it. So we're limited with the public
15 information and it is a very complicated issue.

16 But I would like to comment on the farm to
17 retail price spread for beef. It has increased after
18 adjusting for inflation, as Michael mentioned. He also
19 mentioned that labor is a big component of that. The
20 government statistics, Bureau of Labor Statistics, show
21 that labor productivity in animal slaughter and
22 processing has increased over this 20-year period. Not

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

270

1 a lot, but it has increased. It's increased in food
2 manufacturers, food manufacturing. It has increased
3 slightly in supermarket stores, excluding the
4 convenience stores. Wage rates paid for animal
5 slaughter and processing adjusted for inflation have
6 gone down 23 percent in that 20-year period.

7 Benefits have gone up during the period, even
8 adjusted for inflation. You put increasing productivity
9 together with declining inflation adjusted wage rates
10 and increasing benefits, the net effect is that the
11 labor costs in animal slaughter and processing has gone
12 down somewhat.

13 Since labor's such a big part of farm to
14 wholesale in particular, it suggests that market power
15 is being exerted. It's not definitive because the data
16 are just not good enough to come to definitive
17 conclusions either way.

18 We have done extensive analyses of the
19 effects of market power on cattle prices, fed cattle
20 and cow/calf. There are -- well, what economists look
21 for is a balance of power. Gets out of whack either
22 way, it is bad. And in a sense information is power,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

271

1 and if that gets out of whack, it will favor one side
2 and be used to their advantage. There is definite
3 information asymmetry here.

4 And finally, we've heard a lot of
5 concentration statistics that the four biggest beef
6 packers have 80, 85 percent of the market. That is a
7 seller side number. There are numerous studies done by
8 academics and other economists that are using supply
9 side concentration to try to measure buyer power, and
10 that is just not appropriate. So if you look at seller
11 side in beef, four biggest firms, 80 to 85 percent of
12 the market. The Fort Collins meeting -- Bruce Collins,
13 who is -- Bruce Cobb, who is CEO of Consolidated Beef,
14 a large independent cooperative feed lot in the
15 Amarillo area, I know he sells 10 to 20 thousand head a
16 week, and as most of you know fed cattle are a
17 perishable commodity. For the last year, there were
18 four out of the 52 weeks when there was not a single
19 bid. That's no market. There were 18 weeks when there
20 was only one bid, and we're not talking negotiated. So
21 40 percent of the time there was either no market or a
22 single bid. That is not a competitive market.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

272

1 MR. MACDONALD: Any others? Jump in. Mike?

2 MR. WOHLGENANT: Can I make a -- ask for a
3 point of clarification here? You said the labor costs
4 have gone down in slaughtering. Right?

5 MR. Taylor: Yes, BLS.

6 MR. WOHLGENANT: So that would mean there's
7 the other costs too in terms of between wholesale and
8 retail, the labor costs, and I think those have
9 probably gone up. I have measures for all food
10 marketing. I haven't gone in on --

11 MR. Taylor: I do too. It's food
12 manufacturing, the combined effect of wage rates and
13 benefits and labor productivity adjusted by the CPI has
14 gone down 19 percent. Supermarkets and other grocery
15 stores has gone up somewhat, six percent.

16 MR. WOHLGENANT: Yeah. And when I was
17 talking about what's, at least empirically what I'm
18 finding, that other part is -- I mean, I'm not arguing
19 with what you're saying, but I'm saying that there are
20 other things going on there in terms of looking at that
21 full spread. When you do break it out looking at
22 wholesale to farm, you're going to find some different

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

273

1 relationships there as well.

2 MR. Taylor: And you also have the effect
3 from farm to retail and the wholesale that in meat and
4 poultry industry you have some cases where the
5 integrator or packer is actually managing the meat case
6 and others where the retailer is, and you know, we
7 don't have good data on the breakout of that.

8 MS. RUDDLE: And again, I'm going to jump in
9 here.

10 MR. WOHLGENANT: Sure.

11 MS. RUDDLE: You talked about asymmetry. They
12 have a lot of that in the poultry industry. It's called
13 vertical integration. The people that we grow for, and
14 specifically myself and some others in this room, we
15 have one person to do business with. If they would
16 close today, we'd have no one else that will take our
17 farms.

18 First of all, they supply everything to us.
19 They supply our birds. They supply our feed. They
20 supply their medications that they need. Everything
21 comes from them. However, we supply one hundred percent
22 of the labor. We supply one hundred percent of the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

274

1 utilities. We supply the mortgage for the buildings
2 that these birds are grown in, and they are specific
3 buildings for a specific purpose and cannot be used for
4 just anything you would so desire to use if you had to
5 close them down.

6 I've only been actually in this business for
7 five years. However, I have watched it for many years.
8 I've worked in the propane business for 21 years, and
9 in 2001 in February the laid in price to my office was
10 23 cents a gallon. Today that very same gallon of
11 propane laid into me as a retailer is \$1.49. That's
12 today. Yet, you know what? And I have documentation
13 to prove it. Back in 1975, these growers were getting
14 paid \$.059 per gallon -- I'm sorry -- per pound -- back
15 on the propane -- per pound for their birds. 1975. By
16 1985, they had fallen off to .0485.

17 Now we're into 2010 and we're only backed up
18 to .05. Yet instead in only nine years our propane
19 expenses have raised, and I can't give you the
20 percentages either, but you can do the math. From \$.23
21 a gallon at the retailer's level to \$1.49 alone
22 propane. Electricity has taken a 24 percent hike in

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

275

1 two years. So everything has gone up but these wages.

2 They do not tell us what's in our feed. They
3 will not allow us to have feed analysis done. If our
4 birds get sick, then they medicate them, but guess who
5 gets billed for that medication? The grower gets billed
6 for that medication. They don't give us anything. And
7 when we do our settlement at the end, not only that,
8 we're ranked based on the inputs that those people give
9 us and they can manipulate the figures any way they
10 choose to do it, which is where we lose our
11 transparency.

12 And I have a paper here as well that I
13 shouldn't have, but I have three sets of weights for
14 one flock of birds that went out of my farm.

15 MR. MACDONALD: Valerie, you're killing all
16 my questions here. I got this little list script here,
17 and I got things to set up Valerie with, but --
18 Valerie's not going to get set up. She's going to jump
19 right in with it. But while we're there, let me get on
20 this.

21 You're a grower for an integrator. I mean,
22 what I'm going to do is, as long as we're here, shift

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

276

1 some questions around a little bit in time and I'll get
2 us back to this in just a little bit. As a broiler
3 grower in West Virginia, you have one integrator that
4 you deal with. Is that correct?

5 MS. RUDDLE: That's correct. That's correct.

6 MR. MACDONALD: And that's fairly consistent
7 with our own survey data. About a quarter of our
8 broiler grower respondents deal with a single
9 integrator. Another quarter have two in their area,
10 although they may not often -- that second grower may
11 not be taking people on. Let me do some comparisons,
12 if I can, across commodities so we get a little bit of
13 grower perspective on this.

14 Let me shift over a little bit to Gene. Gene
15 is in a couple of markets as I understand it. You raise
16 and sell hogs in Iowa and you also contract with some
17 growers to raise hogs for you. So what I'd like to ask
18 you is, we've heard from Valerie. She has a single
19 integrator. I'd like to get a sense of how many
20 different people you can sell your hogs to. But
21 separately think also about your growers, how many
22 different integrators they might be able to work with.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

277

1 Can you give me a perspective on that? Okay?

2 MR. VERSTEEG: I sell to two packers
3 regularly. I don't have a written contract. We have a
4 -- just an oral agreement as to how the price is
5 established. If I would not like what they pay me,
6 there's probably another six packers within 200 miles
7 of my farm that I could sell to, so I'm not tied into
8 those. So I can move around very well.

9 In regards to the people that grow pigs for
10 me, which we would classify as growers, I have two, and
11 I pay them on a so much per head depending on the size
12 of their buildings. It's a per head basis and on a
13 yearly basis divided by 12 and they get a check every
14 month. If I should not treat any of these two growers
15 fairly, they could drop me very quickly and they could
16 find a dozen other contractors that they could grow
17 pigs for immediately because there's lots of them in
18 the area and lots of opportunities for them to grow for
19 whoever they would want to and they can negotiate that
20 price and those terms very easily.

21 MR. MACDONALD: So I've got one comparison to
22 both. Broiler producer in West Virginia with a single

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

278

1 integrator.

2 MS. RUDDLE: Which owns the birds. We don't
3 have an option to go somewhere else and sell them.

4 MR. MACDONALD: That's right. As a contract
5 grower, your integrator owns the birds. In Gene's case
6 I presume you own the pigs that your grower grows for
7 you?

8 MR. VERSTEEG: Correct.

9 MR. MACDONALD: But in that fairly dense
10 production area you have a fairly wide range of outlets
11 for your pigs and your growers also have a wide range
12 of outlets --

13 Let me bring in Allen. Allen's a cow/calf
14 producer in North Dakota. Let me ask you how many
15 outlets that you have for your animals and if you felt
16 you were being treated badly what other types of --
17 what else could you do?

18 MR. LUND: We have -- now, of course we sell
19 our calves now through local -- through one of two
20 local sale barns. I guess another alternate I would
21 have would be to contract our calves through
22 independent buyers. We could contract these calves

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

279

1 earlier, earlier for a later delivery on it. If we
2 felt we were treated badly, what could I do? Call up
3 the Department of Justice and tell them to get the
4 GIPSA proposed rules in place. I don't know.

5 But I mean we would -- we do have, as other
6 people mentioned today, we have a perishable product,
7 you know. If we're treated badly, if we're not treated
8 good, which would be in poor prices for these calves,
9 there is a certain date that we're forced to move the
10 cattle. So basically we would take a licking and keep
11 on ticking.

12 MR. VERSTEEG: Can I jump in here?

13 MR. MACDONALD: Yeah.

14 MR. VERSTEEG: So now we see three different
15 species here. It's a huge difference in the whole
16 array of what our economic conditions are. If USDA is
17 going to draft GIPSA rules that are not species
18 specific, they are making a huge mistake.

19 MS. RUDDLE: I believe there's something
20 actually in the rule about like-type animals, at least
21 in the poultry industry as far as like types in their
22 settlements. You know, we're in a situation where I

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

280

1 grow that we're not only competing with a single
2 integrator, but only a few miles, within 50 miles, if
3 you cross the state line, and there are other
4 integrators over there. But this particular company we
5 raise for goes as far as 80 miles from its plant into
6 Virginia, raises these birds. Those birds come from a
7 different state. Their feed comes from a different feed
8 mill. The only thing the same is they come to the same
9 slaughterhouse to be killed. We are forced to compete
10 with those separate inputs against one another and be
11 ranked on that.

12 Based on your ranking, they determine whether
13 you're a good grower or you're a bad grower. So they
14 may penalize you or they may give you what they call an
15 incentive. However, the incentive is .02 and what they
16 take away is .025. Well, where does that other go? It
17 goes right back into the integrator's pocket, but they
18 don't particularly tell you that.

19 MR. MACDONALD: Let me set you up a little
20 better.

21 MS. RUDDLE: Okay.

22 MR. MACDONALD: We just heard Gene, the way

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

281

1 you pay your growers in the hog business is -- can you
2 quickly repeat that for me? And let me come back to
3 Valerie and talk about how pay works in broilers.

4 MR. VERSTEEG: They get paid based on the
5 size of their building. It's so much per head per year
6 divided by 12 and they get a check every month.

7 MR. MACDONALD: And so, if we look at that,
8 we can quickly identify the size of your building. And
9 so you're going to have a difficult time. manipulating
10 that pay. Is that right?

11 MR. VERSTEEG: Oh, it can't be manipulated,
12 no.

13 MR. MACDONALD: Now, as I understand from
14 Valerie, you have concerns about the opportunity--

15 MS. RUDDLE: We get paid by the pound.

16 MR. MACDONALD: -- for your integrator to
17 manipulate your pay?

18 MS. RUDDLE: Correct. We get paid by the
19 pound, not by the square foot, nor the head that goes
20 in our house. The only way that the head is based is
21 by they tell you how many birds they're putting in your
22 houses so they can supposedly track how many die so

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

282

1 they know what's going into market.

2 MR. MACDONALD: But if I can get in here,
3 you're not being paid a flat fee per pound. Are you?

4 MS. RUDDLE: Never.

5 MR. MACDONALD: So how are you paid?

6 Ms. RUDDLE: Well. they promise us in our
7 contract we'd have a base pay. My house is relatively
8 new, as again I've only been in it five years. So my
9 base pay is supposed to be .055 per pound. With
10 numbers manipulations, thanks to our folks down there
11 at the integrator that I work for-- and I do work for
12 them every day. We work very hard. The labor is not
13 simple and it is very time consuming. If I can find my
14 paper, I sent 379,000 pounds, over 379,000 pounds, of
15 meat to market in that flock of birds. Because I was
16 below -- well, here they show me at 40 full-on days. My
17 birds were 38 days old when they went to market. Some
18 more number manipulation.

19 They say we're paid based on our weight gain
20 per day and our feed conversion, yet they also tell me
21 these numbers don't count. The days don't matter.
22 Well, if our feed conversion based on gain per day, how

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

283

1 can that gain not matter? And if they arbitrarily
2 stretch those days by four, that's certainly going to
3 make a big difference in where we land in our
4 performance. My performance adjustment, they took away
5 almost an entire penny per pound from my flock that I
6 sent to market because they manipulated these numbers.

7 MR. MACDONALD: Well, let me just jump in on
8 this. You have a base pay, but the variation, what
9 you're actually paid and the variation from that base
10 pay, as I understand it, depends upon the measure of
11 feed conversion and of gain per day. Is that right?

12 MS. RUDDLE: That's what they tell us.

13 MR. MACDONALD: I'm just following up on
14 this. And who measures feed conversion and gain per
15 day?

16 MS. RUDDLE: The producer does.

17 MR. MACDONALD: So your concern on this--

18 MS. RUDDLE: Not the grower. The integrator.

19 And this is an example -- and I'll let you
20 take a copy of this you can look at. This is a ranking
21 sheet that was given to someone, and it shows they
22 determine who is average. They determine who is not

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

284

1 average. There is headings there. You can see what
2 your pounds are, what they claim the pounds -- the feed
3 conversion was, which gets you into your rate per day.
4 However, if your birds go to market and you have feed
5 left in your feed tank, they come and get them with
6 what they call an evacuation truck. Well, this
7 evacuation truck has a scale on it, but that scale
8 doesn't work. So they take it back to their plant and
9 they run it across a scale, so they say, and then when
10 we get our settlement paper after it's all been
11 determined, they tell us how much feed that they took
12 out of our plant.

13 We have no transparency in the poultry
14 industry, nor do we have any access to this
15 information. That's why GIPSA needs to use the laws
16 that they have in place now. They need to use them
17 quickly. It's been two years since this started, the
18 2008 Farm Bill, and it is time to quit beating this
19 horse and let's do it.

20 MR. MACDONALD: Let's see if we can just sum
21 up what we mean on the lack of transparency, which is
22 some of your pay is based on production characteristics

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

285

1 that are measured by the people paying you.

2 MS. RUDDLE: That's everything.

3 MR. MACDONALD: And your concern is both that
4 that's not objectively determined and can be
5 manipulated by the buyer?

6 MS. RUDDLE: That is absolutely my opinion,
7 and it is shared by many.

8 MR. MACDONALD: Let me throw this broader
9 question out and ask do we think this -- based on what
10 we know, is this common in poultry and do we see this
11 sort of thing in hogs and cattle as well?

12 MR. TAYLOR: It is universal in poultry that
13 a grower cannot verify the numbers used in calculating
14 their pay.

15 MR. VERSTEEG: It's not heard of in hogs.

16 MR. MACDONALD: Want to say anything about
17 cattle, Al?

18 MR. LUND: We're talking lack of
19 transparency. Is that correct?

20 MR. MACDONALD: Yeah.

21 MR. LUND: I really don't have any in selling
22 my calves, but I realize that there is a tremendous

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

286

1 amount of lack of transparency when the feeders sell
2 their calves at a packing industry and anything, if
3 there is a lack of transparency there that is affecting
4 their prices, say losses, I do realize the next time
5 they buy calves that they are going to be passing those
6 losses on to me and I'm at the bottom of the food
7 chain. I have nowhere to go down from my place. So
8 yes, I would have a problem with lack of transparency.

9 MR. MACDONALD: Let me try to cycle back on
10 to some of the questions we had earlier because we're
11 getting a little bit pressed for time. We have about
12 15 minutes left in this session.

13 We had earlier talked about some price spread
14 numbers and long run changes. That's where we started
15 in the discussion with Mike Wohlgenant and others on
16 the panel. Let me now talk a little bit about short
17 run changes, and I'll quote some other USDA numbers and
18 I'm going to bring in John Crespi and ask him about
19 this.

20 First week of September this year, September
21 2010, according to USDA data, the average price for
22 slaughter hogs on a carcass weight basis was \$77 a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

287

1 hundred weight. A year before, September '09, they
2 were 48. The year before that they were 68. Very
3 sharp fluctuations in hog prices over time. Not quite
4 as sharp for cattle over those recent years, but still
5 pretty sharp. September for dressed steers, the
6 average price in September is \$156 a hundred weight.
7 The year before, \$130. The year before that, \$153. So
8 full sharp rises. That's fairly common. There's a
9 pretty good chance we'll see widerswings for a variety
10 of reasons in the future.

11 Let me go back to a question that came up in
12 the last panel. How does that pass through to retail
13 prices? Let me bring John Crespi in and see what John
14 has to say about passthrough from fluctuation in 18
15 livestock prices to retail prices.

16 MR. CRESPI: If you ever wondering what the
17 difference is between a distinguished professor in
18 economics and an undistinguished professor in
19 economics, the undistinguished professor has to wait 40
20 minutes before getting to answer a question.

21 MR. MACDONALD: Everybody's picking on me.

22 MR. CRESPI: And with that, I'll show you

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

288

1 even more why I'm the undistinguished professor of
2 economics here. The reason I think you're asking these
3 questions, we've been talking a lot about margins, and
4 Mike does more than anybody on looking at these
5 margins, outside of ERS. But a lot of the things we've
6 been talking about, value added and whatnot, you can
7 look at as well. Maybe those are -- and labor of cost
8 movements and whatnot, but those are long run changes.
9 And so what is the margin long run?

10 Jim, your question is getting at okay, now
11 we're talking short run. So it's probably not a value
12 added issue.

13 In general, the answer to the question -- and
14 Valerie's going to be mad, but she already knows the
15 answer. I don't have any poultry numbers because we
16 don't know what the numbers for poultry are.

17 MS. RUDDLE: You call me up and I will supply
18 you with five years' worth of data.

19 MR. CRESPI: I'll take your receipts.

20 And so I'm going to have to talk about hogs
21 and cattle. But the short way to answer your question,
22 of course we study this stuff. Anything that USDA

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

289

1 produces in numbers, I guarantee you there's a hundred
2 economists out there in academia crunching through
3 those in some way, shape or fashion and there's people
4 that do this a lot better than I do.

5 But historically, again, this is historical,
6 but the short run changes, a ten percent
7 increase/decrease in the farm price of cattle will see
8 about, almost immediately, a six percent change up the
9 channel, or down the channel to the retailer. And that
10 same ten percent change for the hogs will go down to
11 about a three percent change to the retailer.

12 And the reason that I want to bring that up
13 is because it gets at something we talked about all
14 day, which is -- some of the people have talked about
15 this a little bit. In our economics studies of whether
16 or not these price margins and the things that USDA is
17 collecting and trying to get at in talking about farm
18 share of these, if that retailer isn't passing along
19 all of that cost, then it gets really hard to ferret
20 out changes between farm and retail are due to market
21 power, which is what a lot of people are talking about
22 today, or whether they're just part of the normal

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

290

1 inventory process of a retailer of the -- and don't
2 shoot the messenger. We've done -- we as an academic
3 economist have done hundreds and hundreds of studies,
4 and Mike's colleague at North Carolina state, Barry
5 Giblin, has done a lot of these very, very well and you
6 know, as one economist put it in one of the studies,
7 we're really good at showing what the markets are
8 doing. We're really bad at explaining why it's
9 happening.

10 And you can get an increase in a margin even
11 in a short run between farmer and retail with the
12 movements you're talking about, Jim, if the cost
13 doesn't get passed all the way on to the consumer in
14 that first period.

15 So a retailer doesn't pass it on because, for
16 whatever reason, they don't want to go hire all the
17 labor to change over all the items in the store or they
18 don't want to shock their consumers with big price
19 changes because they're their clientele. They want them
20 to come back to them and not search around for other
21 places. If they don't pass everything along that first
22 period, well then unless they don't, unless they bring

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

291

1 the prices down slowly after the shock has gone away at
2 farm, they're going to lose money. Because they took
3 out some of that risk of the price movement in the
4 first period, they have to recoup some of that margin
5 in later periods. The problem is -- and you can pull out
6 a napkin or a scratch paper and do this yourself--the
7 problem is that when the costs go back to sort of
8 normal at the farm level but the retailer is coming
9 down slowly because they're trying to recoup some of
10 those costs, that margin in the short run, you'll see
11 it spread. It just does. Unfortunately, that looks
12 exactly the same thing as if we were -- any number of
13 us, Mike or Bob or I, could do it and we have done it,
14 if we model that as suppose this is a model of a
15 retailer that has market power, buying market power, or
16 even a processor who has buying market power, if we
17 model it that way and then we go and get these same
18 data and we run it through our regression models, we
19 will also see a spread that's consistent with a market
20 power story.

21 What's almost impossible right now, because
22 there aren't enough smart people, believe it or not, in

1 academia to figure this out, is how you discern the
2 difference between this price spread being a price
3 spread due to market power and a price spread being a
4 price spread due to normal reactions at the retail
5 level.

6 Sorry. I have novested interest in finding
7 this one way or another. I'm one of the people that has
8 done the most to try to find it on the cattle side, and
9 I've actually been you know -- by various people --
10 I've actually found on the buying side in cattle at the
11 processor level, some of the biggest margins that I've
12 attributed to market power of any academic economist.

13 Nonetheless, I'm sitting here and telling you
14 that it is really, really hard to figure out whether or
15 not the margins like what we've been talking about all
16 day that USDA produces and the margins that our
17 textbooks tell us would be attributable to market
18 power, once we actually have the data in front of us,
19 it's really difficult to tell which one of those two
20 stories, which one of those two hypotheses is the right
21 one.

22 MS. RUDDLE: Well, I think I can help you

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

293

1 out.

2 MR. CRESPI: I know you can, but --

3 MS. RUDDLE: You know, I'm Josephine Plumber,
4 you know. I'm a woman. I'm a poultry farmer. I'm a
5 mother. I'm a full-time worker. I'm a tax payer, and
6 by gosh I'm a consumer. And right here I raise chicken
7 for an integrator that sells to this particular
8 company. For this 16 pieces of chicken that were
9 purchased, the grower made approximately 80 cents. Now
10 you tell me where the fairness is that it costs me
11 \$37.73 to buy that back?

12 MR. CRESPI: Well, I would tell you --

13 MS. RUDDLE: That is a spread.

14 MR. CRESPI: And again, I will plead
15 ignorance on lots of things, including poultry. But a
16 lot of the things -- we're talking about the margin, I
17 mean poultry's -- I don't want to say a different
18 animal but it is, but it's certainly a different animal
19 than this because of the way it's integrated.

20 MS. RUDDLE: But -- I'm sorry, but you're
21 exactly right. Packers and stockyards has been since
22 1921 and factory farming for poultry is not that old.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

294

1 It's something that has come in probably been -- well,
2 in my first experience not as a grower but in actually
3 seeing what was going on was in 1986. So I will go
4 back that far, but it started out as a gentlemen's
5 business and now it has grown out into this vertical
6 integration where they are dictators and we are stuck
7 to contracts of adhesion. And you're basically back to
8 the days of servitude. We have no opportunity to
9 manipulate or raise or anything else.

10 They try to tell us that we are being
11 insulated from this risk. However, when they are
12 making more and more profits, they are not sharing the
13 wealth. It's "oh, we're sorry, but you know, it's
14 costing us money." I have overhead as well as they do.

15 MR. CRESPI: All I'm trying to -- and I
16 appreciate it. I hope that you don't hear an
17 insensitivity when I'm just saying objectively looking
18 at the numbers -- and we have done hundreds of studies
19 -- it's just really difficult for us to find it in
20 places where we think it ought to be there. You hear
21 about the concentration and you go we ought to be
22 finding it.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

295

1 But even going back to -- and sorry, I'm
2 going to do hogs and cattle again. Going back to the
3 numbers that Mike was talking about earlier, just using
4 the USDA numbers, there's been a lot of talk about
5 things that have to be done at the processing level
6 where there's buyer power at the processing level. But
7 even just using USDA numbers, the farm share -- so take
8 the farm prices divided by the retail price, and that's
9 been the farm retail share we've been talking about
10 today -- certainly has been declining.

11 But you do the same thing with the farm
12 prices divided by the wholesale prices that USDA
13 publishes, and that thing has been constant. That
14 share has been pretty darn constant for the last 40
15 years. So if the issue is the buyers at the processor
16 level are causing the problem and if we agree, whether
17 we do or not, that the farm retail price share is out
18 of whack, you really don't see it in the USDA numbers,
19 which is why economists like myself try to find other
20 ways of measuring the margin other than the prices,
21 because one of the things the prices don't do is they
22 don't take into account the volume. You know, would

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

296

1 you rather get, you know, ten percent of a hundred
2 dollars or five percent of a thousand dollars? I mean,
3 we don't know what the volume is of something going
4 through these chains.

5 So just talking about the price changes going
6 on without taking into account what's actually being
7 sold, which is where the numbers directly out of your
8 farming operation really helped us, or would help us,
9 Valerie, it's just difficult for us to figure this out.
10 I mean, Mike can talk about this. I know Bob can talk
11 about this too. I'm just saying the one thing that
12 academics can do is to provide, I think, objective
13 research.

14 When we move into the advocacy stage, we're
15 hurting all of us. When we move into the stage of
16 saying there's a consensus on all of this, it's not
17 true. We have people like myself and Bob and Mike who
18 write papers and do the best we can, but at the end of
19 the day we're constrained by the data that we have, so-

20 -

21 MS. RUDDLE: And again, I appreciate that and
22 I certainly appreciate Bob Taylor because he has

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

297

1 actually gone out and tried to get this information,
2 which is something you don't hear of very often, or at
3 least since I've been involved in this.

4 And now that I know that you're an economist
5 for the Department of Justice or whomever it is you're
6 for, I expect you to be calling me up for this
7 information and I will be sure to get a lot of my
8 friends out to have their information for you.

9 MR. MACDONALD: I have a broiler survey. We
10 did a broiler survey 2006. We're going out again in
11 2011. It's going to take you an hour and a half to
12 fill that survey out. You going to fill that out?

13 MS. RUDDLE: Absolutely.

14 MR. MACDONALD: I'll put you on the list--

15 MS. RUDDLE: Come see me and I'll bring them
16 to you.

17 MR. MACDONALD: Right there.

18 MS. RUDDLE: That's right.

19 MR. MACDONALD: Get that one. Let me cycle
20 around to something that I was puzzled by when we
21 started with, and I'll take the chance of being the
22 Chair of this panel to squeeze out something of my own

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

298

1 bias or information on this.

2 Mike, when you talked about long run changes
3 in spreads and you attributed 73 percent to the growth
4 in the CPI, and that was the growth in input, does that
5 suggest, in making that calculation, that there is no
6 productivity growth in retailing?

7 MR. WOHLGENANT: No.

8 MR. MACDONALD: Why not? I thought it did.

9 MR. WOHLGENANT: I mean, there certainly can,
10 but I mean, as Bob alluded to in the meat packing, it's
11 been happening in the retailing part too. I know
12 benefits costs have been going up, and so you have
13 things offsetting that. I haven't looked recently at
14 the productivity numbers to know what they are for
15 retail.

16 MR. MACDONALD: I just wondered if it was
17 implied in using the price index. In other words,
18 shouldn't their cost rise by the rate of increase in
19 their input prices minus productivity growth? And so
20 if you use the price index to say their costs are
21 increasing that much, doesn't that imply that they
22 don't have any productivity growth?

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

299

1 MR. WOHLGENANT: No, it doesn't. I made
2 adjustments for that. And there's some indication that
3 there might be some effect, but it's dwarfed by these
4 other variables, in particular the income that is
5 suggesting the increase in the amount of labor that's
6 going into this. Even though some of that labor is
7 becoming more productive, there's just a lot more
8 demand that I think it's reasonable to say consumers
9 have for services that are more constant.

10 MR. MACDONALD: We have hit -- we've hit an
11 hour. Does anybody have any wrap up statements that
12 you'd like to make on this?

13 MR. VERSTEEG: I'd like to say that I've been
14 selling pigs for 40 years. The markets go up. The
15 markets go down. When we overproduce they go down.
16 When we underproduce, they go up. I think the markets
17 are working pretty good.

18 MR. MACDONALD: Anything else?

19 MR. LUND: I've got one. I've heard a few
20 comments on vertical integration and consolidation and
21 whether it's consumer driven or not. It might have
22 started out being consumer driven, but what I see today

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

300

1 is the consumer puts much more trust in buying a
2 product from a smaller independent company. So if it
3 is consumer driven now, I think it will be going the
4 other way. The consumer will be for downsizing.

5 MR. MACDONALD: You mean a smaller retailer
6 or a smaller packer or both?

7 MR. LUND: Smaller everything.

8 MS. RUDDLE: And personally, I would like to
9 see someone take more interest in the poultry industry
10 and what's happening with these poultry growers. These
11 people are suffering. They're suffering every day. If
12 I didn't work an outside job from my farm, I wouldn't
13 be able to support my farm. And quite frankly, two jobs
14 a day is very tiring, and especially if you want to
15 have any kind of life with your family, your children.
16 It makes it very difficult.

17 And again, I have to repeat, there are rules
18 in place already through GIPSA. There are new ones on
19 the way that need to be maybe clarified. It's been two
20 years. I can't reiterate this. I get so tired.
21 Everybody wants to study everything to death, and I
22 would certainly like to see you folks get it pulled

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

301

1 together. Quit bickering and arguing over things that
2 don't even include me and get it done so that people
3 like me that have no transparency, no way to verify how
4 I'm getting paid, yet someone can tell me I'm a bad
5 person for it, can no longer do this. I want these
6 rules taken care of quickly and efficiently.

7 MR. MACDONALD: I think that gives Valerie
8 the last word. Thank you. I think we have a public
9 comment session, a second public comment section,
10 coming up if I remember the agenda properly. Thank you.

11 (Whereupon, a recess was taken.)

12 MS. VARNEY: Okay. So it's been a long day,
13 and we appreciate everybody's attendance. Why don't we
14 try to get started for our conclusion here? Or not.
15 Okay. Can I ask everybody to take their seats and if
16 we're going to keep talking, which we're welcome to do,
17 to take it outside so that we can get started with our
18 final session?

19 I'm Christine Varney. I'm the Assistant
20 Attorney General for Antitrust at the Department of
21 Justice. Thank you. I know you're tired. I think
22 you're clapping because it's the end. We're going to

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

302

1 begin the public testimony in just a few minutes and as
2 soon as everybody's able to sit down.

3 I'm just going to give you a couple of final
4 thoughts before we go into our public testimony. And I
5 want to thank you all for joining us at this final
6 workshop. And thanks, Secretary Vilsack and the
7 Department of Agriculture, for hosting this event, and
8 more importantly for their partnership in these
9 workshops. We also want to thank the staffs at both
10 the Departments of Justice and Agriculture for their
11 efforts in planning and executing these workshops. It
12 is their hard work and dedication that made this
13 conversation possible and productive.

14 In August 2009, when we announced these
15 workshops, we set an ambitious agenda. The Departments
16 of Justice and Agriculture share a strong conviction
17 that a healthy, competitive agricultural sector is
18 vitally important to our nation's economy as well as a
19 matter of national security and public health.

20 Hearing concerns from producers about changes
21 in the agricultural marketplace, we decided to explore
22 competition issues affecting the agricultural sector in

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

303

1 the 21st century. We resolved to explore different
2 commodities and to tackle a number of important issues,
3 including concentration in processing, buyer power and
4 vertical integration. Never before had the Department
5 of Justice and the Department of Agriculture worked
6 together on this scale to address competition and
7 regulatory issues, but as you've heard everywhere and
8 from everyone, the time is right. Our organizations
9 are committed to these workshops at the highest levels,
10 with Attorney General Holder and Secretary Vilsack
11 attending individual workshops and providing strong
12 support and encouragement.

13 We have covered a lot of ground both
14 substantively and geographically, travelling around the
15 country to discuss a wide range of issues and industry.

16 In March, we inaugurated the workshops in
17 Ankeny, Iowa focussing on crop and hog farming. Topics
18 that generated intense discussion included
19 technological developments, intellectual property
20 rights and genetically modified seeds, market
21 transparency and the increase in contract production in
22 the hog industry.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

304

1 In May, we moved to Normal, Alabama where we
2 talked about the poultry industry. Participants
3 examined issues such as vertical integration, grower
4 compensation, farm upgrades and other contracting
5 issues.

6 In June, it was Madison, Wisconsin to discuss
7 the dairy industry. The audience and panelists
8 highlighted a number of crucial issues, including the
9 thin spot market for cheese, milk marketing order
10 system, the impact of consolidation at the processor
11 and retail levels.

12 Then we went to Fort Collins in August to
13 explore the livestock sector. We heard discussion of
14 increased use of contracting for risk management,
15 concentration and processing, packer ownership of
16 livestock and trends in value added products in niche
17 marketing, among other issues.

18 Today, these workshops conclude with an
19 examination of margins along the supply chain from
20 producers to consumers. This was a recurring theme at
21 all the workshops, with consumers and producers alike
22 wondering about the difference between prices farmers

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

305

1 get for their crops and animals and the prices they pay
2 at grocery stores.

3 We've enjoyed broad participation in the
4 workshops with more than 3,500 participants in the
5 first four workshops. Farmers, ranchers, co-op members,
6 processor and other stakeholders from Maine to
7 California travelled to these workshops to listen and
8 share their thoughts. They came from farms ranging
9 from few hundred acres to several thousand, each
10 bringing a unique perspective.

11 The panels included testimony from farmers,
12 other industry participants and academic experts who
13 delved into specific issues like market concentration
14 and market transparency. In addition, we heard public
15 testimony from those in the fields and on the ranches
16 every day.

17 In these sessions a recurring message was
18 that many of America's producers are struggling to keep
19 their farms and ranches afloat. Many producers talked
20 about lower prices and a lack of transparency as to how
21 prices were set. Some producers discussed a lack of
22 market access and the power buyers can exercise in the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

306

1 market. For many producers higher input costs
2 exacerbated their woes. Many crop farmers talked about
3 the high cost of seeds, and one poultry farmer told us
4 his propane costs had jumped from \$42,000 to \$92,000 in
5 just a decade.

6 Other producers claimed that the farmers who
7 contract to raise animals are forced to accede to
8 onerous terms. At the poultry workshop in Normal, one
9 grower told me that he feared his processor would
10 retaliate against him for speaking his mind. Let me be
11 clear. The Department of Justice and the USDA will not
12 tolerate any retaliation or intimidation.

13 Some farmers and ranchers pondered the fate
14 of America's rural communities. Some whose families
15 had farmed for generations voiced concern about whether
16 their sons and daughters would be able to follow them.
17 One participant told us of the passing of once vibrant
18 communities that were built upon hog production but are
19 now deserted. Some talked about the human cost of a
20 declining rural economies, including bankruptcies,
21 foreclosures and suicide. These stories were at times
22 heartbreaking and painful to hear, but they provide a

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

307

1 visceral understanding of the hardships that government
2 statistics cannot.

3 We also heard that producers are meeting
4 these challenges with the vigor and determination that
5 has characterized our agricultural sector throughout
6 our country's history. Producers are thinking about
7 ways to add value to their products and exploring new
8 marketing opportunities. Some producers described how
9 advances in science and technology and new management
10 techniques have led to greater productivity. A number
11 of producers saw potential for expanded sales in
12 foreign markets. Finally, many, many producers told me
13 how cooperatives empowered them to bargain effectively
14 and expressed great pride in the quality of the
15 products that their cooperatives bring to markets.

16 At the Department of Justice, we believe that
17 vigorous enforcement of the antitrust laws and
18 competition advocacy are key to ensuring competitive
19 agricultural markets, but we know that our efforts are
20 only one part of the solution. We are committed to do
21 our part to help resolve these issues and to continue
22 to bring others together to work on solutions to these

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

308

1 challenges. The Obama administration is committed to
2 ensuring that America's rural economy is vibrant. Last
3 year, at the President's direction, Cabinet members
4 visited rural communities across the country and
5 engaged in thousands of conversations about how the
6 private sector and government can work together to
7 strengthen rural America. The administration has made
8 major investments in the farm safety net, provided
9 emergency support to struggling dairy farmers, opened
10 important international markets to agricultural
11 products, invested in teachers and rural colleges and
12 modernized infrastructure including roads, police
13 stations, libraries, health clinics and community
14 centers across rural America.

15 We know, however, that there is more
16 potential for economic growth in rural America, and we
17 will continue to pursue the successful strategies of
18 today and the compelling opportunities of tomorrow.

19 Before I bring John Ferrell and Mark Tobey
20 back to the center to start the public testimony, let
21 me assure those of you who shared their time and
22 expertise with us that it has been invaluable, and I

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

309

1 thank you deeply. The woman who was just here who
2 talked about two jobs to keep her farm afloat and being
3 a working mom, I know how hard it must have been for
4 her to make the time to come here, and we saw that
5 across every workshop, and we deeply appreciate it.

6 You've given us not only a better
7 understanding of how agricultural markets function and
8 of the difficulties facing farmers and others in the
9 sector, but also reinforced the importance of our
10 efforts to promote a more competitive and fair
11 marketplace.

12 We have already begun to take action at both
13 our departments to address some of these issues. As
14 we've discovered bottlenecks, we have sought to ease
15 them. Recognizing there is no one clear solution to
16 the many problems that we have heard, we have
17 instituted a number of things. First, we have a
18 working group made up of lawyers and economists and
19 other staff from the Department of Justice, the
20 Department of Agriculture and across all parts of the
21 Department of Justice, not just the Antitrust Division,
22 but the Civil Division and others as necessary, to

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

310

1 tackle those issues that we've heard about and the
2 matters that have been brought to our attention.

3 I hear you about GIPSA. We're working at the
4 Department of Justice very closely with USDA to help
5 them get through the comments and to help them
6 formulate a rule that can get out there quickly and
7 withstand any attack. We will continue working with a
8 variety of stakeholders who we've engaged with
9 throughout the past year. Some of you have called me,
10 and I encourage you to continue to do that.

11 Each of us, federal agencies, state
12 governments, private corporations and producers, has a
13 stake in an open and competitive agriculture industry,
14 and the Antitrust Division is dedicated to doing its
15 part. Government does not have all the answers to these
16 challenges. Certainly, I don't have all the answers,
17 but I promise you I will do my best to help you find
18 the answers.

19 And with that, I'd like to bring Mark and
20 John back up to hear our public testimony. Thank you.

21 MR. FERRELL: Well, good afternoon, and I
22 think you know how this works. We will follow the same

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

311

1 pattern that we did this morning for our public
2 testimony section. Again, we ask that comments be
3 limited to two minutes each, and we'll just go
4 microphone to microphone and work through as many
5 people as we possibly can that would like to provide a
6 comment. And so, with that, we will start right over
7 here.

8 MS. BORRON: Thank you. My name is Sarah
9 Borron, and I'm here today representing Food & Water
10 Watch. We want to thank the Department of Justice and
11 USDA for holding these hearings and dedicating the
12 important time and energy necessary to investigate
13 these matters. We, along with 32,000 other petitioners
14 who have signed a petition we submitted, recently urged
15 the Department of Justice and USDA to continue to take
16 action to investigate and change the antitrust
17 situation for agriculture. We submitted 32,000 names.
18 As Sienna from WhyHunger mentioned earlier today, other
19 organizations have worked together to submit over
20 240,000 signatures urging action. That's over a
21 quarter of a million people who are concerned about how
22 corporate control is affecting their food choices,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

312

1 affecting farmers' abilities to make a living,
2 affecting what they see on the ground every day,
3 affecting low income people.

4 We want to urge the DOJ and USDA to implement
5 the GIPSA rule, a message that I hope has come through
6 loud and clear from several people who've spoken today.
7 We also urge you to complete the look-back
8 investigation over agribusiness mergers that occurred
9 over the last decade and also to work with the FTC to
10 include food retail and processing in your
11 investigations. Thank you.

12 MR. HUTCHINS: Yes. My name's David
13 Hutchins. I'm from Ohio. I started raising cattle in
14 1955. Plus, over the years my wife and I and our
15 family has raised thousands of head of sheep, hogs and
16 cattle. The one thing I've heard here today is I
17 haven't heard anybody come here asking for a handout.
18 All we're asking for is a fair market. The hog guy
19 here from Iowa, he must do a really good job. He must
20 treat his cooperatives right. And he lives in a
21 particular area. But I used to raise from farrow to
22 finish -- it was a family operation -- 4,000 head of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

313

1 hogs from farrow to finish. You know why I can't now.
2 All the auction markets I took them to are gone. All
3 the local hog markets are gone, high-end holding hog
4 markets are gone. There's not a packer in the state of
5 Ohio that kills many hogs. There's not a packer in the
6 state of Ohio that can kill a 50,000-pound load of
7 cattle, but yet Wood County, Ohio fed more fat cattle
8 than anybody in the United States years ago. Washington
9 and Knox County were the largest sheep producers in the
10 United States, Fayette and Clinton County used to be
11 the two largest except for near Quincy, Illinois -- I
12 can't think of the county, in Illinois were the largest
13 hog producers.

14 We have lost all the feeders in northwest
15 Ohio. A 90-year old guy called me last week and he
16 said, "Dave, I'm 90 years old. I'm broke. We're
17 having to put our farms up for auction. We used to
18 feed thousands of head of cattle. We used to own 600
19 acres of ground. We used to own one of the largest
20 livestock yards in Ohio and here, after all that work
21 and everything, I'm now broke."

22 It's not that we're asking for a handout.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

314

1 It's -- all that we're asking for is our share of the
2 market and a fair playing field. We talk about Walmart
3 and these big companies. It's up to Justice Department
4 what you do to them, not me. We do live in a democracy
5 in a capitalistic society where everyone should be able
6 to make money. If we can work together -- and I want
7 to thank you for letting me get up here on the
8 microphone today and holding this event today because
9 it proves the democracy system's still working.

10 I have six children and 16 grandchildren. I
11 spent my own money to come here today. My wife took off
12 work to take care of the cattle, you know, she also
13 baby sits grandchildren and everything else. That's my
14 problem. I don't care about that. I thought it was
15 worth the time to come. But if we look at the future --
16 and as Christine Varney said, even the security of this
17 country, the foundation of this country, if 50 percent
18 of the GNP is agriculture and the foundation is the
19 family farm.

20 Thank you.

21 MR. FOX: Hello. My name is Kenny Fox. I'm
22 President of the South Dakota Stockgrowers Association.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

315

1 We wholeheartedly support these rules and appreciate
2 what you are trying to accomplish for us. I'm going to
3 give you a little bit of a story about my life and my
4 family. My wife and I are both third generation cattle
5 producers. I got started in the business in 1973. It
6 took 12 calves to buy a brand new pickup. Today it
7 takes 40 to 50. I haven't been able to purchase a new
8 one since 2001. Yes, we've got an increase in prices
9 this year, and I'm grateful for it and I think it's due
10 to the fact that USDA and the Department of Justice has
11 been investigating our markets. Thank you for doing
12 that.

13 With that said, in 2005, we received the
14 highest prices we ever got for our cattle. This year
15 we got \$100 a head less. In 2005, our input costs were
16 considerably less than they are today. The prices
17 received today don't necessarily reflect what it takes
18 to keep an operation going, and so I -- we need a
19 better price to stay in business.

20 I've been in business for 37 years, and I'm
21 grateful to be in business that long. But I seen a lot
22 of my friends and neighbors that couldn't survive, and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

316

1 I don't know why we have because with these prices it's
2 very difficult to do that.

3 At the same time in 2005 when we received
4 these high prices for our calves, choice retail beef
5 was at \$4.90 a pound. We received \$100 less as I
6 stated before for our calves this fall, and in June of
7 2010 the choice retail meat price was at a near record
8 of \$4.49 a pound. So producers like myself are being
9 gouged as well as consumers and we need enforcement of
10 the Packers and Stockyards Act.

11 Thank you.

12 MR. CARSTENSEN: I'm Peter Carstensen from
13 University of Wisconsin Law School. I'm sorry that
14 Christine has left. I had a chance yesterday to speak
15 directly to Jon Liebowitz in a public meeting about the
16 -- push him a little bit about the FTC's side of this
17 equation, and I have a sense that there may be more
18 responsiveness there. But I take it, Mark and John,
19 you have access to your superiors, and the real central
20 question right now at the end of this meeting is what
21 the USDA and the Division are going to do about the
22 issues that have been raised.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

317

1 Right now I'd have to say that we are seeing
2 movement at the USDA and inertia at the Justice
3 Department. USDA has the PSA rules under way. I
4 understand that the Dairy Advisory Committee is
5 considering some reforms of the milk marketing order
6 system that could address some of the serious problems
7 there. From the Division on the other hand, we have in
8 the dairy area a modest merger case, but we also have a
9 major investigation that was commenced a number of
10 years ago by the Division which has been updated
11 substantially by private litigation to which the
12 Division can have access at its request. And the
13 Division, so far as I know has, failed totally to take
14 advantage of that to understand what has been going on
15 in the dairy market for the last three or four years.
16 Moreover, those private cases are now on the verge of
17 being settled, so private parties are going to be
18 deciding what is the shape of dairy markets in the near
19 future. The Justice Department definitely needs to get
20 into that area so that it's not ignorant of the issues
21 and knows what's going on.

22 With respect to seed technology, the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

318

1 Department is allegedly looking for a monopoly case to
2 bring. There is one that has been investigated for a
3 substantial period of time. The investigation has gone
4 on long enough. It needs either to say that there is a
5 violation that it wants to pursue or acknowledge that
6 it does not believe the antitrust laws can get at that
7 kind of monopoly. Today I heard some very plausible
8 kinds of information with respect to both beef and
9 poultry that I would hope Bill Stallings has run out of
10 here to start an investigation on. If so, it will be
11 the first word of any investigation from the Justice
12 Department in the beef or poultry area so far. It's
13 time, in other words, now that the hearings are over,
14 for the Justice Department to get to work.

15 MS. CAERTAS: My name is Becky Caertas, and
16 I'm the Program Director for the Contract Agriculture
17 Reform Program for the Rural Advancement Foundation
18 International USA, which is a nonprofit organization
19 based out of North Carolina.

20 And today we have many poultry growers here
21 in the crowd, everyone with not the cowboy hat on but
22 the ball caps, the blue ball caps, are all contract

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

319

1 poultry growers from Virginia and West Virginia, and we
2 also have some from Alabama as well. So we really
3 appreciate them taking their time to come and listen to
4 this final workshop.

5 Now, I've had the, really the great
6 opportunity to travel throughout the southeast once the
7 GIPSA proposed rules came out and listen and talk with
8 growers about what these new proposed rules would do,
9 and you know, most of the growers that I spoke with,
10 they were very pleased with the rules, actually they
11 were ecstatic that finally somebody in the Department
12 of Justice, the Department of Agriculture finally
13 realized the abuses that they are under and actually
14 are doing something about it. They felt that they are
15 actually addressing protecting their investments,
16 protecting them against retaliation and making sure
17 their pay is based on what the grower does and not the
18 company decisions.

19 Valerie touched on part of that on the other
20 end, that the company can decide the amount of feed and
21 the weight of the birds. However, the company
22 decisions in terms of the inputs that they get on the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

320

1 front end makes a large difference in how much they are
2 paid, and ultimately, unfortunately, if they are cut
3 off with a million dollar investment left hanging.

4 However, many of these growers that I spoke
5 with that were ecstatic about the rules and felt like
6 they would directly impact and improve their lives were
7 afraid to even sign a comment because of how easy it is
8 for a company to ensure that they're paid less,
9 thousands of dollars less, or even cut off, again with
10 a million dollar investment hanging over their head,
11 just for submitting a comment. This should not happen
12 in America, but it is. These companies were also
13 directly intimidating growers to sign comments against
14 the rules by having their field service people come out
15 and say, "You need to sign this," not telling them what
16 it was, and the grower knew that the field service
17 person knew that if they didn't sign it, that they were
18 supporting the rules and they might be retaliated
19 against.

20 So USDA and Department of Justice can do
21 things right now to solve this. Publish the final
22 GIPSA livestock rule. Be proactive in enforcing this

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

321

1 and other Packers and Stockyards regulations through
2 collection of information and investigations instead of
3 having individual growers file complaints because of
4 retaliation. Issue a final report on the amount of
5 regional competition in the poultry industry and use
6 this regional measure when examining mergers in the
7 poultry industry. And finally, collect and publicly
8 report income that poultry growers make just like beef
9 and cattle producers. Thank you.

10 MS. OZER: I'm Kathy Ozer, and I work with
11 the National Family Farm Coalition here in Washington,
12 D.C., and basically the last two comments, both what
13 Becky just discussed about poultry and about GIPSA and
14 the earlier comment by Professor Peter Carstensen
15 around action on dairy and really seeing some movement
16 quickly on these issues is the core of my comments
17 right now.

18 Joel Greeno, who spoke earlier today and has
19 spoken at earlier events, has just left to take his
20 plane to get home so he can be milking his cows at 6:00
21 a.m. and 7:00 a.m. tomorrow morning. The level of
22 desperation that I think has been reflected today and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

322

1 reinforced by comments of both Secretary Vilsack and
2 both Department of Justice speakers as well that
3 they've heard across the country is deepening. As
4 winter comes on and the holidays, we're dealing with
5 farmers who are in some of the worst conditions that
6 they've felt in 20 years and that the need for
7 government to take action and to be proactive and to
8 move forward on these issues has never been greater.

9 So I know there's been today a really good
10 opportunity for a public comment, a really good
11 opportunity for the panels to get at some of the issues
12 that haven't been addressed as much during the earlier
13 sessions, and really hope that going into 2011 we will
14 see real action on these issues and not a continuation
15 of discussions or studies or excuses. But given the
16 political realities and the economic conditions facing
17 farmers, their families and their communities, we
18 really need to see that movement forward as soon as
19 possible. So thank you for all the hard work that's
20 gone into this and we know that doing these kinds of
21 events are not easy, but at this moment they're the
22 most critical thing that is being done on these issues

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

323

1 by the government, and we look forward to working
2 closely and seeing the next steps and working with you
3 on those. Thank you.

4 MS. ELLINGER-LOCKE: Hello. My name is
5 Maggie Ellinger-Locke. I'm a 3L law student at CUNY
6 School of Law in New York, and I'm involved with a lot
7 of different organizations, but I'm here today just
8 representing myself. My comments are brief and maybe a
9 little activisty.

10 We've heard from a lot of different
11 stakeholders today and from many different
12 perspectives, but the audience response has without
13 question been most positive to the voices that are
14 supportive of food sovereignty.

15 Food sovereignty is defined as democratic
16 control over the food system. The world wants food
17 sovereignty. Look to La Via Campesina, the world's
18 largest social movement, for evidence of this. The
19 people of the United States want it too.

20 Can we get a commitment from the USDA, the
21 DOJ and the people in this room to give the people what
22 we want? The people want democratic control over the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

324

1 food system. We demand food sovereignty.

2 MR. WEAVER: Hi. My name's Mike Weaver, and
3 I'm here representing the poultry growers in Virginia
4 and West Virginia. I want to start out by thanking
5 USDA and DOJ for holding these workshops. I think
6 you've made history here, but the true test of whether
7 it's all going to be worth it is what you do with it.
8 So we're hoping you take this information and act on
9 what you've gathered here.

10 I also wanted to thank the nongovernment
11 organizations that are here supporting us. We
12 appreciate you folks. You do a lot for us. Thank you.

13 This workshop was supposed to be about the
14 retail disparity in what the farmer receives for their
15 hard work and the retail price of food that consumers
16 pay. Well, Valerie Ruddle was up there earlier today
17 trying to explain about a receipt, and I want to give
18 you a little more detail about it. We have a copy of a
19 receipt from KFC for a 16-piece chicken meal that was
20 purchased in Virginia and that 16-piece chicken meal
21 cost \$36.99. Well, out of that \$36.99, the company who
22 sold that chicken to KFC made five to six dollars. KFC

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

325

1 made about \$30. The grower who raised that chicken
2 made 40 cents. Now, think about that. Out of \$36.99
3 the grower got 40 cents. Quite a disparity there, huh?

4 Currently, we have no say in our contracts.
5 They're take it or leave it. We're forced to compete
6 against each other based on the inputs that the company
7 supplied us that we have no say in, and just in general
8 the way that poultry is produced in this country is not
9 fair. It needs to be changed.

10 I thought it was curious that the grocery
11 representatives that were here today on this panel, I
12 don't recall one of them mentioning the farmer and his
13 situation you know. None of them try to explain the
14 fact that the farmer hasn't had an increase in how many
15 years. Way too long. I think that the new GIPSA rules
16 that have been mentioned today, I think that overall
17 they're good. They need some amendments, we've
18 suggested some amendments and some clarification to
19 them, and I think they ought to be enacted as soon as
20 possible. Thank you.

21 MR. FORTUNE: Thank you for giving me the
22 chance to comment and for the Department of Justice and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

326

1 USDA for holding these hearings. I rise in support of
2 the new GIPSA rules that have been proposed. I'm a
3 cattle producer. I'm Bob Fortune from western South
4 Dakota, and I'm a cow/calf/yearling operation, and as
5 the way things are going -- I'm very nervous in front
6 of a microphone in case you hadn't noticed.

7 But our cost of production has increased
8 steadily for the last few years and the last couple
9 years has went up dramatically, and our costs or what
10 we're receiving for our product has gone up just
11 slightly. And if it keeps going this way, then we'll
12 be out of business too.

13 But as you look across rural America, all the
14 small towns, half Main Street is boarded up because
15 there's no money coming back into the rural communities
16 from agriculture and production. It's all going out
17 into the big corporations who are siphoning this money
18 off into the -- into Wall Street the way it seems to
19 me. So I'm supporting the new GIPSA rules and I thank
20 you for the chance to comment.

21 MS. MUGAR: Hi. My name is Carolyn Mugar,
22 and I'm with Farm Aid and I've been before you both

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

327

1 before in Madison and I'll be very brief.

2 But I do want to say I think Mike Weaver said
3 it all in a way, and he said "is this all going to be
4 worth it?" And I think it would be -- we all are here
5 today. People have come with great difficulty. Farmers
6 from all over the country have been coming for nine or
7 ten months now, and it's been an opportunity that we
8 hugely appreciate. But I think communicating with all
9 of us as quickly as possible what is going to be done -
10 - and I know it's different for different areas of your
11 work and for your follow-up, but I think it's hugely
12 important because we really, really need to know when
13 things are going to be happening and what is going to
14 be happening. As Kathy pointed out, it's very dire in
15 a lot of sectors and people have poured their hearts
16 out to you, for which I'm sure you're very grateful,
17 but we really need to know soon. We need to know as
18 you know what you're going to be doing. Thank you so
19 much.

20 MR. TURNER: My name is Jerry Turner. I'm a
21 poultry and beef cattle producer from the beautiful
22 Shenandoah Valley of Virginia. I think the average

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

328

1 American citizen does not understand or have a clue
2 that the challenges that the American farmer faces
3 today. Unfortunately, I think the federal government
4 is in that shame shape. I don't think they quite
5 understand our challenges either. You know, there's
6 been a lot of good information shared here today, and I
7 think we can say from that information that we as
8 American farmers are not receiving our fair share of
9 the markets. Something that maybe has not been brought
10 out is our investment. We have a huge amount of money
11 tied up in our land, our livestock, our equipment, our
12 time and our labor, and I'm not sure that -- in fact, I
13 know that we're not receiving the return on that
14 investment that we should.

15 You know, the American people here enjoy the
16 most abundant food supply in the world, the safest and
17 the cheapest food supply in the world, but yet the
18 American farmer is struggling financially. Now, there's
19 something wrong with that picture. Things needs to
20 change and they need to change quick or else you may
21 have to put the American farmer on the endangered
22 species list.

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

329

1 Thank you.

2 MR. MEYER: I'm Vaughn Meyer. I feel a
3 little guilty using this again today and taking a spot
4 up, but first off I shouldn't be here. It's not
5 because there's something to do at home. It's because
6 in 1980 I almost lost my place. We came close to
7 losing it by the skin of our teeth. We rebounded a
8 little during the 90s. And how did we do it? My wife
9 worked off the farm and I worked my three children to
10 death, and that's how we got there. We built equity
11 back into our place.

12 Times are a little better, but I will say in
13 the last three years we're losing equity again. We're
14 rebounding right back to where we were in the 80s.

15 There's been a couple points here that I want
16 to talk about today that we've been close to but we
17 haven't real addressed a couple of them, or one of them
18 in particular.

19 I'm a great admirer of Carl Wilkins who is
20 the economist who did a lot of advisory work for this
21 city down here through three decades of the 40s, 50s
22 and 60s. And as you probably know, Carl said that the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

330

1 only true wealth comes from the land, and the only
2 renewable wealth comes from agriculture. And most of
3 us are proud to be the fact that we are the true wealth
4 of the land. Anything but is unearned income. It's in
5 the form of loans and subsidies and that sort of thing,
6 and that's all a negative drain on our economy.

7 And my point is here that this year animals
8 and agriculture committed \$50,000 of that new wealth,
9 or 50 million dollars -- excuse me -- of that new
10 wealth to our nation, but we still feel pretty about it
11 out in agriculture because the parity level's been 67.2
12 percent: if you take in from 1962 from 19 -- 2002.
13 Excuse me. And if that parity level would have been a
14 hundred percent, we could have contributed another 25
15 million to that.

16 And then if you take Carl's multiplication
17 factor times seven, that would have been another 175
18 million dollars that we would have contributed to this
19 nation and to our country. And if you stop and think
20 about that and go back over all the years and calculate
21 it out -- I haven't had the time to do that, but in
22 compounding interest on that, that maybe is what has

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

331

1 brought up this national debt that we have now. That
2 figure would probably be equal to that.

3 So if that parity had been there a long time
4 ago for our products, we probably wouldn't be where we
5 are in the national debt today. And if we return that
6 parity to -- and agriculture is one of the few
7 industries that are left in this country that is
8 produced and processed and everything in the United
9 States. Every other industry is exiting us real fast
10 and that we are the only hope for democracy in this
11 country, because as Carl Wilkins points out, the
12 countries like Russia that have lost their income when
13 they went into a socialist system, the animals became
14 worthless. They butchered them. Right now Russia's
15 trying to rebuild that.

16 I sold cattle to Russia last year to help
17 them rebuild their herds. Countries like India that
18 never had a value because they were religious purposes
19 on their cattle, they've been struggling for years.
20 Animal agriculture and all of agriculture in general
21 are the only hope for democracy in this country. It's
22 not just about keeping farmers on the land. It's about

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

332

1 keeping democracy in the United States.

2 And the other point I want to bring up here
3 real quick, and I know I'm out of time, but today we've
4 not heard much about these free trade agreements. These
5 free trade agreements are one of the biggest hindrance
6 on agriculture that we have right out here today. I
7 thank you.

8 MR. ANDREWS: Thank you. My name is brother
9 David Andrews. I work for Food & Water Watch. I have
10 been a participant in the agricultural work of this
11 country for the last 30 years at least. I travelled
12 throughout the south with RAFI and Mary Klaus working
13 for the Poultry Growers Associations. I've been a
14 member of OCM for 15 years, an officer of the board. I
15 served on the Farm Foundation's Future of Animal
16 Agriculture in north America and the Pew Commission's
17 study of industrial agriculture and I've listened to
18 the voices of the people of the land. And I have to say
19 that I appreciate all that you have been doing at the
20 Department of Justice and the Department of
21 Agriculture. But I also look at these issues not
22 simply as legislative or governmental. I look at these

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

333

1 issues as moral issues.

2 You've heard these stories, and how can you
3 not attach a moral meaning to the stories of the
4 suffering of our farmers and of our landscape and of
5 our animals and of our environment? There are many
6 levels at which this issue comes together here around
7 the issue of concentration, many ways in which the
8 issue of competition is a part of the analysis, and my
9 hope is that as we go along that we will use the moral
10 force of our consciences to make the dramatic changes
11 beyond what we're proposing now that need to happen in
12 rural America in order to revitalize our landscape.

13 Thank you.

14 MS. ROMER: Hi. Good afternoon. My name is
15 Nancy Romer and I'm with the Brooklyn Food Coalition.
16 We're an advocacy and educational group that's trying
17 to make changes in the food system and to mobilize
18 people around it. And I want to thank the Department
19 of Agriculture and Department of Justice, but
20 particularly I want to thank all the farmers here and
21 all of the advocates who've really given me an
22 education that I will try to bring back to the people

1 that I work with.

2 The problem I want to address is climate
3 change, and I don't know if was addressed in the very
4 first session because I didn't get here until after
5 that. But the intense concentration of agribusiness
6 and food retail forces growing transportation and
7 packaging practices that are harmful to the environment
8 and contribute to climate change. They make local and
9 regional food systems less viable because of their
10 competitive edge because they control so much of the
11 market.

12 The high social cost of corporate industrial
13 agriculture and food retail are going to be a major
14 factor in undoing our nation in terms of climate
15 change.

16 If you look at some of the research that's
17 been organized by Bill McKibben with his latest book
18 Earth, by Anna Lappe, Diet For a Hot Planet, the wisdom
19 is that about one third of greenhouse gases that are
20 being emitted today are due to agriculture and that the
21 full oil based practices where the agriculture is
22 expelling carbon rather than sequestering it, all of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

335

1 the transportation and retail costs associated with it.
2 So if that figure is accurate, and it seems to be, the
3 forced farming techniques that the major players are
4 putting upon all of our farmers are forcing people to
5 contribute to all of this climate change.

6 The large contractors seed and input
7 companies and retail corporations are dictating methods
8 and prices. We need to mitigate climate change to
9 adopt to climate change. We're going to see increased
10 flooding. We're going to see increased hailstorms,
11 tornados, hurricanes. This is all going to happen. We
12 need to have regional and local food systems. And I'd
13 like you to take all of the capacities of your
14 departments and help to change some of the rules to
15 support local and regional agricultural systems so that
16 we can survive climate change when it happens.

17 MS. SALVALEM: Hi. My name is Angelia
18 Salvalem. I'm from New York. I'm representing Slow
19 Food, an organization of thousands of people across
20 this country who are interested in food and farming and
21 sustainable food and farming. And first, I want to
22 thank the USDA and the DOJ for having these hearings,

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

336

1 and also I really want to thank the farmers. I am one
2 of those consumers that does not know a lot about our
3 farm system. I grew up in the Bronx, and we don't have
4 a lot of farming happening in the Bronx, and I really
5 appreciate all of the things that I have learned today.

6 I wanted to talk a little bit about
7 biodiversity and how consolidation of big agriculture
8 is less -- causes a less diverse system. Has anybody
9 heard of a Newtown Pippin Apple? Anybody from New York
10 know what that is?

11 Not a lot of hands. A few though. The
12 Newtown Pippin Apple is a delicious green-skinned apple
13 that comes from New York, that actually comes from New
14 York City from Queens County, and I did not learn about
15 this until about six months ago. I was born and raised
16 in New York and have been going to different outlets
17 and different food markets in New York my whole life
18 and I have never seen a Newtown Pippin Apple.

19 The thing about corporate consolidation of
20 agriculture from seed supply to farming to packing to
21 all of these different layers involved in the food
22 system is that it doesn't allow us to have choice, and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

337

1 Right? Freedom of choice. This is what democracy is,
2 that we have a choice. It reduces our choice. It
3 doesn't allow us to choose different options.

4 So there's about five to seven varieties in
5 my local store, and pretty much anyone can name them,
6 from Kansas to Missouri to Oregon, we all have the same
7 ones, right, Red Delicious, Granny Smith and some other
8 ones, Rome apples, but the Newtown Pippin is an apple
9 that does not -- is not represented in my local store
10 and I can only go to a farmer's market to get it. And
11 part of that is because of the seed supply and also
12 because of the consolidation of retail outlets that
13 only choose very specific kinds of produce and kinds of
14 products to sell, and so it's reducing my choice as a
15 consumer.

16 And I would say to you that I urge you that
17 after a year of study to please take action because I
18 would like to choose what kind of food I have and I
19 would like more options. Thank you.

20 MR. ROENIGK: Thank you. I'm Bill Roenigk
21 with the National Chicken Council. I would like to say
22 for the record that with corn at \$6 a bushel, soybean

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

338

1 meal, \$350 a ton, I'm not aware of any chicken
2 companies that are currently making any profits.
3 Nonetheless, we continue to increase production, and I
4 think at least for the growers and other parts of the
5 food chain that's a good thing, but at the moment it's
6 not a good thing for our profits.

7 The broiler industry has been vertically
8 integrated for five decades, so we have a history. We
9 have a track record. Most broiler companies have a
10 listing of farmers, family farmers, who would like to
11 grow chickens or would like to add capacity to the
12 houses they already have. With all due respect to Ms.
13 Ruddle, I would like to ask a question if I may. If
14 she's still here, perhaps she'd like to answer. But I
15 understand her comments -- and if I'm incorrect, please
16 correct me -- but five years ago Ms. Ruddle said she
17 decided to begin to grow chickens. That's good. We
18 appreciate the 20- some thousand family farms who grow
19 chickens for us. They're dedicated. They're
20 hardworking. They are a major part of why we are
21 successful as an industry, why we're able to offer the
22 best meat value to consumers. So without growers we

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

339

1 would not be successful, and if we keep growing we're
2 going to need more growers.

3 But my question would be, we have a track
4 record. We have a history. If you -- five years ago
5 you either went to the company or you went to the
6 lender or you went to both and said okay, is this a
7 wise investment? Is this going to cash flow? Is this
8 going to work? Somebody must have said "yes" or you
9 must have said "okay, I'm going to take a risk and hope
10 for the best." But if I understand her comments
11 correctly - - and I don't mean any disrespect, Ms.
12 Ruddle, if you're still here -- but why five years ago,
13 knowing what you know, or at least I think knowing what
14 you've known, why would you get into a business that
15 you feel, at least from your comments, that's not a
16 very good business? And if that could be explained to
17 me, that would be a good takeaway I'd like to have from
18 the meeting. And I appreciate it. Thank you.

19 MS. BERNHARDT: Hi. My name is Hannah
20 Bernhardt, and I'm here on behalf of the National Young
21 Farmers Coalition and the nonprofit organization the
22 Greenhorns, whose mission is to recruit, support and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

340

1 promote young and beginning farmers in America.

2 Secretary Vilsack has stated a goal of
3 recruiting a hundred thousand new farmers as the
4 current population of farmers rapidly retires. We're
5 working hard to help our country reach this goal, but
6 young and beginning farmers face many barriers
7 including access to land and access to capital. In the
8 current marketplace, young and beginning farmers can't
9 begin to compete with large corporations who do have
10 that access.

11 Additionally, I grew up on a farm in southern
12 Minnesota, but I was never encouraged to pursue farming
13 as a career because all the farmers I knew were in
14 agreement that farming is a terrible way to make a
15 living. My dad took an off-farm job in the 80s to
16 supplement our farm income, and statistically in 2007,
17 90 percent of all farm household income in our country
18 came from off-farm sources. My own parents and families
19 of other young farmers I know are reluctant to support
20 our efforts to farm because they know how hard we will
21 struggle to make a profit in this industry.

22 So if we're to reach Secretary Vilsack's goal

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

341

1 of a hundred thousand new farmers in America, aspiring
2 farmers need to feel confident that they are entering a
3 fair marketplace and that they will be able to support
4 themselves and their families when they pursue farming
5 as a career.

6 Before I finish, I want to also take a moment
7 to thank the many farmers in the room who, despite
8 enduring years of frustration with the industry and
9 likely quickly approaching retirement, have not given
10 up on advocating for the future of American
11 agriculture. Your perseverance and patriotism inspires
12 us, and we really thank you for being here today.

13 And additionally, we also want to thank the
14 sign language interpreters in the room.

15 Thanks.

16 MR. STAPLES: John, I sit back here and I
17 listen to this and I wasn't going to say anything until
18 this guy from the Chicken Council got up. And I'm going
19 to be honest with you, I'm the one that Ms. Varney was
20 talking about in Normal, Alabama. I represent, or help
21 represent, 650 chicken growers in the state of Alabama,
22 and out of all the 650 of them there's two that was not

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

342

1 afraid to come up here. I'm not saying I'm brave. I'm
2 saying I'm a proud American, I'm a veteran and I need
3 the right to be able to talk to you all today.

4 This guy says that there's people waiting in
5 line, and he's probably right because they want to be a
6 part of somebody that produces cheap food for you all.
7 The problem we've got, John, is we don't have anybody
8 to monitor them and work to take care of us.

9 These GIPSA rules will probably be the best
10 thing we've ever had if they pass, and I hope they do.
11 You know, it's hard for me to talk to people about
12 something like he's talking about there when I know for
13 a fact that I got 45 growers in my county in St. Clair
14 County, Alabama. Out of the 45 growers, 42 of them are
15 not making a decent living. If they're making money,
16 why do they need more growers? If they're not making
17 money, they'd be just like us. They'd go out of the
18 business. I could rant and rave all day, y'all, but
19 this is a proud country and I'm probably one of the
20 proudest that are in here, other than the rest of the
21 chicken growers. John, we need you all's help. We
22 need the rules passed, but we need you to be watchdogs

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

343

1 for us as farmers. Thank you.

2 MS. PERRY: I knew I should have gone before
3 him. My name is Rhonda Perry. I'm a livestock and
4 grain farmer from central Missouri. I'm with the
5 Missouri Rural Crisis Center, and as part of our
6 organization we work with family farmers to direct
7 market independent family farm raised pork. And I just
8 feel like saying after what we've just heard that we
9 desperately need you to act on behalf of independent
10 family farmer and livestock producers so that we are
11 not in the situation that we just heard from from the
12 poultry growers.

13 We can't afford to take hogs and cattle down
14 the road of poultry, especially after what we heard
15 today and that I know you've heard over this entire
16 period of time of listening sessions. In the hog
17 industry, because I tend to represent hog farmers, what
18 we've seen in Missouri is we've lost 90 percent of the
19 hog farmers in our state in the last 25 years. We went
20 from 23,000 hog farmers marketing three million head of
21 hogs to 3,000 hog farmers marketing three million head
22 of hogs. We didn't change the number of hogs that were

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

344

1 being marketed or produced in our state. We just
2 transferred that wealth and that knowledge and that
3 economics from our rural communities from independent
4 family farmers to a few very small number of corporate
5 packers who now own the hogs in our state. We didn't
6 do that because hog farmers just decided, "you know,
7 this is a lot of work, I think I'll just get out of the
8 business, take a vacation, work two jobs in town to
9 maintain my row crop operations." This happened
10 because family farmers like myself and my family went
11 from having five markets to market our hogs on a weekly
12 basis to being lucky if we had one take it or leave it
13 opportunity to market our hogs on a weekly basis.

14 I think I just got to address the Iowa hog
15 farmer. I am so glad that somebody in Iowa is doing
16 well raising hogs, but I think it's USDA's job to deal
17 with and address the issues that put those 90 percent
18 of hog farmers out of business.

19 And I just -- I'm going to skip right to the
20 consumer piece. It's been a really fun day hearing how
21 a lot of what's going on in this industry has been
22 consumer driven. Apparently, consumers are demanding

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

345

1 sushi bars in their stores. They're demanding dry
2 cleaners. It's amazing all the things consumers have
3 been demanding, and as a consumer I have missed out on
4 all that. But what I think what we heard today is that
5 consumers are joining with family farmers in demanding
6 what they really need and what family farmers really
7 need, and that's level playing field and the ability of
8 family farmers to make a decent living and consumers to
9 have access to quality healthy food.

10 That's all we're asking from our government.
11 We're not asking for a handout or a hand up or anything
12 else. We're just asking for the ability to compete and
13 we can compete. We can out compete. The reality is if
14 you're the only player left standing, you can say
15 you're the most efficient one, but if you have to
16 compete with independent family farmers, you're out of
17 business, and we hope you'll make that a reality for
18 us.

19 MR. HEDRICK: My name is Eric Hedrick.

20 I'm from the Contractor Poultry Growers of
21 the Virginias, and my comment is directed towards the
22 gentleman that said he wondered why Valerie Ruddle got

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

346

1 into the business. Well, I bought the largest poultry
2 farm in West Virginia and Virginia five years ago too,
3 and I can tell you the reason why she got into it is
4 the company lied. When you put numbers down on a piece
5 of paper to get the bankers to loan you the money and
6 then it don't follow through, how do you make bank
7 payments? I started raising, five years ago raising a
8 four-pound chicken in about 37 or 38 days. Last year
9 the company says well, we're sorry, sir, we want to cut
10 back to a 375 chicken. Where's my other payments coming
11 from? We've heard a lot of information here today, and
12 I really didn't want to get up here and speak, but we
13 really need these rules and we need them quick. Thank
14 you.

15 MR. VAN SCHAICK: I'm Peter van Schaick. I'm
16 from Vermont, came down here and I don't represent
17 anybody except myself.

18 I'm somebody who started looking at the food
19 I eat a couple of years ago, and what I found was
20 confirmed by what I've been reading about the
21 workshops. People who are growing the food that I
22 consume don't make a sustainable living. I've talked

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

347

1 to and done some numbers and talked to farmers, dairy
2 farmers, and I did some wage calculation using the
3 Vermont living wage for what farmers should be paid for
4 the amount of time they spend producing the milk that I
5 consume and it was over a hundred thousand dollars a
6 year. I mean, if you figure out 110 hours a week, if
7 you're doing a concentrated operation, maybe more. If
8 you got labor to supervise, maybe more. If you're
9 doing locational grazing, maybe it's a little less. But
10 it's not a sustainable way to earn a living.

11 So when Bert Foer talked about the notion
12 about suppliers and the notion of water bedding when
13 the supplier drives down the price that is paid, that
14 it pays to a particular supplier and yet the whole
15 industry of suppliers needs a certain amount, or a
16 particular supplier needs a certain amount of money to
17 get by, what happens?

18 Well, increased prices for other customers,
19 but there are other kinds of shortcuts that happen, and
20 those shortcuts relate to the problems that were
21 identified by the woman from Brooklyn, and that is you
22 end up having shortcuts taken in terms of the

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

348

1 environmental sustainability of the practices. You
2 start taking shortcuts in terms of like do you do a
3 winter cover crop, do you not?

4 I ended up going up and talking to people
5 that ran a two-day conference on phosphorous in Lake
6 Champagne, and boy, is that a hot topic. I talked to
7 the guy who ran agriculture and markets, and as soon as
8 I just whispered the word "phosphorous" (makes sound)
9 and it's because he knows that every time there's a
10 heavy rain phosphorous is running off of those lands
11 that are being overworked and aren't being properly
12 attended to because people have got bank payments and
13 they've got mortgages to pay and they just can't make a
14 go of it.

15 So when Bert talked about the need for study
16 of monopsony, I really thought that made sense, and
17 when I heard the woman, Mary Henderson I think her name
18 is, talk about how there are other things that need to
19 be considered within adequate antitrust jurisprudence,
20 it's obvious that consumer welfare is only a part of
21 the picture. We've got to have an antitrust law that
22 looks up and down the whole supply chain and looks at

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

349

1 farmer welfare and not just consumer welfare, looks at
2 farm labor welfare and not just these other things and
3 then looks at the welfare of the environment in which
4 the farmers are producing. And it's the monopsony
5 power of these concentrated purchases of farm goods
6 that are stressing the people and the natural systems
7 that are producing food.

8 So one thing you might do on the long-term is
9 to follow Bert's suggestion, which is to really take a
10 look at what's different about monopsony power. Right
11 now antitrust jurisprudence isn't solving the problem.
12 Thank you very much.

13 And by the way, I appreciate the workshops
14 because they brought out the fact to national attention
15 that we've got a whole lot of people besides consumers
16 that are very concerned about fairness within the
17 antitrust system that's creating low -- or is
18 contributing or is allowing to happen these low prices
19 for producers. Thank you very much.

20 MR. SEN: Good afternoon. My name is Basav
21 Sen, and I'm with the United Food and Commercial
22 Workers. I want to thank the Justice Department and

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

350

1 the USDA for holding this series of workshops. And
2 since the subject of today's workshop is retail, I'd
3 like to bring us back to retail for a little bit and
4 talk about international precedents.

5 The Competition Commission in the United
6 Kingdom has investigated Walmart and Tesco and
7 Sainsbury for anticompetitive practices. The
8 Competition Commission in Mexico has similarly
9 investigated Walmart, and their counterparts in South
10 Korea have investigated Walmart and (inaudible) and we
11 would strongly urge the antitrust authorities here in
12 the U.S. to follow these international leads by
13 investigating concentration in food retailing here in
14 the United States. Thank you.

15 MR. BULLARD: Thank you. I'm Bill Bullard
16 representing R-CALF USA. And the industry segments
17 that are working hard to oppose what you're doing and
18 to oppose the GIPSA rules are attempting to
19 aggressively to dismiss all the evidence out there that
20 we are in a state of crisis and this crisis is urgent.
21 For example, they claim that for the last 20 years
22 we've had four packers controlling about 80 percent of

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

351

1 the industry. Therefore, there can be no urgency
2 associated with this. But in 1990, 20 years ago, we
3 had 250 firms that actually slaughtered cattle for
4 market outlets. Today we're down to fewer than 92. So
5 those four major packers in 1990 reigned over 250
6 market outlets. Today they reign over less than one
7 hundred.

8 Also during that period we saw a tremendous
9 consolidation in the feeding sector. Thirty thousand
10 independent feeders left the industry. What we're
11 seeing is the control that the packers had exclusively
12 over the feeders is now being pushed into the supply
13 chain and is affecting the cow/calf producers. We've
14 never witnessed this level of concentration in the
15 history of our industry, and the situation is urgent.

16 We also hear that we can justify the loss of
17 farmers and ranchers because they're more efficient.
18 They're producing more beef on the hoof than ever
19 before. That is true. They are. But at the same time
20 our industry is shrinking in terms of the size of the
21 cattle herd, in terms of the size of the number of
22 producers, and as our industry shrinks, we are unable

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

352

1 to keep pace with the growth in domestic beef
2 consumption, and we're making up the difference with
3 imports. And if you calculate the beef equivalent of
4 the live cattle and the beef we import, we import about
5 five million cattle, which is approximately about the
6 same amount of cattle that they claim have been
7 displaced because of our increased productivity.

8 They also claim that the price spreads do not
9 matter. They claim that we've introduced boxed beef
10 and other market efficiencies and other processes that
11 cost more. Fact of the matter is when ERS calculates
12 that data they use a standard animal in 1980, cut in a
13 standard way, sold in standard form. In 2009, they used
14 that same standard animal, cut up the same standard way
15 in standard form. Thank you.

16 MR. MURPHY: Hi, John. How you doing?

17 My name is Dave Murphy. I'm the founder and
18 Executive Director of Food Democracy Now. We're a
19 grassroots sustainable agriculture advocacy group based
20 in Clear Lake, Iowa. I'd just like to say it's really
21 an honor to be here today. We've travelled, like many
22 of the other people in this room, to every one of these

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

353

1 hearings because we think it's an important process to
2 witness. We also think it's one of the most important
3 things that you can do, that this administration can
4 do, to restore a basic sense of fairness and justice
5 and democracy to how our food is produced. And I'd
6 like to say on behalf of CREDO Action and Food
7 Democracy Now, we'd like to submit over 200,000
8 comments and signatures to the USDA and the DOJ. And I
9 also want to thank all of our coalition partners.
10 Together we made over -- we got 250,000, a quarter
11 million, signatures.

12 I think that's a very significant number. It
13 says one, that the American people really, really
14 realize that there is something fundamentally wrong
15 with our food system. It's pretty incredible that you
16 can get a quarter million people to make a comment on
17 enforcement of antitrust laws in food and agriculture.
18 A few years ago, five, ten years ago, most people would
19 not have known that. Today there's a growing movement
20 of people out there, and you know, the fact is the
21 facts are getting out.

22 I'd like to say the American Farm Bureau says

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

354

1 they're the voice of agriculture. Well, today Food
2 Democracy Now would like to announce that we're the
3 voice of the American people and people -- that's
4 pretty funny, but it's about -- the truth is about the
5 same in the first statement, and that's a sad fact.
6 We're here today because agribusiness has walked all
7 over justice, the laws and democracy in this country,
8 and I think it's time for this administration to do the
9 right thing.

10 I want you to know that a quarter million
11 people stand behind you as you take action and you
12 enforce these laws. We don't want just some simple
13 enforcement, some simple fines. We really want some of
14 these worst violators broken up, and I think that's the
15 type of action that the American people and our family
16 farmers deserve. Thank you very much.

17 MR. FERRELL: Well, I think that concludes
18 our public testimony section, and I appreciate
19 everybody who has come here today here to either
20 provide comments or if you just came here to listen,
21 all of our panelists that came here and I thank all the
22 panelists that have participated in all of our

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

355

1 workshops and anybody who has come and visited with us
2 and talked to us and provided us comments. I also
3 thank all the institutions all over the country that we
4 went and visited who were very gracious to us to allow
5 us to come there and take over their place and
6 completely run the workshop from there. So I just want
7 to thank everybody for attending. I don't know if you
8 have any comments you'd like to make, but I just --
9 again, I thank you, and have safe travels.

10 (Whereupon, at 5:07 p.m., the meeting
11 was concluded.)
12
13
14
15
16
17
18
19
20
21
22

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

356

1 CERTIFICATE OF NOTARY PUBLIC

2 I, NATASHA KORNILOVA, the officer before whom the
3 foregoing hearing was taken, do hereby certify that the
4 testimony that appears in the foregoing pages was
5 recorded by me and thereafter reduced to typewriting
6 under my direction; that said deposition is a true
7 record of the proceedings; that I am neither counsel
8 for, related to, nor employed by and of the parties to
9 the action in which this testimony was taken; and
10 further, that I am not a relative or employee of any
11 counsel or attorney employed by the parties hereto, nor
12 financially or otherwise interested in the outcome of
13 this action.

14

15

16

NATASHA KORNILOVA
Notary Public in and for the
District of Columbia

18

19

20 My Commission Expires: April 14, 2012

21

22

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 1

<u> </u> \$	\$25,000 268:1	02 280:15	110,000 41:11
\$0.059 274:14	\$270 9:19	025 280:16	114 9:22
\$0.23 274:20	\$3 111:10	0485 274:16	12 27:13 141:22
\$1 61:20 167:11	\$3.00 98:17	05 274:18	175:19 191:11
\$1.25 146:18	\$3.11 146:17	055 282:9	193:21 256:3
\$1.26 146:15	\$3.39 147:4	06 120:16	277:13 281:6
\$1.49 274:11,21	\$30 325:1	07 120:17	315:6
\$1.50 147:2	\$32 146:13	09 287:1	12,000 92:6
\$1.52 146:16	\$350 338:1		12:30 130:21
\$1.60 98:14 147:3	\$36.99 324:21	<u> </u> 1	121 20:22
\$1.75 98:15	325:2	1 41:17,18 107:6	126 260:7,10
\$1.78 256:2,3	\$37.73 293:11	108:15 111:11	12-ounces 56:6
\$1.85 146:19	\$39,000 191:2,18	146:11 192:10	13 233:3 249:3
\$1.94 256:8	\$4.26 255:20	244:15	13.35 146:12
\$100 315:15 316:5	\$4.49 316:8	1,000 36:20	13.6 6:19
\$11,800 268:8	\$4.90 316:5	1,600 75:9	14 37:11 102:11
\$13 104:10	\$42,000 306:4	1.19 118:4	192:14 356:20
\$13.41 103:9	\$47 147:11	1.4 37:6 179:8	140 103:22
\$130 287:7	\$5.99 167:10	1.6 41:7	1400 1:15
\$15 103:11	\$50,000 330:8	1.61 113:18	15 52:3,5,6 102:10
\$153 287:7	\$560 108:19	1.9 41:22	147:8 191:3
\$156 287:6	\$6 104:9 143:15	1:15 173:4	248:4 266:10
\$16 103:9,12	337:22	10 27:13 102:10	286:12 332:14
\$2 256:3	\$6,400 42:4	10 147:7 199:17	150 91:12 215:20
\$2.27 113:20	\$6.38 147:4	205:9 271:15	16 21:1 261:5
\$2.66 255:20 256:2	\$77 286:22	10,000 154:11	267:7 293:8
\$2.75 61:20	\$8 239:14	10:30 87:18	314:10
\$2.78 146:11	\$8.66 266:3	100 5:18 67:14	165 22:20 28:10
\$2.92 256:8	\$92,000 306:4	159:22	168 219:1
\$2.97 216:22 217:7	\$930 9:20	100,000 167:17	16-piece 324:19,20
\$21 75:9	<u> </u> 0	105 104:5	17 7:9 267:14
\$22 147:10	00193 192:10	11 193:20 197:15	175 330:17
		11,000 172:9,11	18 196:5 253:15
		110 347:6	271:19 287:14
			19 35:21 51:7

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

192:6 194:8 197:10 201:4 272:14 330:12 1900 198:15 1909 22:11 1921 80:11 153:2 293:22 1940 197:17 1940s 35:20 51:4,7 53:1 197:10 198:4 1942 151:20 1955 22:12 312:14 1960s 5:15 1962 330:12 1970 72:10 1971 22:19 1973 91:21 194:8,16 195:3,8,20 315:5 1974 195:5 1975 274:13,15 1979 45:17 1980 6:19 7:1 27:17 41:1,8 238:6 329:6 352:12 1980s 27:18 189:18 1981 104:22 105:4 1982 180:15 1983 93:8 1985 274:16 1986 294:3 1987 181:11	1989 255:15 256:1 1990 179:10 192:5,7,9 216:1 217:14 351:2,5 1990s 92:2 189:19 192:15 200:2 201:5 238:7 1991 123:19 181:11 1992 181:8 183:5,11 1993 267:4 1994 7:9 20:7 1996 27:20 176:19 1997 20:7 174:14 176:16,19 183:5 1998 20:2 45:17 107:1 190:3 1999 7:9 193:1 <hr style="width: 20%; margin: 0 auto;"/> <p style="text-align: center;">2</p> <hr style="width: 20%; margin: 0 auto;"/> 2 108:11 124:3 179:7 244:15 2.2 41:17,22 2.50 118:3 2.63 113:21 118:3 2.75 98:17 2.78 146:15 20 6:9 27:6 28:5 53:1 57:15 72:9,11 74:11 126:18 127:3 183:4,8,11,16 194:22 199:17 205:9 215:18 220:19 243:22 246:7 255:14 256:2,8,19	258:19 260:8 264:3 271:15 322:6 338:18 350:21 351:2 200 41:15 91:22 277:6 200,000 353:7 2000 6:12 98:15,18 146:9,10 183:5 195:15,18 2000s 200:3 201:5,15 2001 195:17,19 274:9 315:8 2002 6:6 72:10 177:22 330:12 2003 181:4,8 2004 7:9 22:2 2005 176:16 315:13,15 316:3 2006 194:9 196:2 212:15 297:10 2007 6:7 21:10 22:2 96:5 191:12 340:16 2008 113:17 116:1 191:12,14 193:1 212:15 241:13,20 284:18 2009 6:16,22 7:8 20:2 93:13 101:12 103:3 105:12 106:1 113:20 114:20 117:3 183:13 189:20 192:18 216:1 217:16 242:3 255:15	256:9 267:6 302:14 352:13 2010 1:9 98:15,18 146:10 183:20 184:3 274:17 286:21 316:7 2011 103:8 297:11 322:13 2012 136:3 356:20 20250 1:16 204 179:11 20s 143:15 20-year 255:15,17 256:11 269:22 270:6 21 192:7 274:8 21st 1:5 86:7 246:2 303:1 22 192:19 194:10 267:13 23 216:1 270:6 274:10 23,000 343:20 24 57:15 192:5 193:1 210:5 263:10 274:22 24.5 6:17 240,000 172:14 311:20 25 91:22 162:19 192:11 266:11 330:14 343:19 250 351:3,5 250,000 247:18 353:10 258 183:20
--	--	---	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

25th 134:11	375 346:10	5,000 83:8 153:20	65 183:9
25-years-of-age 6:10	379,000 282:14	154:13	65,000 41:11
26 261:2,4,6	37-year 21:10	5.4 37:9	650 341:21,22
28 7:9 46:16	38 282:17 346:8	5.5 35:22 51:7	66 71:7
29 190:7 196:1 219:1	39 183:4,11 196:5	190:12 197:12	667,000 41:3
2nd 22:13	3L 323:5	5:07 355:10	67,000 41:4 238:6,19
<hr/>	<hr/>	50 5:18 6:18 37:21	67.2 330:11
3	4	45:17 51:6 52:7	670,000 238:5
<hr/>	<hr/>	99:20 103:17	68 287:2
3 108:11 173:9	4 108:11,12	118:12 190:6	<hr/>
192:12	4,000 82:7 183:6	192:11 198:16	7
3,000 92:5 343:21	312:22	211:22 219:2	<hr/>
3,500 305:4	4,500 104:3	256:8 280:2	7:00 321:21
3.82 114:2	4:00 252:19	314:17 315:7	70 135:16 220:17
3.88 113:19 114:2	40 6:3,4 91:21	330:9	256:5
30 6:11 52:7 92:7	191:2,18 194:7	50,000-pound	70s 106:6
95:4 99:19	221:12 271:21	313:6	72 190:4
121:10 168:16	282:16 287:19	50s 329:21	725 183:12 215:19
176:21 185:19	295:14 299:14	51 189:22	73 121:5 255:16
195:18,19	315:7 325:2,3	52 260:9 271:18	260:8,10 261:1
218:22 219:5	40,000 235:20	53 260:10,13	298:3
221:12 243:22	400 136:13	55 6:7	75 6:8 148:11
246:7 247:19	40s 329:21	5-5:30 85:3	212:1
332:11	42 114:3 217:16	57 6:8 196:3	77 184:2 256:12
300 23:8 189:15	260:16 342:14	59 217:14	78 212:14
300,000 41:15	42-1/2 6:21	<hr/>	79 266:3
153:21	43 192:8	6	<hr/>
31 42:3	44 145:6	<hr/>	8
32,000 311:13,17	45 47:2 342:13,14	6 114:1 193:20	<hr/>
34 7:8	46 192:10	6:00 321:20	8 1:9
35 192:13	47 195:17	60 148:12 192:8	8,000 92:4
35,000 148:6	48 195:16 287:2	211:8 220:17	80 118:13 152:21
350 208:7 243:12	49 7:2	255:20 256:4	271:6,11 280:5
37 7:7 194:8 196:1	<hr/>	600 313:18	293:9 350:22
315:20 346:8	5	60s 329:22	800,000 6:5
	<hr/>	61.9 6:20	80s 329:14 340:15
	5 146:19 179:18	62 7:1	

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>80-year 208:13</p> <p>8-1/2 7:1</p> <p>85 41:14,19 102:8 271:6,11</p> <p>87 256:12</p> <p>8-ounces 56:6</p> <hr/> <p style="text-align: center;">9</p> <hr/> <p>9 53:2,3</p> <p>9.9 37:9</p> <p>90 37:22 38:2 41:4 75:12 102:8 138:11 313:16 340:17 343:18 344:17</p> <p>90s 329:8</p> <p>90-year 313:15</p> <p>92 351:4</p> <p>950-acres 91:11</p> <p>97 142:22</p> <p>975,000 41:8</p> <p>98 121:5</p> <p>99 260:22 265:22</p> <hr/> <p style="text-align: center;">A</p> <hr/> <p>A&P 179:12 228:20</p> <p>a.m 321:21</p> <p>AA 255:7</p> <p>abandoned 172:1</p> <p>abilities 312:1</p> <p>ability 77:17 114:12 146:2 205:2 208:2 220:20 221:18 222:21 233:10</p>	<p>252:5 345:7,12</p> <p>able 26:6 33:2 34:8 43:21 55:11 58:7 82:21 102:6 104:1,2,20 106:16 131:7,21 132:12 165:14 167:2 199:16 224:18 228:13 232:17 276:22 300:13 302:2 306:16 314:5 315:7 338:21 341:3 342:3</p> <p>abroad 10:4</p> <p>absolute 76:8</p> <p>absolutely 122:6 135:18 151:17 209:10 210:22 224:2,4 231:21 269:3 285:6 297:13</p> <p>absorb 250:1</p> <p>abundance 78:16</p> <p>abundant 85:12 251:1 328:16</p> <p>abuse 229:2</p> <p>abuses 319:13</p> <p>academia 289:2 292:1</p> <p>academic 11:2 168:20 268:12 290:2 292:12 305:12</p> <p>academics 94:3 271:8 296:12</p> <p>accede 306:7</p> <p>accepted 128:11</p>	<p>access 4:15 10:7,9 16:4 39:20 40:2,8,10 77:15 78:11 83:1 137:9,10,13 138:15 142:10 148:16 161:22 162:12 207:7,10,22 284:14 305:22 316:19 317:12 340:7,10 345:9</p> <p>accessible 16:14</p> <p>accessing 4:17 149:9</p> <p>accomplish 315:2</p> <p>accomplished 176:14</p> <p>according 183:13,21 184:10 286:21</p> <p>accordingly 27:3 135:9,13</p> <p>account 7:7 38:3 117:17 183:9 188:15 195:21 196:3 250:6 295:22 296:6</p> <p>accountability 154:4 170:19 171:3</p> <p>accountants 92:17</p> <p>accounted 183:4 196:1 260:8,16 261:3,5</p> <p>accounting 92:15 117:22 159:7 260:12 261:1,5,8</p> <p>accounts 37:20,22</p>	<p>38:2 107:13 262:8,9</p> <p>accumulated 207:6</p> <p>accurate 238:8 335:2</p> <p>achieve 124:13</p> <p>achieved 17:20</p> <p>acknowledge 3:16 11:21 19:13 246:2,6 264:2 318:5</p> <p>acknowledged 185:9</p> <p>acquire 200:4,6 201:10</p> <p>acquired 9:22 183:6</p> <p>acquisitions 183:15</p> <p>acres 92:5,7 305:9 313:19</p> <p>across 2:12 4:3,12 5:17 7:5 10:11 11:3,12 18:1 111:5 193:7 203:16 219:1 232:13 248:1 276:12 284:9 308:4,14 309:5,20 322:3 326:13 335:19</p> <p>act 8:9 15:1 17:12 80:11 132:8 142:16 152:10 228:20 229:10 316:10 324:8 343:9</p> <p>acting 175:17</p>
---	---	--	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 5

<p>225:22</p> <p>action 86:15 137:16 148:3 150:15,17 153:1 154:12 162:11 164:4 172:11,16,17 176:15,20 219:8 309:12 311:16,20 321:15 322:7,14 337:17 353:6 354:11,15 356:9,13</p> <p>actions 15:11 249:8</p> <p>active 160:4</p> <p>actively 21:12</p> <p>activist 323:9</p> <p>activities 23:12 181:5</p> <p>activity 5:22 135:20 202:5</p> <p>actor 97:21</p> <p>actors 97:10 150:9 153:9 206:12 259:19</p> <p>actual 98:1 116:4 247:14</p> <p>actually 29:1 37:17 38:5 43:4,6 64:10 72:15 97:3,16 99:11 100:14 110:6 113:17 116:2,12 122:7 124:5,8 125:12 192:20 201:21 207:3 211:16 212:5,17 240:11</p>	<p>242:4 256:11 257:14 273:5 274:6 279:20 283:9 292:9,10,18 294:2 296:6 297:1 319:10,13,15 336:13 351:3</p> <p>adage 129:8</p> <p>adaptation 158:3</p> <p>add 40:12 46:10 63:3 67:4 109:9 141:2,17 173:11 210:20 259:10 263:15 264:15 268:16 307:7 338:11</p> <p>added 22:12 34:12 45:19 58:13 80:2 112:14 157:19 186:16 187:16 243:3,4 260:16 262:3,17 288:6,12 304:16</p> <p>addition 16:10 25:16 67:19 95:10 305:14</p> <p>additional 50:4 74:6,9 84:22 97:7 143:16 222:20</p> <p>additionally 340:11 341:13</p> <p>address 11:5 17:3 40:19 50:22 64:3 83:6 90:3,9 126:10 188:17 199:14 200:9,18 201:1,5 204:7 227:16 243:9</p>	<p>303:6 309:13 317:6 334:2 344:14,17</p> <p>addressed 81:5 124:18 199:20 200:3,14 322:12 329:17 334:3</p> <p>addressing 8:8 10:17 126:13 127:12,15 170:14 199:21 319:15</p> <p>adds 109:19</p> <p>adequate 68:5 69:14,18 348:19</p> <p>adhesion 294:7</p> <p>adjust 135:9 260:4</p> <p>adjusted 192:2 270:5,8,9 272:13</p> <p>adjusting 241:19 269:18</p> <p>adjustment 283:4</p> <p>adjustments 159:15 299:2</p> <p>adjusts 135:12</p> <p>administration 2:20 8:18 20:14 87:2 180:5 244:19 308:1,7 353:3 354:8</p> <p>admirer 329:19</p> <p>admit 226:18 231:5</p> <p>adopt 335:9</p> <p>advance 12:7 23:9</p> <p>Advancement 156:22 318:17</p>	<p>Advancements 78:10</p> <p>advances 197:17 307:9</p> <p>advantage 129:1 222:18 229:4 271:2 317:14</p> <p>adversaries 113:12</p> <p>advertisements 27:1</p> <p>advertising 26:22 60:10</p> <p>Advisors 174:21</p> <p>advisory 9:13 317:4 329:20</p> <p>advocacy 23:10,11 296:14 307:18 333:16 352:19</p> <p>advocate 82:16</p> <p>advocates 333:21</p> <p>advocating 341:10</p> <p>affairs 22:3 48:10 91:14</p> <p>affect 225:18</p> <p>affected 241:17</p> <p>affecting 119:19 286:3 302:22 311:22 312:1,2,3 351:13</p> <p>affects 261:16</p> <p>affiliated 23:2</p> <p>afford 161:11 168:5 269:14 343:13</p> <p>affordable 78:7 83:3 137:11</p>
---	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

151:4 162:3,12 245:19 251:2 affording 149:10 AFL-CIO 180:2 afloat 305:19 309:2 afraid 155:11 156:8 320:7 342:1 Africa 91:1 African-American 166:20 167:15 168:9 afternoon 85:3 173:2,8,10 230:8 253:2 310:21 333:14 349:20 ag 10:5 23:3 150:8 against 12:13 71:10,20 75:14 82:11 140:3 230:7 231:15 237:20 242:17 249:9 280:10 306:10 319:16 320:13,19 325:6 age 6:7,8 28:2 agencies 17:7 124:1 150:9,21 188:22 225:14,20 230:5 246:15,16 310:11 agency 182:17 254:19 agenda 301:10 302:15 agent 90:22	aggressive 108:22 aggressively 148:21 350:19 aging 6:6 ago 6:3 35:4 37:20 49:10 72:14 74:12 126:18 141:22 154:7 168:16 186:19 195:1 209:14 246:7 258:19 264:3 266:9,12 313:8 317:10 331:4 336:15 338:16 339:4,12 346:2,7,19 351:2 353:18 agreeing 127:7 agreement 21:17 277:4 340:14 agreements 71:9 156:1 158:17 170:11 229:18 332:4,5 agribusiness 90:18 93:13 162:8 178:2 312:8 334:5 354:6 agricultural 3:1,6,17 10:2,10 13:22 15:16 18:2,8 23:1 30:15 31:8,11 78:6 90:22 148:20 151:2 163:2 174:8 177:18 181:12 185:5 245:19 253:9 254:10,12 302:17,21,22 307:5,19 308:10	309:7 332:10 335:15 Agriculturalist 92:10 agriculture 1:4,13 2:7,14,16 4:21 5:3 6:2 7:15,20 10:17 11:16 12:21 13:18 14:19 16:12,13 17:2,5 30:16,20 76:5 78:10 80:21 84:6 86:9,18,21 87:16 88:3 93:3 110:16 130:10 136:15,21 137:3 144:11 145:6,8,11 147:21 149:18,21 150:22 153:1 157:3,6,7 158:8 159:14 164:10 169:1,4,10,12 170:13 171:4 177:19 178:17,19,21 179:1 181:7,11 182:7 197:17 199:7 202:9 205:6 215:1 232:15 244:22 253:12 254:1 302:7,10,16 303:5 309:20 310:13 311:17 314:18 318:16 319:12 326:16 330:2,8,11 331:6,20 332:6,16,17,21 333:19 334:13,20,21	336:7,20 341:11 348:7 352:19 353:17 354:1 Agriculture's 196:4 ahead 5:3 18:13 67:3 111:18 130:17 131:13,14 Ahold's 200:4 Aid 162:17,18 326:22 aim 88:8,22 aimed 157:10 226:14,16 air 82:7 149:19 169:11 aisle 90:4 212:3 aisles 89:21 Akron 180:21 Al 179:4,5 214:7 226:6,7 233:6 248:2,20 285:17 Alabama 4:7 8:8 9:11 155:5,9 304:1 319:2 341:20,21 342:14 alarming 36:21 136:20 Albuquerque 91:20 Aldi 126:20 129:16 Alicia 162:16 alike 18:9 304:21 allegedly 318:1
---	---	---	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>Allen 253:13 278:13</p> <p>Allen's 278:13</p> <p>allergies 259:2,3</p> <p>all-natural 36:8</p> <p>allow 11:12 111:7 142:17 143:5 151:2 252:5 275:3 336:22 337:3 355:4</p> <p>allowances 124:6</p> <p>allowed 143:4</p> <p>allowing 24:17 349:18</p> <p>allows 160:16 186:10 245:9</p> <p>all's 342:21</p> <p>alluded 298:10</p> <p>alone 74:5 154:10 190:6 230:12 274:21</p> <p>alphabetical 20:19</p> <p>already 35:3 47:6 48:22 49:5,6,7 173:11 248:6,11 288:14 300:18 309:12 338:12</p> <p>alright 107:18 114:14,16 116:22 118:5 119:2 123:5,15 198:17 201:20 228:2 264:14</p> <p>alternate 278:20</p> <p>alternative 67:14 71:9 243:15</p> <p>alternatives</p>	<p>177:15</p> <p>alters 213:1</p> <p>am 5:2 9:12 100:10 154:10 164:17 165:14 166:4 170:3 173:20 181:20 267:21 336:1 344:15 356:7,10</p> <p>Amarillo 271:15</p> <p>amazed 100:10</p> <p>amazing 35:4 345:2</p> <p>ambiance 204:1</p> <p>ambitious 302:15</p> <p>amendments 325:17,18</p> <p>America 23:2,7 38:4 78:2,5 80:15 82:14 134:13 135:14 136:7 147:20 151:1,18 308:7,14,16 320:12 326:13 332:16 333:12 340:1 341:1</p> <p>American 2:7,14 5:13 10:3 12:8 35:20 36:1 78:12,16 80:16 81:12,13 86:14 148:22 175:12 181:3 197:19 227:19 249:9 250:21,22 328:1,2,8,15,18, 21 341:10 342:2 353:13,22 354:3,15</p>	<p>Americanos 200:6</p> <p>Americans 17:17 153:19 161:20 165:5 166:8 169:5,6 171:15 191:3 197:10 211:8</p> <p>America's 5:6 15:20 17:4 163:4,13 305:18 306:14 308:2</p> <p>Amigos 200:6</p> <p>among 78:11 93:11 118:8 127:1 172:13 208:11 220:18 304:17</p> <p>amount 14:15 24:1 51:13 72:4 78:13 79:22 94:22 95:12 144:8 146:22 221:13,21 262:16 286:1 299:5 319:20 321:4 328:10 347:4,15,16 352:6</p> <p>amounted 183:20</p> <p>amounting 183:6</p> <p>amounts 107:7 185:10 263:7</p> <p>AMPI 102:7 103:13</p> <p>ample 244:11</p> <p>analyses 270:18</p> <p>analysis 23:11 159:5 181:5 244:13 254:13</p>	<p>264:8 275:3 333:8</p> <p>analyst 139:17</p> <p>analyzing 254:21</p> <p>and/or 113:4 170:13</p> <p>Andrews 332:8,9</p> <p>Angelia 335:17</p> <p>angus 22:8,9 36:6 58:3 60:5,6 61:14</p> <p>animal 45:10 57:16 75:5 140:4 268:22 269:21 270:4,11 293:18 331:20 332:15 352:12,14</p> <p>animals 165:21 278:15 279:20 305:1 306:7 330:7 331:13 333:5</p> <p>animal's 65:13</p> <p>Ankeny 4:6 303:17</p> <p>Anna 334:18</p> <p>announce 354:2</p> <p>announced 302:14</p> <p>announcement 252:16</p> <p>annual 29:7 54:1</p> <p>answer 41:2 129:3 174:6 193:7 200:20 202:13 248:3 287:20 288:13,15,21 338:14</p> <p>answers 87:5</p>
---	--	---	---

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 8

<p>243:22 310:15,16,18 antecedents 232:3 233:12 anthropology 177:4 anti 133:4 antibiotic-free 166:6 anticompetitive 248:14 249:10 350:7 anti-competitive 137:20 169:1 anti-gouging 133:10 anti-hunger 136:14 antithetical 159:8 antitrust 1:4 2:6 4:4 12:7 14:10 15:10 19:16 20:5 79:4 84:7,17 88:3 135:10 136:22 137:19 150:18 154:16 158:22 164:9 169:12 174:13,18 175:12,21 182:5,16,19 185:6,8,9 188:22 204:15 219:15,16,18,22 220:5 223:20 224:12,14,17,22 225:12,20 226:2,11,14 227:11 229:15 230:4,10,12,17,2</p>	<p>0 231:6,8,14,20,22 232:3 233:12 245:5,15 246:1,10,17 248:13,16 301:20 307:17 309:21 310:14 311:16 318:6 348:19,21 349:11,17 350:11 353:17 antitrusters 175:10 Antonin 175:2 anybody 165:6 288:4 299:11 312:17 313:8 336:8,9 342:7 346:17 355:1 anymore 27:17 74:17 80:1 106:15 194:19 242:7 anyone 132:19 152:14,16 155:17 337:5 anything 102:19 127:19 128:4 194:13 210:20 218:14 228:10 260:19 274:4 275:6 285:16 286:2 288:22 294:9 299:18 330:4 341:17 345:11 anytime 100:11 anyway 56:13 191:4 263:19</p>	<p>anywhere 46:16 58:19 61:20 108:8 147:4,10 apart 255:14 app 73:3 211:9 apparent 89:2 apparently 94:3 344:22 Appeals 175:5 appear 98:11 187:13 appearance 163:17 appears 24:3 99:22 356:4 applaud 81:17 applause 12:18 19:5 81:15 87:19 130:5 136:10 138:2 139:15 141:18 143:19 144:22 148:1 151:7 153:4 154:21 156:20 159:20 161:4 162:15 164:15 166:16 168:13 170:1 171:6 172:20 252:10 apple 336:9,12,18 337:8 apples 73:21 337:8 application 72:15 applied 177:4 178:17 appoint 248:10 appointed 9:14 appreciate 85:7</p>	<p>132:1,4,5 134:1 144:19 156:4,6 172:21 196:22 199:5,9 205:15 219:13 252:11 294:16 296:21,22 301:13 309:5 315:1 319:3 324:12 327:8 332:19 336:5 338:18 339:18 349:13 354:18 appreciated 155:12 appreciation 144:2 approach 76:20 108:1,4 110:20 123:6,7 124:15 229:8,11 231:6 approaching 341:9 appropriate 2:6 4:4 16:7 159:1 271:10 appropriately 24:11 approximately 146:18 183:12 293:9 352:5 apps 72:22 April 356:20 arbitrarily 9:8 283:1 arch 208:17 area 24:19 41:9 68:20 73:14 92:5 93:1 103:14</p>
--	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 9

<p>104:2 107:7 109:12 115:7,17 119:5 132:22 134:16 160:3 234:7 244:4 271:15 276:9 277:18 278:10 312:21 317:8,20 318:12</p> <p>areas 13:17 40:8,14 66:17 68:20 122:15 137:13 190:5 205:12 207:22 208:4,5 243:10,11 327:10</p> <p>arena 219:12</p> <p>aren't 7:14 65:17 67:7 70:6 147:6 167:9 168:2,3 207:5 214:3,4 225:17 235:11 291:22 348:11</p> <p>Argentina 80:15</p> <p>argue 207:5</p> <p>arguing 272:18 301:1</p> <p>argument 197:8</p> <p>arguments 229:21</p> <p>arise 186:7</p> <p>arm 21:4</p> <p>Army 22:13</p> <p>arrangement 221:19</p> <p>arrangements 43:20 163:21</p> <p>arranging 210:13</p>	<p>array 21:13 268:14 279:16</p> <p>Arrendodo 143:21</p> <p>ARRENDONDO 143:20</p> <p>arrival 203:10</p> <p>arrive 229:11</p> <p>Article 93:13</p> <p>articles 176:1</p> <p>artificially 187:13</p> <p>Arts 91:15</p> <p>aside 155:15 221:9</p> <p>aspects 7:13 200:13</p> <p>aspiring 341:1</p> <p>assembled 84:11</p> <p>assessed 128:10</p> <p>assessment 199:16</p> <p>assets 103:4</p> <p>assist 7:18</p> <p>Assistance 9:20 21:5</p> <p>assistant 14:9 19:15 20:12 22:5 32:12,15 53:7,13 66:19 175:16 179:16,17 301:19</p> <p>associate 12:2 90:18 177:9,16</p> <p>associated 57:3 98:19 102:7 165:16 236:22 335:1 351:2</p> <p>association 21:4,9 22:4,16 23:7</p>	<p>60:5 61:15 70:2 143:22 175:20 180:11,12,18 198:22 253:19 254:7 314:22</p> <p>Association.Tom 180:20</p> <p>associations 70:1 158:18 242:20 332:13</p> <p>assortment 38:9 63:2 209:19</p> <p>assume 64:19 131:16 133:6</p> <p>assumed 64:9</p> <p>assuming 21:10 116:19</p> <p>assumption 65:9</p> <p>assure 156:10 308:21</p> <p>assured 75:19</p> <p>asterisks 218:4</p> <p>asymmetric 234:10 235:8 237:18 238:18</p> <p>asymmetry 54:16 255:8 269:7 271:3 273:11</p> <p>atmospheric 181:13</p> <p>attach 333:3</p> <p>attack 310:7</p> <p>attacking 224:12 250:9</p> <p>attempt 92:21 200:4,6 231:7</p> <p>attempting 350:18</p>	<p>attendance 5:1 301:13</p> <p>attended 11:10 180:6 348:12</p> <p>attending 11:7 303:11 355:7</p> <p>attention 3:16 7:6 13:21 17:22 134:2 136:6 139:20 236:7 239:3 310:2 349:14</p> <p>attorney 2:10 11:15,17,18,22 12:1,3,10,16,17, 19 14:9 19:14,15,19 24:17 30:14 32:12,14,15 36:3 38:21 47:11,21 50:19 51:10 52:5 53:7,13 63:14 64:4 66:7,14,19 73:2 75:22 76:16 78:3 79:9 83:14 84:2 85:5,18,19 132:7 152:4 155:13 301:20 303:10 356:11</p> <p>attorneys 8:14</p> <p>attributable 292:17</p> <p>attributed 292:12 298:3</p> <p>attributes 43:15 44:16 58:1,3</p> <p>atypical 151:17</p> <p>Auburn 207:13 254:2</p> <p>auction 71:15</p>
---	--	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>313:2,17 audience 23:18 89:19 105:16 128:18 204:19 205:1 304:7 323:12 audit 109:1 auditing 108:22 AUDITORIUM 1:14 auditors 92:17 audits 38:19 47:3,4 August 4:9 302:14 304:12 authorities 225:12 350:11 authority 111:6 169:20 authority's 204:15 available 39:17 73:11 88:17 89:5 107:5 110:16 149:11 161:15 162:3 185:12 187:8 196:2 201:16 242:22 269:7,12 avenue 1:15 230:13 252:18,21 avenues 32:8 231:10 average 6:7 42:4 64:12 97:3 98:7 99:4 103:9 104:4 165:14 184:8 195:17 249:3 266:9 283:22</p>	<p>284:1 286:21 287:6 327:22 averaged 195:18,19 267:5,6,13,14,15 ,18 averages 146:9 averaging 268:6 avoid 240:20,21 259:2 Award 92:10,11 93:13 177:22 aware 32:19 72:20 200:16 214:4 235:11 236:1 241:1 338:1 awareness 25:17 128:14 away 6:15 24:1 40:15 76:14 77:15 104:22 105:5 120:17 166:3 223:8,9 239:6,17 264:4 280:16 283:4 291:1 <hr/><p style="text-align: center;">B</p><hr/>B.A 175:7 B.S 178:1 181:13 baby 166:6 314:13 Bachelor 91:15 180:3 backbone 147:20 backdoor 109:20 backed 274:17 background 19:22 bad 48:9 96:6</p>	<p>123:11 134:17 161:11 170:17,18 185:14 198:10 231:3 241:21 270:22 280:13 290:8 301:4 badly 278:16 279:2,7 bag 56:6 bagged 186:20 213:21 bakeries 210:11 baking 187:10 balance 83:20,22 146:15,18 270:21 balancing 107:14 ball 202:17 204:3 318:22 ballooned 196:5 Baltimore 110:4 180:5 band 110:22 bank 23:1 346:6 348:12 bankers 346:5 banking 135:1 259:6 bankruptcies 306:20 banks 249:21 bar 153:6 180:22 186:21 259:7,8 barbecue 258:16 barcode 72:15</p>	<p>barely 5:7 41:21 148:16 bargain 119:9 307:13 bargaining 156:1 179:15 218:11 220:15 222:7 224:20 225:10,15 233:7 238:21 barns 5:17 278:20 barriers 128:21 129:4 340:6 Barry 21:8,12,19,20 25:7 33:5 42:12,21 56:20 73:5 76:19 290:4 bars 345:1 Basav 349:20 base 61:9,10,18 282:7,9 283:8,9 based 6:12 26:14 96:21 97:4 100:6 109:6 145:3 146:9 164:11 187:1 211:1 212:22 216:19 244:13 257:5 275:8 280:12 281:4,20 282:19,22 284:22 285:9 318:19 319:17 325:6 334:21 352:19 basic 9:6 68:13 85:16 101:13,18 125:8 211:16 353:4</p>
--	---	--	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 11

<p>basically 29:13 72:6 97:19 99:7 123:22 147:3 212:20 217:8 238:10 279:10 294:7 321:12</p> <p>basis 29:11 54:2 107:10 229:15,21 277:12,13 286:22 344:12,13</p> <p>basket 53:18</p> <p>batter 222:14</p> <p>Bay 168:21</p> <p>bear 165:12</p> <p>beating 284:18</p> <p>beautiful 327:21</p> <p>became 179:11 331:13</p> <p>Becky 318:15 321:13</p> <p>become 39:14 55:19 57:21 66:2 86:7 92:2 95:7 144:16 184:21 216:18 237:22</p> <p>becomes 44:6 122:16 184:22</p> <p>becoming 29:22 38:19 43:10 181:9 299:7</p> <p>bedded 101:20</p> <p>bedding 347:12</p> <p>beef 21:18 22:7 25:20 60:5,6 65:10 98:4 141:9,12 144:10</p>	<p>192:8,22 195:16 217:15 237:2 255:18,20 256:15 257:18 259:22 260:2,3,7 265:10 268:21 269:17 271:5,11,13 316:4 318:8,12 321:8 327:21 351:18 352:1,3,4,9</p> <p>beg 239:16</p> <p>begin 9:1 26:12 154:16 190:10 302:1 338:17 340:9</p> <p>beginning 159:13 195:4 227:14 241:13,15 340:1,6,8</p> <p>begins 204:3 251:11</p> <p>begun 309:12</p> <p>behalf 12:8 24:18 126:14 136:12 339:20 343:9 353:6</p> <p>behavior 59:14 137:20 169:1 227:18</p> <p>behemoth 223:18</p> <p>behind 354:11</p> <p>believe 9:3 15:14 36:11 56:12 68:5 75:20 81:18 85:15 89:17 127:6 201:9 248:17 257:5 279:19 291:22</p>	<p>307:16 318:6</p> <p>believes 114:19</p> <p>Ben 20:20 21:8 24:12,15 29:21 31:12,13 32:15,18 55:16,17 62:9 75:3 76:1,14</p> <p>beneficial 3:14</p> <p>beneficiaries 86:15</p> <p>benefit 14:18 150:12 172:18 185:2,3 234:8</p> <p>benefited 52:10</p> <p>benefiting 79:7</p> <p>benefits 190:15,19,20 223:13 232:21 270:7,10 272:13 298:12</p> <p>benefitted 190:7</p> <p>benefitting 197:20 233:18 237:16</p> <p>Berkeley 174:15,22 175:7</p> <p>Bernhardt 339:19,20</p> <p>Bert 175:9,11,16,22 176:7 219:15 223:21 224:3 226:7 227:1 228:3 232:1 244:8 247:2 250:18 251:4 347:11 348:15</p> <p>Bert's 349:9</p>	<p>besides 349:15</p> <p>best 5:3 42:2 72:7 73:22 78:5,7 79:14 80:6,22 81:1 140:1 152:16 171:15 211:7,9 216:12 219:2 296:18 310:17 338:22 339:10 342:9</p> <p>bet 265:21 266:1</p> <p>better 3:5 15:14 19:19 66:18 68:22 76:22 77:4,5 78:20 80:1,3 105:2 122:22 133:9 135:1 138:15 198:12,13 207:16 243:18 280:20 289:4 309:6 315:19 329:12</p> <p>beyond 11:1 86:7 118:2 119:1,5 169:2 185:6 205:18 225:11 246:17 248:15 333:11</p> <p>bias 298:1</p> <p>bickering 301:1</p> <p>bid 62:21 71:14,16 271:19,20,22</p> <p>bids 71:14 72:2</p> <p>Biel 91:8 100:17 101:4 119:7 127:21</p> <p>bigger 45:6 54:21 114:3 154:2 195:12</p>
--	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 12

<p>biggest 46:13 47:1 217:4,20 218:7,8 241:15 251:5 271:5,11 292:11 332:5</p> <p>bill 102:1 130:10 136:4 284:18 318:9 334:17 337:20 350:15</p> <p>billed 275:5</p> <p>billion 154:8 183:12,20 184:3 215:19,20</p> <p>bills 185:4,15</p> <p>binding 124:8</p> <p>bio 178:7,10 179:4</p> <p>biodiversity 149:20 336:7</p> <p>bios 181:20</p> <p>biotech 148:20</p> <p>birds 273:19 274:2,15 275:4,14 278:2,5 280:6 281:21 282:15,17 284:4 319:21</p> <p>birth 75:5</p> <p>Bison 180:17</p> <p>bit 24:6 29:2 38:12 66:15,17 93:20 94:7 96:15 100:18,20,21 103:6 107:13 108:3 110:10,12 111:9 113:8 122:9 123:17 124:6 127:5 130:13 141:22 142:6 146:20</p>	<p>179:3 181:3 189:5 202:1 205:7,15,16,17,1 8 206:3,22 214:7,19 239:21 255:4 256:14 268:16 276:1,2,12,14 286:11,16 289:15 315:3 316:16 336:6 350:3</p> <p>bits 255:10</p> <p>black 18:5 179:22</p> <p>Blackberry 142:21</p> <p>blessed 78:5</p> <p>blighted 203:5</p> <p>blocks 158:9</p> <p>BLS 187:5 272:5</p> <p>blue 231:16 244:9 318:22</p> <p>board 23:4 36:6 92:16,20 111:6 131:19 179:22 193:7 232:13 332:14</p> <p>boarded 326:14</p> <p>Bob 22:5 181:1,3,9,11 189:8 193:15,17 196:22 207:13 233:1 239:10 250:15 253:22 257:15 263:22 291:13 296:10,17,22 298:10 326:3</p> <p>Bob's 181:16</p> <p>book 176:1 212:20</p>	<p>245:8 334:17</p> <p>bookings 29:12</p> <p>books 143:7,13 268:1</p> <p>boom 195:4</p> <p>border 170:7,18</p> <p>borders 129:6</p> <p>born 70:20 336:15</p> <p>borne 51:1 64:20 197:9</p> <p>Borrón 311:8,9</p> <p>bottle 161:16,18</p> <p>bottlenecks 309:14</p> <p>bottling 106:22 109:12</p> <p>bottom 32:11 54:21 157:16 286:6</p> <p>bought 129:17 346:1</p> <p>Boulder 170:4</p> <p>bound 86:17</p> <p>bounds 115:8</p> <p>box 118:15,20</p> <p>boxed 352:9</p> <p>boy 181:15 348:6</p> <p>brain's 213:1</p> <p>brand 22:22 28:5 315:6</p> <p>branded 25:19,22 27:7 33:10,12 45:4,6,19 56:4 61:14</p> <p>Brandeis 176:5</p> <p>brands 25:22 26:7</p>	<p>29:1 49:12,16 163:17 166:5 263:5</p> <p>brave 342:1</p> <p>break 84:3,12,18 150:18 154:16 172:22 231:5 272:21</p> <p>break-even 268:6</p> <p>breakout 273:7</p> <p>breed 45:10 61:17</p> <p>breeding 101:11 158:1</p> <p>breeds 157:22 158:7</p> <p>bridge 167:20</p> <p>brief 95:15 108:6 182:13 224:3 323:8 327:1</p> <p>briefly 84:15 229:13</p> <p>bring 48:19 62:4,7 72:1 105:20 128:14 129:17,22 139:19 146:7 166:19 231:7 278:13 286:18 287:13 289:12 290:22 297:15 307:15,22 308:19 310:19 318:2 332:2 333:22 350:3</p> <p>bringing 13:4 33:12 46:2 109:10 115:20 116:9 148:7 218:17 242:21</p>
---	---	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

243:9 305:10 brings 70:13 150:5 230:10 238:21 broad 23:13 39:19 112:6 305:3 broadband 10:9 broad-based 177:2 broaden 204:21 205:6 broadening 219:21 broader 188:14 209:4 230:11 285:8 broiler 194:21 276:2,8 277:22 297:9,10 338:7,9 broilers 194:18 253:21 281:3 broke 313:16,21 broken 354:14 Brokers 180:20 Bronx 336:3,4 Brooklyn 333:15 347:21 brother 145:7 215:9 332:8 brought 121:22 238:4 249:9 310:2 328:9 331:1 349:14 Bruce 271:12,13 budget 8:12 90:21 190:13 budgetary 133:7	budgets 47:15 187:21 build 55:18 57:1 77:4 206:2 building 136:18 158:9 252:19 281:5,8 buildings 274:1,3 277:12 built 57:2,3 109:6 306:18 329:10 bulk 41:14 42:8 Bullard 350:15 bully 217:9 bunch 79:17 94:12,20 burden 54:14 77:20 Bureau 174:12 175:18 181:4,6 185:22 269:20 353:22 Bureau's 174:13 buried 62:11 Burkett 20:21 24:15 31:13 32:18 55:17 75:3 76:14 burying 243:17 bus 203:7 bushel 337:22 business 4:16 15:5 18:21 22:1 28:20 38:3 41:5 62:18,22 103:21 122:22 156:12 160:6 175:22 180:6 184:14	208:2,3,15 216:20 217:1 235:5 256:10 273:15 274:6,8 281:1 294:5 315:5,19,20,21 326:12 339:14,16 342:18 344:8,18 345:17 346:1 Buster 91:19 92:2 105:7,10,20 107:18 114:9 119:3 120:13,14 127:4 busy 10:16 39:8,13 48:20 62:14 67:13 235:15 butcher 258:17 butchered 331:14 butter 120:4 213:11 buy 24:22 35:5 54:3,4 57:19 62:12 100:15 110:13 113:2 129:15 147:2 151:4 165:15 194:15,18 225:10 228:14 259:2,3,5 269:13,14 286:5 293:11 315:6 buyer 62:10 96:19 176:3 204:10 206:18 220:2,10,19 221:1,6,16,17,18 ,21 223:12,13 224:16 225:22 228:8,22	229:2,13 244:10 251:8 271:9 285:5 295:6 303:3 buyers 4:16 32:4 56:11 62:13 71:16 75:14 95:6 97:1,6 99:8 149:7 184:21 188:7 220:19 278:22 295:15 305:22 buyer's 220:16 buying 26:4 29:14 56:5 62:13 67:8 122:11 140:16 161:18,19 168:2 184:22 185:4 195:5 242:21 259:19 260:15 291:15,16 292:10 300:1 buys 109:1 byproducts 260:5 <hr/> <p style="text-align: center;">C</p> <hr/> Cabinet 20:13 308:3 Caertas 318:15 cafeteria 265:19 cage 166:5 Cal 91:7 123:17 calculate 330:20 352:3 calculated 65:2 116:13 117:20,21 118:22 calculates 352:11
--	--	---	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 14

<p>calculating 117:18 285:13</p> <p>calculation 98:14 298:5 347:2</p> <p>calf 151:19,20</p> <p>California 13:6 23:3 70:1 82:6 90:18 170:21 174:15 175:7 213:22 305:7</p> <p>calves 5:18 70:20 267:5,6 278:19,21,22 279:8 285:22 286:2,5 315:6 316:4,6</p> <p>campaigns 177:3</p> <p>Campbell 175:15</p> <p>Campesina 323:17</p> <p>Canada 80:15 179:9</p> <p>cancelled 9:8</p> <p>Cancun 170:7</p> <p>candid 18:11</p> <p>canned 28:21</p> <p>capacities 335:13</p> <p>capacity 20:4 58:20 136:19 149:15 180:15 338:11</p> <p>capital 4:17 117:15 207:10,12,16 245:12 340:7</p> <p>capitalistic 314:5</p> <p>capitalize 10:13</p> <p>Capital's 207:11</p>	<p>Capper 132:7</p> <p>caps 318:22</p> <p>captive 71:10,20</p> <p>capture 57:20 58:13 77:17</p> <p>captures 186:20</p> <p>capturing 34:12</p> <p>car 252:21</p> <p>carbon 334:22</p> <p>carcass 65:10 286:22</p> <p>card 249:13 250:4</p> <p>care 4:20 10:14 62:15 76:17 101:19 191:5 198:8 249:1,2 301:6 314:12,14 342:8</p> <p>career 11:22 21:11 106:20 175:12 340:13 341:5</p> <p>careful 60:19 116:19</p> <p>carefully 141:4</p> <p>Carl 329:19,22 331:11</p> <p>Carl's 330:16</p> <p>Carolina 179:12 180:4 254:10 290:4 318:19</p> <p>Carolyn 326:21</p> <p>Carpenter 21:8,9 25:7 33:5 42:21 56:20 73:5 76:19</p> <p>carried 210:6</p> <p>carry 18:17 25:22</p>	<p>199:17</p> <p>cars 203:7 208:18</p> <p>Carstensen 204:19 206:17 316:12 321:14</p> <p>cartel 228:8</p> <p>cartels 228:8 229:13</p> <p>cartoon 212:11</p> <p>case 25:20,22 33:4 39:22 45:21 58:2 64:10 75:7,11 126:21 141:6,9 195:13 222:20 231:13 247:17 256:15,16 258:22 273:5 278:5 317:8 318:1 326:6</p> <p>cases 8:7 23:22 42:22 122:11 167:7 273:4 317:16</p> <p>cash 61:17,18 249:17 339:7</p> <p>casserole 161:14</p> <p>cat 161:14</p> <p>catalyze 136:17</p> <p>catch 5:19</p> <p>categories 62:13 195:14</p> <p>category 222:6</p> <p>cattle 6:21 22:9 27:12,13,14,15,1 6,19,21 28:7 41:6 57:13 60:16 61:9,12,13,15 71:11,13,14,16,2</p>	<p>2 72:1,3 80:18 101:14 104:13 151:13 193:1 254:18 267:14 270:19 271:16 279:10 285:11,17 287:4 288:21 289:7 292:8,10 295:2 312:13,16 313:7,18 314:12 315:4,14 321:9 326:3 327:21 331:16,19 343:13 351:3,21 352:4,5,6</p> <p>Cattleman's 22:16</p> <p>cause 29:2 54:19 69:21 96:9 124:22 162:2 168:9</p> <p>causes 336:8</p> <p>causing 295:16</p> <p>caution 39:18</p> <p>cautioned 64:22</p> <p>cautiously 247:16</p> <p>Cecelia 170:2</p> <p>celebrates 142:22</p> <p>census 6:12</p> <p>cent 267:7</p> <p>center 28:21 29:4 64:8 93:6 174:16 180:1 232:6 308:20 343:5</p> <p>centers 35:10 40:13 209:18 308:14</p> <p>central 179:18 182:19 188:22</p>
--	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 15

<p>316:19 343:4</p> <p>cents 114:2,3 118:13 192:5,6,8,9,10,1 1,13,14 256:12 265:22 266:2,3 274:10 293:9 325:2,3</p> <p>century 1:5 51:5 86:7 246:2 303:1</p> <p>CEO 21:9 175:18 219:4 271:13</p> <p>CEO's 219:7</p> <p>cereals 212:2</p> <p>certain 7:11 32:18 50:10 60:7,18 77:9,16 98:10 124:6 173:14 223:2 246:22 247:1 279:9 347:15,16</p> <p>certainly 2:3 30:11 33:9 39:12 51:22 53:21 57:6 58:16,18,20,22 59:4 83:11 106:10 132:22 133:13 146:21 147:14 199:13,18 225:19 229:17 240:1,7,15 241:13 258:20 264:5 283:2 293:18 295:10 296:22 298:9 300:22 310:16</p> <p>CERTIFICATE 356:1</p> <p>certified 27:7 58:3</p>	<p>60:5,6</p> <p>certify 356:3</p> <p>cetera 133:3,8 186:18 203:5,14</p> <p>chain 2:18 3:8 13:18 34:13,18 35:12 38:18 46:14 62:16 63:2 64:2 68:1,6 77:22 88:18 93:17,21 94:6,10,18 95:12,18 97:10,21 98:12 99:3 109:4 112:1,7 116:6 119:4 124:2 135:8 147:15 173:17 175:19 185:6 188:1,17 189:13,18 192:1 209:20 214:16,19 217:10,12 218:2,9 219:18 220:4 227:4,21 286:7 304:19 338:5 348:22 351:13</p> <p>chains 31:16 94:22 184:15,18 203:2,13,14,15 213:17 228:21 296:4</p> <p>Chair 297:22</p> <p>Chairman 179:20</p> <p>challenge 42:6 97:11 124:16 201:6 227:18 239:19 251:6</p>	<p>challenged 227:10</p> <p>challenges 3:7 4:17 10:17 11:6 15:2 30:16,17 96:14,16 97:9 98:6 107:21 158:3 307:4 308:1 310:16 328:2,5</p> <p>challenging 94:7 96:4</p> <p>Champagne 348:6</p> <p>chance 13:11 15:3 117:1 150:3 244:1 287:9 297:21 316:14 325:22 326:20</p> <p>chances 206:11,13</p> <p>change 30:17 31:19 32:5 40:6 82:17 136:19 217:8 227:10 236:7 240:20 241:14 242:15 264:7 289:8,10,11 290:17 311:16 328:20 334:3,8,15 335:5,8,9,14,16 343:22</p> <p>changed 23:21 25:13 28:13,16 35:4 46:9 47:13,14 48:4 74:2,18,19 81:6 88:20 94:7 96:15 145:12 168:16 209:12 264:5 325:9</p> <p>changes 24:5 48:4</p>	<p>60:14 68:7 74:4,5,14 116:20 173:18 177:13 185:13 188:4 194:12 196:19 214:12 227:5 236:14,20 239:19 240:21 241:9 255:1,2 256:7 257:9,11 269:1 286:14,17 288:8 289:6,20 290:19 296:5 298:2 302:20 333:10,17</p> <p>changing 46:7 96:11 196:13 204:5</p> <p>channel 16:21 93:15 113:7,14 114:10,13 118:2 126:2,4,15 234:16 261:14 289:9</p> <p>channels 35:8,14 93:11 209:18,22 246:3</p> <p>chaotic 161:1</p> <p>chapter 18:15,17 168:21 215:7</p> <p>chapters 176:1</p> <p>characteristic 126:1</p> <p>characteristics 125:19 284:22</p> <p>characterized 257:17 307:5</p> <p>characters 212:12</p> <p>charge 143:14</p>
---	---	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 16

<p>249:21 charged 51:14 113:1 118:20 124:5 188:12 211:16 charging 72:18 225:21 249:11 Charles 93:5 Charlotte 179:12 cheap 161:15 165:9 166:14 342:6 cheapen 72:5 cheaper 224:17,19 239:15 cheapest 328:17 check 72:10 96:17 102:2 103:9 249:17 250:6 277:13 281:6 Checkoff 25:20,21 checkout 109:22 cheddar 147:1 cheese 9:22 89:9 95:3 98:8,17 99:10 102:9,11 107:4 120:3 146:20 147:1,12 192:20 304:9 cheeses 147:6 chemical 148:10 chemistry 213:1 Chesapeake 168:21 Chicago 176:4 chicken 49:6,7 194:17</p>	<p>265:19,20,22 266:4 293:6,8 324:19,20,22 325:1 337:21 338:1 341:18,21 342:21 346:8,10 chickens 269:11 338:11,17,19 chief 22:18 84:16 92:14 174:21 181:4,10 childhood 212:8 children 165:11 191:22 212:7,10 300:15 314:10 329:9 China 52:7 Chinese 63:1 chips 212:1 choice 48:6,7 49:9,10,11 107:3 148:17 151:3 158:2 162:4 211:20 212:4 255:19 316:4,7 336:22 337:1,2,14 choices 149:3 158:5 311:22 choose 222:18 275:10 337:3,13,18 chose 160:4 chosen 107:8 Chris 23:5,6,10 29:16,17 38:21,22 40:12,17 47:11 48:18 50:22</p>	<p>54:12 63:6 68:8,9 69:2 82:16 154:22 171:13 Chrisman 171:7 Christine 14:9 19:15,20 20:2 85:8 86:16 301:19 314:16 316:14 chronic 162:2 Chuck 90:17 93:16,17 94:1 100:10 115:1,3 123:14,15 127:5 chute 5:20 Circles 177:11 circumstances 15:13 cite 255:14 cites 45:21 cities 40:2 100:6 167:5 citizen 176:17,20 245:10,11 328:1 citizens 161:13 189:16 232:4,10,21 city 124:7 146:9 171:8 329:21 336:14 civil 12:13 309:22 claim 284:2 350:21 352:6,8,9 claimed 306:6 claims 12:13 17:12,18</p>	<p>Clair 342:13 clapping 301:22 clarification 272:3 325:18 clarified 300:19 clarify 117:7 clarity 52:12 Class 107:6 108:11,14 111:11 146:11 classes 210:12,13 classical 157:22 classified 108:10 classify 277:10 clean 250:15 cleaners 345:2 cleaning 157:18 263:12 clear 3:21 14:14 15:17 16:20 25:12 132:19 138:9 154:2 159:15 237:6 238:12 306:11 309:15 312:6 352:20 clearer 229:15 clearing 237:8 clearly 26:3 33:7 56:22 77:8 99:6 126:18 233:18 234:22 clerk 175:2 clientele 235:10 290:19 clients 60:3 161:13</p>
--	---	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 17

<p>climate 158:2 170:6 241:14 334:2,8,14 335:5,8,9,16</p> <p>climates 13:3</p> <p>clinics 308:13</p> <p>Clinton 20:13 313:10</p> <p>close 3:15 17:2 83:15 85:2 99:22 107:2 273:16 274:5 329:6,16</p> <p>closely 59:14 96:10 99:5 185:18 310:4 323:2</p> <p>closer 127:7 263:10</p> <p>closest 216:3</p> <p>closet 216:11</p> <p>club 35:11 209:18</p> <p>clue 328:1</p> <p>CME 147:2</p> <p>co 131:19 132:8 145:2</p> <p>coalescing 113:12</p> <p>coalition 21:7 136:13 161:6 171:10 177:21 179:21 321:11 333:15 339:21 353:9</p> <p>Coalition's 179:20</p> <p>coast 22:18 46:15</p> <p>Cobb 271:13</p> <p>Co-director 181:8,9</p>	<p>coffee 11:2 239:15</p> <p>cogent 264:16</p> <p>Colbert 165:4</p> <p>cold 109:12 135:4 221:20</p> <p>Coli 214:1</p> <p>collaboration 17:6 18:15</p> <p>colleague 87:15 90:5 128:20 130:10 290:4</p> <p>collect 90:5 111:20 269:12 321:7</p> <p>collected 172:13</p> <p>collecting 289:17</p> <p>collection 321:2</p> <p>collective 156:1 179:14</p> <p>collects 268:21</p> <p>College 92:12 175:8</p> <p>colleges 308:11</p> <p>Collin 128:1</p> <p>Collins 4:10 155:5 271:12 304:12</p> <p>color 167:2</p> <p>Colorado 4:11 9:1 155:5 170:4</p> <p>Columbia 12:2,3 252:17 266:3 356:17</p> <p>combination 28:17 96:7</p> <p>combinations 245:1</p>	<p>combine 113:12</p> <p>combined 45:14 113:11 195:21 196:3 216:6 272:12</p> <p>comes 25:10 30:6 63:16 82:15 85:15 102:15 141:9 206:19 220:8 250:6 273:21 280:7 322:4 330:1,2 333:6 336:13</p> <p>coming 28:4 30:1 36:13 37:17 71:12,19 79:22 126:3,4 128:8 129:1 137:21 146:22 147:8 167:7 182:16 202:15 237:1,8 239:8 250:14 291:8 301:10 326:15 327:6 346:10</p> <p>Commander 181:16</p> <p>commenced 317:9</p> <p>commend 249:7 250:8</p> <p>comment 51:8 83:7 127:5 131:1,3,7,12 133:4 161:7 172:10 189:10 226:6,8 238:3 251:16 262:21 265:4 267:9 268:12 269:16 301:9 311:6 320:7,11 321:14</p>	<p>322:10 325:22 326:20 345:21 353:16</p> <p>commentaries 184:4</p> <p>commented 172:5</p> <p>commenters 172:2</p> <p>commenting 67:21 133:9</p> <p>comments 8:22 9:2 11:15 15:18 19:14 84:3,11 87:8 130:12,19 131:5 151:9 152:12 172:15,22 173:2 189:1 226:6 267:3 299:20 310:5 311:2 320:13 321:12,16 322:1 323:8 338:15 339:10,15 353:8 354:20 355:2,8</p> <p>commercial 69:21 70:4,9 155:1 179:7 212:13 349:21</p> <p>commercially 187:20</p> <p>Commission 20:8,12 142:22 143:2,11 164:8 174:12,22 199:9 205:6 215:2 244:10 350:5,8 356:20</p> <p>Commissioned 22:13</p> <p>Commissioner</p>
---	---	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 18

<p>20:8</p> <p>Commission's 175:18 332:16</p> <p>commitment 12:11 16:8,11 19:1 57:14,16,19 75:6 104:19 323:20</p> <p>committed 2:20 303:9 307:20 308:1 330:8</p> <p>committee 9:14,17 22:2 181:11 317:4</p> <p>commodities 3:6 53:10 186:19 242:11 257:18 276:12 303:2</p> <p>commodity 28:21 44:12 68:14,18 242:3,4,8 271:17</p> <p>common 100:1 285:10 287:8</p> <p>commonplace 210:12</p> <p>commonsense 9:4</p> <p>communicating 327:8</p> <p>communication 16:21 19:19 36:13,16 67:20 68:6 91:15</p> <p>communications 34:17 43:10 77:1 79:12,13 174:22</p> <p>communities 7:19 10:8,11 13:6 40:14 134:14,15 145:10</p>	<p>157:12,20 163:4,9 167:1,19 168:4,7 172:1 177:14 215:15 217:17 225:18 227:19 230:15 232:5,10,21 233:5,6 243:16 245:12,14 306:14,18 308:4 322:17 326:15 344:3</p> <p>community 25:1 136:12,14,15,18 161:6 167:3,14 168:9,11 177:17,20 217:22 243:11 249:11 258:11 308:13</p> <p>companies 25:9 49:3 148:10 152:20 189:15 203:21 211:22 212:4 213:8,15 215:18 216:3 243:2,5 249:20 269:12 314:3 320:12 335:7 338:2,9</p> <p>company 29:2 37:20 49:12,15,16 139:18 167:16 204:13 205:2 219:5 230:7,8 280:4 293:8 300:2 319:18,20,21 320:8 324:21 325:6 339:5 346:4,9</p>	<p>comparable 229:11</p> <p>compare 73:21 106:3 263:1</p> <p>compared 5:14 7:8 187:22 222:16 256:4,5 264:3</p> <p>compares 6:22</p> <p>comparing 74:21 235:14 263:18</p> <p>comparison 115:12,13 184:1 277:21</p> <p>comparisons 276:11</p> <p>compelling 308:18</p> <p>compels 213:1</p> <p>compensation 304:4</p> <p>compete 82:11 173:16 217:19 242:17 266:17 280:9 325:5 340:9 345:12,13,16</p> <p>competing 209:22 280:1</p> <p>competition 2:4,15 3:17 4:10 7:21 8:15 11:20 16:9 20:10 30:19 35:15,19 36:1 45:15 54:7 57:6 64:13 65:21 72:20 73:1 78:11,18 79:5,8 80:6 81:19 83:20 88:11 118:8,15 122:20</p>	<p>142:4,7,12,18 146:1 175:18 176:2 179:1 190:3 197:18 201:11 210:1,7,8 215:13 216:4 228:12 230:21 232:4,9,20 233:17 244:19 245:11,21 254:3 302:22 303:6 307:18 321:5 333:8 350:5,8</p> <p>competitive 15:15 18:8 29:14 30:22 31:7,10 62:20 63:2 122:15 126:9,11 132:16,20 152:15 178:21 222:17 228:14,15 229:4 231:4 271:22 302:17 307:18 309:10 310:13 334:10</p> <p>competitors 79:5 218:12 222:16 229:19 230:2</p> <p>complaints 8:5 16:16,18 321:3</p> <p>complete 51:4 99:12 312:7</p> <p>completely 355:6</p> <p>complex 3:17 7:13 8:15 44:7 88:8 90:10</p> <p>complexity 57:12 83:18</p> <p>complicated 119:18,21</p>
---	--	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 19

<p>228:16 268:18,19 269:15</p> <p>component 16:8 53:9 140:20 269:19</p> <p>components 86:13</p> <p>compounding 330:22</p> <p>comprehensive 108:8</p> <p>comprise 180:13 213:19 215:20</p> <p>comprised 90:11</p> <p>comprises 92:16</p> <p>compromise 227:8</p> <p>concentrated 24:4 38:1 163:2 184:22 220:2 347:7 349:5</p> <p>concentrates 120:6 128:8</p> <p>concentration 4:6 7:10 31:14 32:2 93:10 112:4 136:21 144:9,13 190:1 198:20 199:12,22 200:9,19,22 201:2,6 202:1,6,13,14 205:16 213:7 214:13,14 219:17 220:11 221:13 271:5,9 294:21 303:3 304:15 305:13 333:7 334:5</p>	<p>350:13 351:14</p> <p>concept 219:21</p> <p>conceptual 220:22</p> <p>concern 3:15 5:11 41:12 79:21 86:8 137:13 144:9 154:10 182:18,19 184:22 185:8 188:22 204:16 224:22 283:17 285:3 306:15</p> <p>concerned 2:13 9:9 80:4,21 137:2 148:9,15 149:16 153:13 160:5 162:21 163:3,11 176:22 311:21 349:16</p> <p>concerning 19:14</p> <p>concerns 5:10 8:8 16:15 17:3 188:18 240:15 281:14 302:20</p> <p>concert 231:11</p> <p>concessions 132:12</p> <p>conclude 304:18</p> <p>concluded 85:1 355:11</p> <p>concludes 354:17</p> <p>concluding 201:13</p> <p>conclusion 73:3 301:14</p> <p>conclusions 270:17</p> <p>conclusive 200:20</p> <p>concrete 5:18</p>	<p>conditions 170:15,22 171:1 279:16 322:5,16</p> <p>conduct 229:21</p> <p>conducted 247:11</p> <p>conducting 14:7 171:11</p> <p>conference 348:5</p> <p>confidence 119:21,22</p> <p>confident 18:20 341:2</p> <p>confirmed 346:20</p> <p>Congress 191:15</p> <p>Congressional 90:21 191:14</p> <p>Congressman 128:1</p> <p>Connecticut 13:6 93:4</p> <p>connection 44:14 60:4</p> <p>cons 198:21</p> <p>consciences 333:10</p> <p>consecutive 61:13</p> <p>consensus 234:20 296:16</p> <p>consequences 203:10 252:1</p> <p>consider 5:6 65:19 68:7 152:6 233:16</p> <p>considerable 8:21</p> <p>considerably 64:11 190:5</p>	<p>258:7 315:16</p> <p>consideration 133:19 135:22 200:12</p> <p>considerations 159:3 188:14</p> <p>considered 26:18 127:17 159:2 348:19</p> <p>considering 317:5</p> <p>consistency 45:10</p> <p>consistent 25:13 26:7 34:2 43:18,22 187:18 257:15 276:6 291:19</p> <p>consistently 34:5 54:10</p> <p>consolidated 62:12 271:13</p> <p>consolidation 3:11 7:4 37:19 38:5,11 112:16,20 137:2 148:14 154:1,17 171:19 173:13 182:14 183:2,8 184:5,12 188:13,16,20 189:12,17 190:2 203:12,16 208:10 213:18 216:7 225:2 237:21 244:20 299:20 304:10 336:7,19 337:12 351:9</p> <p>constant 236:18 295:13,14 299:9</p>
--	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>constituents 172:4 constitutes 204:22 constrained 246:11 296:19 constraints 246:15 constructs 260:2 consultant 139:17 consulting 91:1 consume 346:22 347:5 consumer 23:7,8,9,19,21 24:7 25:5,9 26:2 27:8,11,14 28:15 32:16 33:5,20 34:19 36:14 37:5,15 39:1 44:4,15,20 45:20 46:2,12 47:13 48:5,6,21 58:10 59:1,2,8,12,14 67:8 71:2 72:20 77:3 81:20,21 82:16 107:1 121:16 146:8 153:12 164:17 168:20 173:15 182:17 185:15,18 186:5 188:3,9,13 191:9 192:16,19,21 193:8 195:22 204:17 206:5,8 210:10 217:15 219:21 221:3,10 222:3 236:3,11 237:4 245:10 247:6 249:16 255:16 256:6,14 259:10 262:9 290:13 293:6</p>	<p>299:21,22 300:1,3,4 337:15 344:20,22 345:3 348:20 349:1 consumers 15:17 18:9 23:22 24:19 25:13 26:3 27:1 29:18,22 30:4,10 32:17,19 33:3 35:19 36:2 38:16 39:2,8,14,19,20, 22 40:1,7,8 45:5 48:4,7,19 49:1,13,17 50:7,13,17 52:10 53:14 54:3,9,14 59:10 63:7,9 65:4 68:11,16,21 72:13 78:20 79:7 82:20 83:4,21 100:3 110:6,8,11 113:5,10 114:13 137:5,6,10,16 143:6 148:4 149:1,9,13 150:13 151:2,3 153:10 158:1 159:10 163:12,22 164:22 166:7 168:3 172:18 185:3,14,15 186:12 187:18 188:2,6,10 190:7,22 191:17 192:5 193:21 195:9 197:19 202:2 205:18 207:5,8,21 209:5,14 210:3 211:1,2 214:4 221:6 222:19 224:17,19</p>	<p>228:10,13 233:16,18 234:13,15 235:11 237:14 243:4 246:4,19,21 247:3,21 257:13 258:8 259:14 260:14 262:7 290:18 299:8 304:20,21 316:9 324:15 336:2 338:22 344:22 345:2,5,8 349:15 consumer's 190:12 Consumers 24:20 34:3 261:17 consumers.Accor ding 191:14 consuming 237:14 282:13 consumption 45:16,17 352:2 contact 25:2 containing 148:22 contamination 153:22 158:20 contemplate 65:22 contends 63:21 content 100:9 context 126:10 174:8 203:22 219:22 225:2 236:1 237:10 continuation 322:14 continue 11:5 17:2 18:18,19 33:11,16 34:3,16</p>	<p>36:2 38:20 39:7,12 56:7,19 79:20 81:10 87:3 127:16 130:3 144:6,19 250:12 264:10 307:21 308:17 310:7,10 311:15 338:3 continued 35:2,18 87:11 183:8 continues 11:1 78:22 132:3 233:19 continuing 144:7 contract 9:21 71:11 80:19 132:14 216:16 217:4 238:20 253:18,20 276:16 277:3 278:4,21,22 282:7 303:21 306:7 318:16,22 contracting 107:7 144:16 163:1 304:4,14 Contractor 345:20 contractors 277:16 335:6 contracts 9:6,8 29:13 61:7,8 71:8 158:16 238:22 294:7 325:4 contrast 162:5 contribute 169:13 334:8 335:5 contributed 330:14,18</p>
--	---	--	---

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 21

<p>contributes 169:5</p> <p>contributing 212:8 349:18</p> <p>contributions 14:14</p> <p>contributor 183:14</p> <p>control 129:16,18 148:11,18 150:19,22 158:9 206:11,20 213:21 218:6,7 230:1 249:22 311:22 323:16,22 334:10 351:11</p> <p>controlled 152:7 154:5 189:21 190:4</p> <p>controlling 31:16 152:21 350:22</p> <p>controls 148:12 218:22</p> <p>convenience 35:11 39:7 48:21 209:19 210:4 235:9 258:9 270:4</p> <p>conventional 35:6,9 209:15</p> <p>conversation 18:12 83:17 84:18,21 168:6 302:13</p> <p>conversations 14:12 15:7 18:17 308:5</p> <p>conversion 282:20,22</p>	<p>283:11,14 284:3</p> <p>conviction 302:16</p> <p>convinced 116:17</p> <p>cook 39:10</p> <p>cooking 187:10 210:12</p> <p>COOL 142:1</p> <p>cooler 109:21,22</p> <p>Coolers 238:14</p> <p>co-op 62:5 70:8,10 103:16 107:16 109:9 305:5</p> <p>Cooper 145:1</p> <p>cooperation 17:8 34:18</p> <p>cooperative 22:19 31:20 132:18 177:22 271:14</p> <p>cooperatives 21:3 160:2,18 252:6 307:13,15 312:20</p> <p>co-operatives 94:14 95:8 160:3</p> <p>Cooperatives 21:4,5 23:3</p> <p>co-ops 103:14 107:3,11</p> <p>coordinate 247:15</p> <p>coordinating 177:2 181:5</p> <p>coordination 17:2</p> <p>coordinator 179:16</p> <p>Copper-Volstead 252:5</p>	<p>copy 283:20 324:18</p> <p>core 157:13 321:16</p> <p>corn 91:11 92:6 101:5,6 104:9 134:21 140:13,16 148:13 186:17 238:15 254:5 337:22</p> <p>Cornell 91:3,6 123:16</p> <p>corner 167:9</p> <p>corporate 23:1 136:20 137:2 149:6,17 150:9 154:1,17 162:6 245:1 311:22 334:12 336:19 344:4</p> <p>corporation 148:12 251:11</p> <p>corporations 76:15 137:8 150:11 163:16 168:1 170:10 310:12 326:17 335:7 340:9</p> <p>Corps 22:14 90:22</p> <p>correct 260:9 262:12 276:4,5 278:8 281:18 285:19 338:16</p> <p>correcting 190:10</p> <p>correctly 60:1,10 101:14 339:11</p> <p>corruption 12:5 150:11</p>	<p>cost 34:10 51:19,21 54:9 61:2 69:16 74:7,8 76:21 97:18 98:11 99:13 100:2 101:21,22 102:1 103:10 104:8,18 107:19 109:10,19 112:20 114:8,11 117:11 118:22 133:17 140:21 141:2 143:13 149:13 159:5,6,7 165:1,19,20 187:10 197:13 217:6 229:20 233:18 234:4,12,13,14,1 7 236:14,19,21 237:3,13 249:4,18 250:1 259:9 265:22 288:7 289:19 290:12 298:18 306:3,19 324:21 326:7 334:12 352:11</p> <p>Costco 129:16 183:19 189:21 216:5 240:17</p> <p>costing 294:14</p> <p>costly 150:2 158:11</p> <p>costs 37:8 63:22 64:2 65:14,16,17,18,2 0 67:5,7,12,15,16 74:9 77:9 93:21 96:7 97:10</p>
--	--	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 22

<p>98:1,19 103:14 106:4,5 109:6,10,17 110:1 112:14 114:12 115:19 116:4 117:12,18,19,21, 22 118:12 119:1 121:13 124:22 127:13 140:12,15,22 141:16,17 143:8 145:17,19 147:14 163:7 169:14 184:6 187:5,8,9 191:5,6 197:19 198:8 217:20 222:18 223:16 227:7 239:8 249:2,13 250:4 257:20,22 258:3,5 259:11,17 261:22 262:2,10,14 263:14,17 270:11 272:3,7,8 291:7,10 293:10 298:12,20 306:1,4 315:15 326:9 335:1</p> <p>cotton 21:1</p> <p>Council 23:2,3 138:9 174:20 337:21 341:18</p> <p>counsel 21:21 22:1 84:6 88:3 180:11,18 356:7,11</p> <p>count 140:7 282:21</p>	<p>counted 187:11</p> <p>counter 71:1 258:14</p> <p>counterparts 350:9</p> <p>counties 6:12 7:16 211:13 213:22</p> <p>countries 79:18 170:8 331:12,17</p> <p>country 2:12 4:4,13 7:11 10:12 11:3,12 41:2 42:1 52:1 68:12 79:19,21 80:1 82:10 85:8,16 86:3 90:12 112:11 120:6 142:7 143:12 153:20 154:13 157:7 160:2,20 161:2 165:13 166:15 171:2 182:9 203:2 219:1 228:19 303:15 308:4 314:17 322:3 325:8 327:6 330:19 331:7,11,21 332:11 335:20 340:5,17 342:19 354:7 355:3</p> <p>country's 307:6</p> <p>county 91:10 103:20 313:7,9,10,12 336:14 342:13,14</p> <p>couple 28:12 29:20 38:22 47:6 49:14 82:18 88:13</p>	<p>96:13 106:14 107:5 114:16 125:14 132:10 139:19 152:12 154:7 200:7 220:22 228:6 229:16 267:2 276:15 302:3 326:8 329:15,17 346:19</p> <p>course 15:10 26:22 35:9 50:16 65:14 94:13 106:4 112:14 113:14 127:8 194:7 198:9 207:15 266:8 278:18 288:22</p> <p>court 12:2 81:12 175:3,4,5 246:13</p> <p>cover 263:16 348:3</p> <p>covered 303:13</p> <p>cow 58:16 75:10 159:22</p> <p>cow/calf 253:15 270:20 278:13 351:13</p> <p>cow/calf/yearling 326:4</p> <p>cowboy 318:21</p> <p>cows 75:7 91:12,21,22 92:4 101:19 103:22 104:5 135:3 321:20</p> <p>CPI 272:13 298:4</p> <p>crack 166:10</p> <p>create 34:8 129:20</p>	<p>135:20 142:18 143:11 154:12 158:15 159:17 177:15 245:6,8</p> <p>created 93:5 142:7 143:2 147:6 169:16 189:13</p> <p>creates 135:21</p> <p>creating 34:9 349:17</p> <p>credibility 26:4</p> <p>credit 23:1 78:14 179:5 249:13</p> <p>CREDO 353:6</p> <p>crept 194:9</p> <p>Crespi 253:9 286:18 287:13,16,22 288:19 293:2,12,14 294:15</p> <p>crises 158:20</p> <p>crisis 157:8,14 241:15 343:5 350:20</p> <p>criteria 100:8 204:15</p> <p>critical 13:7,20 16:21 43:13 44:15 58:15 136:2 206:10 207:7,8 234:5 245:16 322:22</p> <p>criticisms 197:2</p> <p>crop 134:21 138:4 237:22 303:17 306:2 344:9 348:3</p>
--	---	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>cropped 92:6 croppers 157:5 crops 148:19 192:3 305:1 cross 231:16 280:3 cross-marketed 212:11 cross-section 23:13 crowd 318:21 crucial 304:8 crude 186:6,8 crunching 289:2 crystal 204:3 CSAs 63:11 cucumbers 186:17 cultivars 157:22 culture 122:8 cum 176:5 Cunningham 166:17,18 CUNY 323:5 curious 42:14 55:3 110:19 325:10 current 32:1 38:15 165:10 179:13 241:7 340:4,8 currently 92:14 104:3 133:6 159:6 253:18 325:4 338:2 custom 61:7 customary 226:19 customer 43:4 44:1 47:3 57:1</p>	<p>70:17 121:12 217:20 customers 25:8 29:6 38:6 44:8,9 69:4 223:4 347:18 cut 53:14 54:22 67:11 157:13 194:21 217:2,6,20 218:19 227:7 258:14,17 320:2,9 346:9 352:12,14 cuts 18:1 268:22 cutting 53:16,17 118:16 139:12 CVS 216:5 cycle 286:9 297:19 cycles 27:12,13,14,17 28:7 96:9 cycling 160:12</p> <hr/> <p style="text-align: center;">D</p> <hr/> <p>D.C 1:16 20:4 91:2 155:6 167:5,10 168:15 175:1,5,13 180:16,22 321:12 dad 340:15 daily 26:15 Dairies 145:2 dairy 2:19 3:10 4:8 9:13,15,19 14:22 17:21 32:2 41:9,10 66:20,21 68:19 75:7 84:5</p>	<p>87:20 88:5,9,11 89:1,9 90:6,15 91:10,20 92:8 93:18,19,22 94:11,14,15,20 95:7,8,9,11,14,1 7 96:2,10,13 97:19 98:20 99:3,14 101:15 102:14,20 103:1,16,20 104:3 106:21 107:2,20 108:19,22 109:9 121:9 124:20 125:10,11 126:22 128:9,15,22 131:19 132:3 134:3,9,16,21 136:1,6,7 140:2,11 145:2,8,11 147:13 159:22 160:2,3,12,17,18 164:6 165:20 167:6 192:16 195:18 211:14 240:8 242:5,17 304:7 308:9 317:4,8,15,18 321:15 347:1 dairying 105:14 dairyman 131:17 dairy's 92:8 Dakota 13:5 22:8,15 243:13 253:14 278:14 314:22 326:4 damage 140:10 169:10</p>	<p>Dan 22:17 23:5 28:9 37:16 42:12 46:4,6 62:2 69:1,15,20 81:16 danger 80:20 dangerous 148:14 darn 295:14 data 51:2 65:1,10,17 66:21 100:6 113:17 116:15 140:21 183:3 186:1 187:18 196:3 198:13 254:17,18,19 255:10,18,19 260:2 261:20 268:20 269:2 270:15 273:7 276:7 286:21 288:18 291:18 292:18 296:19 352:12 date 108:18 279:9 daughter-in-law 91:9 daughters 306:16 Dave 313:16 352:17 David 92:13,19 108:2,5 111:1 122:1,6 129:3,8 145:1 212:18 312:12 332:9 Davis 90:20 day 10:21 26:7 43:21 61:9,18 63:5 65:11,13 71:13 73:12 75:8 77:14 82:5,18</p>
---	---	--	---

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>83:12 107:15 121:6 162:21 167:17 170:4 171:18 221:3 263:10 265:4 282:12,20,22 283:11,15 284:3 289:14 292:16 296:19 300:11,14 301:12 305:16 312:2 342:18 344:20</p> <p>days 5:3 30:12 46:16 75:12 107:20 196:11 199:18 210:2 235:21 246:11 266:16 282:16,17,21 283:2 294:8 346:8</p> <p>day-to-day 29:10 235:4</p> <p>deal 38:17 50:13 125:4,13 128:7 145:12 149:7 194:1 211:7,9 229:19 251:7,8 252:6 276:4,8 344:16</p> <p>dealer 109:1</p> <p>dealers 5:20 129:21</p> <p>dealing 83:18 95:18 205:7 322:4</p> <p>dealt 25:19 77:10 128:10,12</p> <p>Dean 136:7</p>	<p>dearly 104:12</p> <p>death 162:2 220:20 300:21 329:10</p> <p>deaths 154:13</p> <p>debit 249:13,17 250:3</p> <p>debt 4:17 11:10 331:1,5</p> <p>decade 27:7 185:21 191:11 244:22 306:5 312:9</p> <p>decades 45:16 49:10 50:1 54:11 183:16 189:13 192:4 197:9 209:13 329:21 338:8</p> <p>DECEMBER 1:9</p> <p>decent 342:15 345:8</p> <p>decentralize 157:17</p> <p>deceptive 8:5,12 16:19</p> <p>decide 139:1 251:12,16 319:20</p> <p>decided 92:2 107:1 108:4 302:21 338:17 344:6</p> <p>deciding 200:12 317:18</p> <p>decimation 144:13</p> <p>decision 251:14</p> <p>decisions 24:7 26:18 49:20</p>	<p>54:17 82:21 136:1,2 166:4 319:18,22</p> <p>decisive 150:17</p> <p>deck 237:19</p> <p>decline 45:16 169:13 192:7,13 217:3 233:19 264:11</p> <p>declined 45:17 54:10</p> <p>declining 270:9 295:10 306:20</p> <p>decrease 114:20 184:14 188:12 192:17 236:2,22 239:4 266:6</p> <p>decreased 6:11 27:15 48:13 237:17</p> <p>decreases 99:13,17 100:2,5 234:3,4,14,17 237:3</p> <p>decreasing 27:16</p> <p>dedicate 195:6</p> <p>dedicated 157:2 195:8 310:14 338:19</p> <p>dedicating 311:11</p> <p>dedication 302:12</p> <p>deepen 163:21</p> <p>deepening 322:3</p> <p>deeply 148:9 149:16 309:1,5</p> <p>define 86:6</p> <p>defined 86:3 220:6</p>	<p>323:15</p> <p>definite 56:15 271:2</p> <p>definitely 32:6 36:15 46:8,9 214:11 215:7 226:16 317:19</p> <p>definitions 153:17 206:8,16</p> <p>definitive 115:13 270:15,16</p> <p>deflation 242:4,8</p> <p>degree 50:17 91:3,13,15 168:18 180:3,4</p> <p>delay 116:8</p> <p>delays 115:18,20</p> <p>delicate 83:22</p> <p>delicious 336:12 337:7</p> <p>delighted 173:20</p> <p>delis 210:11</p> <p>deliver 251:1</p> <p>delivered 9:18</p> <p>deliveries 208:9,13</p> <p>delivering 5:20,21 28:19 109:13</p> <p>delivery 279:1</p> <p>Del-Monte 22:22</p> <p>Delta 13:5</p> <p>delved 305:13</p> <p>delving 223:20</p> <p>demand 23:19,21 24:7,10 25:10 26:13,15,22 27:15 32:16</p>
--	--	---	---

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 25

<p>33:6,17 34:4 36:6 39:1,5,16 46:3 47:1 48:21 58:2,17,20,21 65:6 120:1 140:4 158:4 171:3 236:16,18 237:17 254:13 257:12 260:15 261:17 262:2 299:8 324:1</p> <p>demanded 42:16 43:16 154:12</p> <p>demanding 42:20 166:9 258:9 344:22 345:1,3,5</p> <p>demands 42:22 45:5 46:7 47:13 48:5 59:4,8,12 132:17 227:9</p> <p>demand's 58:22 236:18</p> <p>democracy 314:4,9 331:10,21 332:1 337:1 352:18 353:5,7 354:2,7</p> <p>democratic 136:18 323:15,22</p> <p>demographics 26:19</p> <p>dense 278:9</p> <p>Department 1:13 2:5 7:20 8:3,13 11:16 12:14,21 16:16 55:1 84:7 86:8 87:16 88:4 90:6 93:3 129:5 130:9,11 132:2 144:11 150:16</p>	<p>152:8 153:1 155:15 164:6 169:18 170:13,14 171:4 178:17 182:6,7 199:6,7 202:8,9 204:16 205:5 214:22 215:1 219:15 224:1 228:7 229:18 231:14 244:21 248:12 249:8 250:9 279:3 297:5 301:20 302:7 303:4,5 306:11 307:16 309:19,20,21 310:4 311:10,15 314:3 315:10 317:3,19 318:1,12,14 319:11,12 320:20 322:2 325:22 332:20 333:18,19 349:22</p> <p>departments 16:12 17:1 242:16 302:10,15 309:13 335:14</p> <p>Department's 14:10</p> <p>depend 169:7</p> <p>depended 135:19</p> <p>dependent 216:18,19</p> <p>depending 57:11 277:11</p> <p>depends 117:14 149:21 283:10</p>	<p>deposition 356:6</p> <p>Depot 216:5</p> <p>depression 157:4 241:16</p> <p>deprives 148:17</p> <p>depth 84:15</p> <p>Deputy 12:3 174:11 175:17</p> <p>DeSantis 92:13 108:2,5 111:1 122:2,6 129:3,8</p> <p>describe 94:6 96:1 130:12</p> <p>described 307:8</p> <p>description 94:10</p> <p>desert 208:19</p> <p>deserted 306:19</p> <p>deserts 161:21 168:11 211:10,13</p> <p>deserve 3:15 16:7 17:15 78:13 354:16</p> <p>designed 4:1 8:1 81:7 124:13</p> <p>desire 57:7 274:4</p> <p>desperately 157:19 343:9</p> <p>desperation 321:22</p> <p>despite 145:16 163:19 341:7</p> <p>destroying 213:13</p> <p>destruction 170:8</p> <p>destructive 122:18</p>	<p>detail 324:18</p> <p>detailed 248:13 269:5,8</p> <p>determinant 140:10</p> <p>determination 307:4</p> <p>determine 199:16 244:22 280:12 283:22</p> <p>determined 64:15 86:17 284:11 285:4</p> <p>determines 28:15</p> <p>determining 83:19</p> <p>develop 25:11 26:1 43:6 55:11,21 159:4 227:17</p> <p>developed 163:19 176:15 200:1 212:22</p> <p>developing 15:9 87:9 176:12</p> <p>development 42:10 57:3 136:15 137:1 157:22 160:16 163:18 254:11</p> <p>developments 303:19</p> <p>device 235:14</p> <p>devise 239:4</p> <p>devoted 88:11 168:21</p> <p>DFA 92:3 107:8,9 160:4,15</p> <p>diabetes 149:13</p>
---	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 26

<p>dialogue 2:22 4:2 10:22 130:2 174:6</p> <p>dictate 48:6</p> <p>dictates 33:19 216:20</p> <p>dictating 218:8 335:7</p> <p>dictators 294:6</p> <p>die 83:9 153:20 281:22</p> <p>Diego 90:19</p> <p>Diesel 37:9</p> <p>diet 162:1 211:17 334:18</p> <p>dietary 140:5</p> <p>dietician 161:12</p> <p>dieticians 210:13</p> <p>diets 39:3 140:4</p> <p>differ 74:11 108:14</p> <p>difference 42:17 49:13 52:13 61:19 113:21 121:14 147:9,16 221:10 264:1 279:15 283:3 287:17 292:2 304:22 320:1 352:2</p> <p>differences 31:2,5,9 33:6</p> <p>different 13:16 28:20 29:17 30:15,20 32:7 44:7,8 49:12,14,16 50:11,12 56:4</p>	<p>57:10 61:17 76:20 90:11,12 94:8,12,13,20 95:1 97:1,3,10,16 99:2 102:11 106:5 107:22 108:1 115:12 123:7 173:21 194:15 196:15 201:22 206:19 208:22 211:7 229:13 246:3 247:22 251:9 263:4,6,8 269:10 272:22 276:20,22 279:14 280:7 293:17,18 303:1 323:7,10,11 327:10 336:16,17,21 337:3 349:10</p> <p>differentiation 253:11</p> <p>difficult 55:10 57:4 62:10 65:21 82:11 185:9 191:13 200:15 226:3 229:6 257:7 281:9 292:19 294:19 296:9 300:16 316:2</p> <p>difficulties 309:8</p> <p>difficulty 83:19 149:9 263:2,17 327:5</p> <p>dime 236:7</p> <p>dimension 229:14</p> <p>diminishing 61:10</p>	<p>dinner 39:10</p> <p>dire 327:14</p> <p>direct 106:22 115:8 343:6</p> <p>directed 128:19 345:21</p> <p>direction 3:21 168:17 239:22 247:16 308:3 356:6</p> <p>directly 15:4 63:12 95:1 130:7 167:3 168:2 171:19 296:7 316:15 320:6,13</p> <p>director 21:3 22:2 23:6 93:5 166:18 174:11 175:16,17 176:9,16,20 177:10,17 178:16 179:7,17,18 318:16 352:18</p> <p>Directors 131:19 179:22</p> <p>disagree 56:1 241:3</p> <p>disappear 154:4 163:8</p> <p>disappearing 146:19</p> <p>disappears 163:9</p> <p>disaster 238:16</p> <p>discern 292:1</p> <p>disconnect 89:2 119:14 167:13,19</p>	<p>discouraged 61:22</p> <p>discovered 309:14</p> <p>discovery 138:15 147:18</p> <p>discrimination 17:10,14 229:1</p> <p>discriminatorily 222:15 229:3</p> <p>discuss 4:7 11:20 13:14 303:15 304:6</p> <p>discussed 4:8 14:21 33:14 37:19 194:9 214:12 265:10 305:21 321:13</p> <p>discussing 88:14</p> <p>discussion 8:21 13:7 19:10 63:15 82:19 84:8 88:13 89:14,15 111:13,16 128:3 132:21 133:2 173:11 181:22 182:3,13 183:1 234:5 251:16 254:15 255:13 257:1 264:13,18 268:18 286:15 303:18 304:13</p> <p>discussions 18:13 64:15 88:9,15 170:12 322:15</p> <p>disease 162:2 171:17</p> <p>dishonest 152:6</p> <p>dismiss 350:19</p> <p>disparate 129:10</p> <p>disparity 324:14</p>
---	---	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 27

<p>325:3</p> <p>dispersions 27:19</p> <p>displaced 352:7</p> <p>disposable 50:18 165:5 260:13 262:5,6</p> <p>disposal 261:4,14</p> <p>disproportionate 220:15 222:7 223:12</p> <p>disrespect 339:11</p> <p>dissatisfied 100:22</p> <p>distance 13:2</p> <p>distinctions 166:5</p> <p>distinguished 90:10 254:1,9 287:17</p> <p>distress 95:22 96:2,9 125:1</p> <p>distribution 24:9 69:12 154:3 167:16 180:14 205:10 244:4 257:20 259:11,17</p> <p>distributor 46:12 62:7</p> <p>distributors 208:12</p> <p>District 12:1,3 175:3 252:17 266:3 356:17</p> <p>diverge 187:1</p> <p>diverged 187:3</p> <p>diverse 2:22 30:16 35:7 94:11 246:6 336:8</p>	<p>diversification 35:2,18 36:10</p> <p>diversified 22:9 209:16</p> <p>diversity 137:12</p> <p>divested 201:8</p> <p>divestitures 201:15</p> <p>divided 138:22 277:13 281:6 295:8,12</p> <p>Division 14:10 19:16 84:7,17 88:3 92:15 135:10 182:6 219:15 231:15 309:21,22 310:14 316:21 317:7,10,12,13</p> <p>divisions 102:12</p> <p>Division's 14:11</p> <p>dizzying 268:14</p> <p>doctorate 91:2</p> <p>documentation 274:12</p> <p>documented 70:19 212:21</p> <p>documenting 60:19</p> <p>DOJ 78:13 137:19 154:15 164:9 172:10 182:10 199:21 312:4 323:21 324:5 335:22 353:8</p> <p>dollar 24:1 35:12,17 38:9 54:8 56:8 64:6</p>	<p>113:20 118:1 137:6 141:11 192:6,7,10,14 193:6 194:6 195:16,22 196:4 217:15 242:10 246:20,22 256:18 264:11 267:5,6 320:3,10</p> <p>dollars 104:11 157:19 183:13,20 184:3 190:22 211:3 215:19,20 242:7 296:2 320:9 324:22 330:9,18 347:5</p> <p>domestic 10:5 352:1</p> <p>dominance 227:22</p> <p>dominant 162:8 189:18</p> <p>dominated 137:7</p> <p>done 34:7 48:2 80:11 98:14 115:16 117:8,18,20 125:2 140:6 141:15 144:14 153:3 179:5 181:22 207:13,19 234:6 242:14 246:13 258:21 270:18 271:7 275:3 290:2,3,5 291:13 292:8 294:18 295:5 301:2 322:22 327:9 347:1</p> <p>door 55:20 81:22</p>	<p>144:4 150:8</p> <p>double 6:18 92:6 189:22 223:12,16</p> <p>double-edged 247:13</p> <p>doubt 14:1 82:2</p> <p>downs 107:19</p> <p>downsizing 300:4</p> <p>downstream 65:20 185:11 257:10</p> <p>downward 113:3 163:7</p> <p>dozen 190:1 277:16</p> <p>Dr 93:9 94:1 112:8 115:3 117:7 118:11 123:15 125:17 175:5 177:16,21 181:6 212:18</p> <p>draft 9:2 279:17</p> <p>drain 330:6</p> <p>dramatic 114:20 333:10</p> <p>dramatically 92:3 145:19 191:19 209:13 326:9</p> <p>drastic 135:5</p> <p>drastically 133:17</p> <p>Dream 5:13</p> <p>dressed 287:5</p> <p>drive 32:16 208:14 239:16</p> <p>driven 73:7 299:21,22 300:3</p>
---	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 28

344:22	earlier 26:21	eaten 35:21 190:13	174:1 222:11
driver 39:8	33:10,14 47:13	eaters 177:14	253:6 270:20
drives 26:22	49:17 85:2 118:6	eating 233:4,6,10	271:8 289:2
169:5,6 347:13	165:2,3 190:1	ebb 70:5	295:19 309:18
driving 5:14 17:8	206:4 227:20	echo 29:5 171:13	economy 1:5
24:21 72:19	255:7 279:1	247:9	31:8,11 86:2,10
203:8 256:22	286:10,13 295:3	echoed 30:2	87:12 163:5
drop 67:10 114:3	311:18	echoing 28:12	169:20 185:19
238:11 277:15	321:14,18,19	ecological 158:20	205:11 233:11
dropped 52:22	322:12 324:16	165:13	302:18 308:2
53:2,4,6 114:1,2	early 9:18 200:3	economic 6:1 9:20	330:6
123:20	201:4,5,15	132:3 135:20	ecosystem 10:13
drug 216:18	earn 135:9,11	136:14 157:11	eco-system 149:20
drugstores 35:12	165:14 223:2	162:22 165:12	ecstatic 319:11
209:20	347:10	169:13 174:21	320:5
dry 22:9 263:11	earned 124:1	181:5 184:10	Ed 131:16,17
345:1	168:17 175:6	186:12 206:16	edge 131:18
dual 20:4	184:15	233:20	334:10
due 53:9 134:17	190:14,18	241:7,14,16	educated 39:15
140:12 153:16	earnest 9:1	251:20 253:4	educates 160:7
158:20 209:1	earning 63:5	254:12,20	education 23:10
289:20 292:3,4	191:18	279:16 308:16	91:13 160:10
315:9 334:20	Earth 165:6	322:16	333:22
338:12	334:18	economics 91:1	educational
during 9:10 20:13	ease 309:14	93:4,7 112:5	333:16
21:11 98:5,21	easily 129:13	139:18 174:12	effect 9:5 66:5
116:1 191:12	196:2 277:20	175:6 178:17,19	113:10 152:11
192:18 233:20	east 129:11	181:12 223:20	199:12 200:19
253:1 270:7	eastern 131:18	253:9 254:10	222:2,10 262:15
322:12 329:8	168:22	287:18,19 288:2	270:10 272:12
351:8	easy 39:11 47:17	289:15 344:3	273:2 299:3
dwarfed 299:3	223:7 320:7	economies 306:20	effective 17:18
dying 162:1	322:21	economist 90:7	73:6 76:22 81:19
dynamic 202:3	eat 39:3 167:13	174:20,21	125:12
dynamics 2:16 3:7	169:6 170:17	181:4,10 290:3,6	effectively 8:6
115:15	191:22 193:9	292:12 297:4	113:13 125:10
<hr/>	213:19 236:5	329:20	307:13
E	238:15 241:21	economists 15:5	effectiveness 162:8
	346:19	90:14 123:10	

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>effects 7:3 113:5 137:4 188:16 224:6 225:17 246:21 247:2,3 270:19</p> <p>efficiencies 77:3 112:18 145:16 352:10</p> <p>efficiency 83:20 112:21 113:5 190:8</p> <p>efficient 77:21 184:6 266:7,15 345:15 351:17</p> <p>efficiently 239:9 301:6</p> <p>effort 24:21 200:11</p> <p>efforts 14:8 17:10 18:18 40:5 115:9 302:11 307:19 309:10 340:20</p> <p>egg 140:2,11 154:7 166:10,11,12,13 213:10</p> <p>eggs 154:8 165:20</p> <p>eggshell 166:12</p> <p>eight 27:18</p> <p>either 6:4 42:1 67:10 70:11 113:3 119:2 126:9 131:3 143:10 196:17 207:5 229:9 270:17,21 271:21 274:20 318:4 328:5 339:5 354:19</p> <p>elaborate 189:10</p>	<p>219:20</p> <p>elapse 65:12</p> <p>elected 15:6</p> <p>electricity 143:3 274:22</p> <p>electronic 250:6</p> <p>element 80:20</p> <p>elephant 139:21 140:8 207:9 212:16 215:16,17</p> <p>elevated 50:10</p> <p>eleven 190:21</p> <p>eliminate 249:20</p> <p>eliminated 138:12 142:7,12</p> <p>Ellinger-Locke 323:4,5</p> <p>else 60:21 102:18 135:12 155:17 217:6 219:9 273:16 278:3,17 294:9 299:18 314:13 328:20 345:12</p> <p>emboldened 155:18</p> <p>emerged 4:13</p> <p>emergence 202:19</p> <p>emergency 308:9</p> <p>emitted 334:20</p> <p>emphasize 233:15</p> <p>empirical 244:13 264:8</p> <p>empirically 272:17</p> <p>employed 179:12</p>	<p>356:8,11</p> <p>employee 356:10</p> <p>employer 218:7,8</p> <p>employers 215:11</p> <p>employing 126:20</p> <p>employment 149:14</p> <p>empowered 307:13</p> <p>enables 150:11</p> <p>enact 138:17</p> <p>enacted 325:19</p> <p>encountered 18:4</p> <p>encourage 129:4 137:22 164:8,11 205:4 310:10</p> <p>encouraged 137:18 163:18 340:12</p> <p>encouragement 303:12</p> <p>endangered 328:21</p> <p>enduring 341:8</p> <p>energy 10:11 98:20 145:22 147:14 176:10,17,18 177:2 191:6 198:8 262:14 311:12</p> <p>enforce 81:2 137:19 138:18 150:18 154:15 158:14,22 169:12,19 245:7 354:12</p>	<p>enforced 81:4 133:6,11</p> <p>enforcement 1:4 2:7 4:5 8:1,9,12 12:6 15:8,10 16:8 18:18 87:10 92:14 136:21 185:7 244:14 307:17 316:9 353:17 354:13</p> <p>enforces 252:17</p> <p>enforcing 320:22</p> <p>engage 55:14 242:16</p> <p>engaged 19:18 199:21 201:4 230:15 308:5 310:8</p> <p>enjoy 78:6 79:13 328:15</p> <p>enjoyed 305:3</p> <p>enjoying 78:20</p> <p>enlighten 205:21</p> <p>enlightening 85:22</p> <p>ensure 9:7 15:15 17:3 18:8 24:10 30:21 31:7,10 59:19 76:9,11 86:9 87:11 108:21 131:6 135:11 137:16 144:6 157:18 158:1 159:11 162:11 217:12 320:8</p> <p>ensuring 16:9 17:13 86:18 154:18 307:18 308:2</p>
---	--	--	---

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 30

<p>entered 184:20</p> <p>entering 170:18 341:2</p> <p>enterprise 92:11 231:7</p> <p>entire 88:10 135:13 213:9 220:4 283:5 343:15</p> <p>entities 208:2 232:13</p> <p>entity 81:13</p> <p>Entrepreneurial 92:11</p> <p>entry 128:22</p> <p>environment 10:15 123:4 149:17 150:2,14 169:21 176:17 333:5 334:7 349:3</p> <p>environmental 82:7 136:14 176:11,19 188:18 348:1</p> <p>environments 245:15</p> <p>epidemic 212:8</p> <p>equal 146:2 147:6 331:2</p> <p>equality 62:16 218:17</p> <p>equally 138:22</p> <p>equated 146:14</p> <p>equation 46:11 57:9 316:17</p> <p>equipment 134:19</p>	<p>328:11</p> <p>equitable 75:19 153:8</p> <p>equity 157:2 233:4,6 267:12,13 329:10,13</p> <p>equivalent 99:8 352:3</p> <p>Eric 11:15 12:16 345:19</p> <p>Erik 21:20,21 22:2 26:10 29:5 34:21,22 42:12 45:2 50:21 51:18 52:6,11,15,18,22 53:4,21 54:15 59:6,7 63:14 64:3 66:12,15,21 72:12 73:2 78:2,3,4 165:2 178:6,7 190:11 196:22 209:7 233:14 243:8 245:17 250:17</p> <p>Erik's 38:7</p> <p>erode 191:19</p> <p>eroded 163:10</p> <p>erroneous 74:20</p> <p>error 260:11</p> <p>ERS 64:16,22 65:9 84:21 140:21 268:21 288:5 352:11</p> <p>especially 21:15 32:3 40:1 57:5 58:17 82:6 134:16 191:12,13</p>	<p>221:17 233:20 300:14 343:14</p> <p>essence 116:9 150:21 160:19</p> <p>essential 16:8 52:10 76:21 78:16 115:21 191:8 233:16</p> <p>essentially 225:13 232:8 260:17</p> <p>establish 9:6 63:9 109:18</p> <p>established 7:20 8:4 86:20 108:11 248:12 277:5</p> <p>establishment 157:5</p> <p>establishments 40:3</p> <p>estimated 118:12 183:20 184:2</p> <p>estimation 203:3</p> <p>et 133:3,8 186:18 203:5,14</p> <p>ethanol 140:13</p> <p>ethical 38:18 46:22</p> <p>Ethiopia 91:5</p> <p>Eunice 91:8 100:17,18 101:4 105:12 114:9 119:2,7 120:14 127:20,21</p> <p>Eunice's 91:13</p> <p>Europe 57:14</p> <p>evacuation 284:6,7</p>	<p>evade 129:22</p> <p>evaluating 204:15</p> <p>evaluation 159:2</p> <p>evening 195:1</p> <p>event 225:2 226:4 302:7 314:8</p> <p>events 202:21 321:19 322:21</p> <p>eventually 169:13</p> <p>ever-changing 3:18</p> <p>everybody 2:3 31:2 38:13 47:9 58:13 76:4 77:6,22 103:5 139:22 151:10 179:4 219:9 227:20 228:4 266:17,19 300:21 301:15 354:19 355:7</p> <p>everybody's 287:21 301:13 302:2</p> <p>everyone 2:2 24:16 78:8 85:4 89:13,14 110:13 134:12 135:8,12 156:10 167:5 172:21 181:18 216:13 218:9 226:17 243:18 303:8 314:5 318:21</p> <p>everything 7:14 14:21 33:13 81:7 227:21 273:18,20 275:1 285:2 290:21 300:7,21 313:21</p>
--	---	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>314:13 331:8 everything's 128:2 215:14 everywhere 303:7 evidence 88:17 89:5 114:6,22 150:17 185:12 186:12 188:12 323:18 350:19 exacerbated 306:2 exactly 6:3 16:7 97:8,9 103:10 107:14 291:12 293:21 examination 162:11 304:19 examined 185:12 304:3 examiners 92:17 examining 321:6 example 34:11 40:1 57:12 68:12,19 114:9 117:14 118:4,13,16 126:22 141:10 160:6 166:10 186:3 188:4 192:16,22 194:17 208:6 216:12,21 218:18 222:13 240:8 251:14 266:7 283:19 350:21 examples 98:12 exceed 59:5 118:22 exceeds 58:18</p>	<p>except 82:12 135:10 313:11 346:17 exception 112:10 excess 58:21 exchange 150:20 158:11 excluding 270:3 exclusively 351:11 excuse 27:18 83:9 120:19 330:9,13 excuses 322:15 executing 302:11 executive 22:18 166:18 176:9 179:16,19 180:10 352:18 exercise 204:3 221:1 305:22 exercised 113:13 exert 211:1 249:11 exerted 270:15 exist 10:17 11:6 77:8 86:22 143:6 217:17 existed 86:22 existent 265:13,14 existing 150:18 154:15 exists 110:17 208:16 227:12 exit 184:19 203:1 exiting 331:9 exodus 238:9 expand 54:20 206:7 222:21</p>	<p>245:5 248:21 expanded 78:11 92:3 160:17 210:7 307:11 expansion 159:12 expect 18:18 46:17 186:22 297:6 expectation 14:17 expelling 334:22 expenditures 191:10 247:5 258:5 expense 104:7 150:13 expenses 101:21 103:6 104:20 149:14 267:18 274:19 expensive 53:15 122:12 171:20 198:9 experience 78:20 115:8 121:18 205:18 254:21 294:2 experienced 105:13,22 106:7,13 147:15,16 176:12 192:12 experiencing 160:11 experiments 247:11 expertise 7:22 13:17 119:6 308:22 experts 14:16,17</p>	<p>305:12 Expires 356:20 explain 156:17 222:12 255:12 257:11 260:12,20 324:17 325:13 explained 55:2 339:16 explaining 267:11 290:8 explains 114:4 explanation 7:12 263:7 264:16 explanations 186:13 266:6 explore 2:6 3:5,9 4:4 6:14 7:3,21 146:20 160:16 302:21 303:1 304:13 explored 4:9 exploring 11:5 307:7 export 21:15 57:14 58:21 exporting 120:2 exports 10:4,5 66:2 77:13 express 144:1 249:10 260:6 expressed 307:14 extends 11:1 extension 90:22 177:9,12 extensive 160:10 270:18</p>
--	--	---	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>extensively 90:14 93:9 176:10</p> <p>extent 45:20 98:11</p> <p>external 119:19</p> <p>externalities 169:15</p> <p>externalized 159:6</p> <p>extra 34:10 61:2</p> <p>extract 132:12 260:5</p> <p>extreme 269:7</p> <p>extremely 3:17 15:21 85:22 132:8 133:13 134:16,17 210:1 226:3 231:6</p> <p>eye 164:3 212:10</p> <p>eye-related 171:17</p> <hr/> <p style="text-align: center;">F</p> <hr/> <p>fabric 147:20 163:9</p> <p>fabulous 252:11</p> <p>face 4:17 30:16 65:14 114:11 165:6 174:8 175:10 257:13 340:6</p> <p>faced 17:14 163:1</p> <p>faces 95:18 328:2</p> <p>facets 18:1</p> <p>facilitate 8:7</p> <p>facilities 11:13 154:7 157:18</p> <p>facility 104:12</p> <p>facing 118:15</p>	<p>232:16 251:6 309:8 322:16</p> <p>fact 41:13 64:22 66:3 72:8 85:7 100:4 102:22 114:19 117:16 132:1,5,11 133:5,10 140:8 148:10 152:5 156:5 165:4 186:7 187:14 191:9 194:3 199:14 201:17 224:4 228:19 315:10 325:14 328:12 330:3 342:13 349:14 352:11 353:20 354:5</p> <p>factor 45:22 57:6 80:3 133:13,18 267:20 330:17 334:14</p> <p>factored 120:7 128:13</p> <p>factors 26:18 119:19 227:2 260:20 261:3 264:8 268:2</p> <p>factory 213:10 293:22</p> <p>facts 51:1 64:21 197:10 353:21</p> <p>faculty 91:6 174:16 175:1</p> <p>fail 135:13,14,15</p> <p>failed 317:13</p> <p>failing 134:14 195:11</p> <p>failure 158:12</p>	<p>169:11</p> <p>fair 15:15 17:18 18:6,8 30:21 69:19 75:19 85:17 126:8,11 137:9 139:6,13 148:5 149:6,7 150:3,6,7 152:5,15 153:8 158:16 159:9 164:12 196:22 198:5 262:11 309:10 312:18 314:2 325:9 328:8 341:3</p> <p>fairly 4:18 57:22 88:8 95:2 99:5 116:19 235:10 276:6 277:15 278:9,10 287:8</p> <p>fairness 8:19 9:6 16:5,9 17:3 19:2 37:2 76:10,11 79:10 86:9,19 137:17 138:17 139:5,10 142:3,13,15,18 143:6,8,17 150:6 151:1,10 157:11 217:12 218:17 293:10 349:16 353:4</p> <p>faith 9:2</p> <p>fall 116:14 165:3 241:13 242:5 316:6</p> <p>fallen 192:15 274:16</p> <p>falling 192:4 242:9</p> <p>familiar 146:22 175:9 216:13</p>	<p>258:13 266:8</p> <p>families 47:14,16 149:3 151:21,22 193:15 306:14 322:17 340:18 341:4</p> <p>family 5:8 20:22 21:6 22:20 24:18 28:10 32:22 33:2 35:20 42:5 48:1 51:2,6 52:3 80:20 91:11 92:2 104:14 138:14,21 141:20 145:2 148:4 151:22 152:2 157:12 159:12 162:19 163:13 169:3 193:6 194:20 300:15 312:15,22 314:19 315:4 321:11 338:10,18 343:6,7,10 344:4,10 345:5,6,8,16 354:15</p> <p>famously 79:3</p> <p>FAPRI 181:9</p> <p>farm 21:1,6 37:10 38:17 42:2,9 64:15,18 69:9 72:8 73:17 74:3 82:14 89:6 91:10,16,20 97:12,15 99:8,14,18,19,20 100:2,5 101:3 104:13 109:6 111:8,9 112:2,11</p>
---	---	--	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 33

113:3 114:21 115:18 120:12 123:9,20,21 125:7 134:19 136:3 141:9 145:7 148:5 150:7 154:6 159:22 162:17,18 164:19 167:13 170:20,21 181:3,6 186:5,8,17 187:2,3 192:17 193:15 195:18,21,22 196:17 205:4 213:15 236:12 237:9 243:18 255:2 256:1,15,17 257:10 259:20 260:3 264:19,21 265:1 266:6 269:16 270:13 272:22 273:3 275:14 277:7 284:18 289:7,17,20 291:2,8 295:7,8,9,11,17 300:12,13 304:4 308:8 309:2 314:19 321:11 326:22 329:9 332:15 336:3 340:11,16,17,20 343:7 346:2 349:2,5 353:22 farmed 20:21 306:15 farmer 6:7 9:15 20:21 23:3 24:21	56:16 65:11 75:4 93:19 104:12,18 107:20 114:7 118:2,4 120:19 123:1 132:18,19 133:15 134:9 135:10 138:4 141:20 145:7 146:12 166:1 192:5 237:10,15,20 257:1 265:7 290:11 293:4 306:3 324:14 325:12,14 328:2,18,21 343:4,10 344:15 349:1 farmers 6:5,6,8 9:9 10:12 14:16 15:4,20 17:4,14 18:6,9 22:20 31:20,22 32:22 33:3 41:16,17,22 42:3 50:3,4 56:8,9,14,17,18 62:6 63:10 75:7,14 89:4 94:14 95:14 96:2,17 97:2 103:20 104:3 108:20,22 109:18 111:4 113:6 121:1 125:10 134:14,21 135:7,11,14,16 136:1 137:17 138:14 139:6 142:17 145:8 146:15 148:4,18 149:4 150:6,13,19	151:1 157:12 158:1,16 159:8,9,12,13 160:7,9 162:19,20 163:1,4,6,13,22 164:12,22 165:12 167:3,21 168:4,10 169:3 170:7,15 172:18 177:14 188:1 189:16 192:1,3 193:9 206:14 207:3,8,17,19 217:14 218:9 227:20 232:16 233:1,3,4 237:1 238:19 239:11 243:6 250:20,21,22 252:6 259:18 304:22 305:11 306:2,6,13 308:9 309:8 312:1 322:5,17 328:8 331:22 333:4,20 335:4 336:1 338:10 340:1,3,4,6,8,13, 19 341:1,2,7 343:1,6,17,19,20 ,21 344:4,6,10,18 345:5,6,8,16 347:1,2,3 349:4 351:17 354:16 farmer's 21:2 25:3 63:11 141:10 194:12 195:14,16 264:10 337:10 Farmers 24:18 143:22 148:16	150:3 158:12 178:1 192:13 194:6 217:13 238:14 305:5 327:5 339:21 Farmer's 91:18 136:6 farming 22:10 33:2 41:21 42:4 85:10 100:19 120:12 138:13 150:1 169:15 193:17 243:16 266:15 293:22 296:8 303:17 335:3,20,21 336:4,20 340:12,14 341:4 farms 5:7 23:4 28:11 103:15 133:17 145:17 154:2 160:14 184:16 266:7 273:17 305:8,19 313:17 338:18 farrow 312:21 313:1 farther 166:3 fashion 117:19 141:2 289:3 fast 193:2 331:9 faster 53:6 142:8 192:22 fast-forward 146:16 fat 74:16,17 212:22 313:7 fate 306:13 father 22:12
---	---	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 34

<p>120:11 favor 271:1 Fayette 313:10 FDA 47:4 fear 155:9,11,16 156:12 feared 306:9 feasible 9:3 feat 36:19 feature 27:2 February 113:20 274:9 fed 101:14,20 270:19 271:16 313:7 federal 12:5 17:17 20:7,8,11 47:4 95:13 96:20 127:12 158:15 164:8 174:12,21 175:16,17 199:8 205:6 215:2 240:9 310:11 328:3 Federation 21:5 23:7 181:4 feds 108:10,13,14 fee 282:3 feed 5:19,20,21 61:6 72:3,4 92:8 96:7 101:8,19,22 102:1 104:6 106:4 127:13 135:4 140:12 145:20 149:3 266:12,14 271:14 273:19 275:2,3 280:7</p>	<p>282:20,22 283:11,14 284:2,4,5,11 313:18 319:20 feedback 25:9 feeders 286:1 313:14 351:10,12 feeding 34:10 351:9 feeds 106:9 feel 8:7 42:13 48:6 105:3 119:9,12,22 140:6 156:15 181:15 199:13 329:2 330:10 339:15 341:2 343:8 fees 109:8 249:12 fell 192:18,19 238:10 256:11,15,18 fellow 91:4 180:2 fellows 265:20 felt 117:4 188:8 241:20 278:15 279:2 319:14 320:5 322:6 female 167:15 Ferrell 130:9,17 134:5,7 151:8 172:21 308:19 310:21 354:17 ferret 289:19 fertilizers 145:20 fewer 4:16 351:4 fibers 158:4</p>	<p>field 8:14 16:1 33:3 140:16 160:12 176:15 314:2 320:14,16 345:7 fields 305:15 fierce 64:14 fifteen 32:10 fifth 2:4 114:8 183:7 Fifty-three 260:11 figure 13:8 65:2 89:4 119:9 183:11 190:5,12,13 229:10 232:7,19,22 251:19 268:2 292:1,14 296:9 331:2 335:2 347:6 figured 252:3 figures 197:3 275:9 figuring 97:9 file 66:22 321:3 filed 199:20 fill 26:6 33:20 44:10 297:12 Fillmore 91:10 final 2:4 9:5 14:13 18:17 81:6 84:19 150:5 185:2 218:16 224:16,19 253:2 256:18 301:18 302:3,5 319:4 320:21 321:4</p>	<p>finally 17:15 81:2 99:1 159:11 195:20 271:4 307:12 319:11,12 321:7 financial 95:22 96:2 124:22 241:15 245:12 financially 42:8 116:7 328:18 356:12 finding 137:8 149:5,9 230:10 272:18 292:6 294:22 findings 9:12 fine 7:14 68:6 90:6 102:21 178:11 fines 354:13 fingers 251:15 finish 312:22 313:1 341:6 finished 132:15 141:8 186:5 188:3 firm 57:22 58:6 61:22 80:17 91:2 166:13 180:17 190:1 225:7 229:22 231:2 firms 88:17 112:16 212:2 213:20 234:15 235:3 271:11 351:3 firm's 20:5 first 11:18 37:1 42:21 94:10 96:4 98:5 99:8 103:8 112:8 114:17</p>
---	---	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 35

<p>115:3 117:5 122:1 125:21 135:12 139:20 141:5 151:18,19 155:8 156:5 157:16 179:11 186:15 189:11 193:19 195:5,19 202:11 224:15 257:5,8 266:21 267:5 268:12 273:18 286:20 290:14,21 291:4 294:2 305:5 309:17 318:11 329:4 334:4 335:21 354:5</p> <p>fit 44:13 57:4</p> <p>fits 59:1</p> <p>five 32:4 140:9 160:3 191:16 216:2 253:20 266:11 274:7 282:8 288:18 296:2 324:22 337:4 338:8,16 339:4,12 344:11 346:2,7 352:5 353:18</p> <p>fix 226:21 228:9 249:19</p> <p>fixed 37:8 63:22 67:12 135:6</p> <p>flag 156:11</p> <p>flat 282:3</p> <p>flexibility 85:13 123:13</p> <p>flock 275:14 282:15 283:5</p> <p>flooding 335:10</p>	<p>floor 85:18</p> <p>Florida 93:8 170:21</p> <p>flow 44:17 70:5 157:19 339:7</p> <p>flower 210:13</p> <p>flowers 259:4</p> <p>flown 204:14 227:1</p> <p>fluctuate 53:22</p> <p>fluctuated 54:6</p> <p>fluctuates 111:8</p> <p>fluctuation 53:10 71:18 287:14</p> <p>fluctuations 287:3</p> <p>fluid 89:8 93:18 94:15,21 95:2 98:8,13,21 99:11,18 100:15 102:10 109:5 112:7,12 115:18,19 116:3,6,18 123:13</p> <p>flyer 27:2</p> <p>focus 3:4,10 10:19 26:6 33:8 77:18 86:6 89:7 94:21 96:13 98:8 107:2 134:2 182:17 205:15,17 220:5 245:10</p> <p>focused 84:4,13 188:19 206:5,6 220:1 221:12 242:14</p> <p>focuses 174:17 176:18 177:12</p>	<p>253:10 254:3</p> <p>focusing 16:13 221:11</p> <p>focussing 303:17</p> <p>Foer 175:9 219:20 228:6 244:9 347:11</p> <p>foggy 204:4</p> <p>folks 23:13 26:20 35:5,14 40:1 42:6,9 55:8 63:10 85:10,14,15 94:13 116:5 134:2 172:16 197:16 206:17 208:17 214:17 226:5 241:8 244:1 282:10 300:22 324:12</p> <p>follow-up 76:1 264:14 327:11</p> <p>food 2:17 3:8 10:6 21:13,21 23:6,11 24:1,8,20 25:9 28:17 29:19 30:1,3,5,7,9,11 32:20 35:12,21 37:6,12,22 38:2,16 39:6 41:14,15,19 43:2,12,16 45:10 46:11 47:1,7,8,9,16,20, 22 49:3,14,18 50:18 51:3,6,12,19 52:4,14,21 53:1,5 54:9 56:2 62:7,20 63:11,13 69:5 74:3,4,5</p>	<p>76:21 78:5,7,14,18 79:14,22 80:1 83:1,2,6 84:14 85:11,12,15 93:6,7,10,15 94:16,17 95:5 118:7 119:4 136:12,17 137:1,6,11,14,22 140:5 147:15 148:6,21 149:1,10,21 151:2,4 153:7,8,9,13,15, 21,22 154:1,11,13,18 155:1 158:9 159:5,7 161:6,8,10,14,21, 22 162:3,6,13 163:13 164:12,17,19 165:1,2,5,9,15,1 9,20 166:2,3,14,22 167:4 168:5,11,18,19,2 1 170:17 171:16,20 173:4,7,10,12 174:8 176:9,11,18 177:10,14,17,19, 20 178:8,16,20 179:1,7 180:14,20 181:6 182:1,20 183:12,19 184:5 185:4,15,16 186:8 187:8,10,18,20 188:1,3,17 189:13</p>
---	---	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 36

190:13,15,16,18, 20 191:3,7,10,11,16 ,19,22 192:1 193:9,22 194:6 195:22 196:4,8,9 197:8,11,14,18 198:4,9 202:22 203:7 204:12 205:3 206:9,12,22 207:1,12,17 208:19 211:10,13,14,17 212:5,17,21 213:3,4,7,9,13,1 4,18 214:15,18 227:8 232:12,14 233:19 235:7 236:14 237:19 239:7 241:9,18,22 243:15,18 244:4 245:19 247:4 248:16 251:2 253:11 254:3 259:1,2,3 264:3 270:1,2 272:9,11 286:6 311:9,22 312:10 323:14,15,16 324:1,15 328:16,17 332:9 333:15,17 334:6,9,13 335:12,19,20,21 336:17,21 337:18 338:5 342:6 345:9 346:18,21 349:7,21 350:13 352:18 353:5,6,15,17	354:1 food-borne 83:10 food-like 149:12 foods 22:22 37:15 39:16 40:9 48:22 49:1,4,5 55:19 59:20 78:12 136:7 158:4 168:8 169:7 171:21 186:21 210:9 212:9 213:19 258:12,22 foodstuffs 186:6 foot 281:19 force 7:21 16:11 143:12 164:9 333:10 forced 143:7 163:6 279:9 280:9 306:7 325:5 335:3 forces 72:3 256:22 334:6 forcing 335:4 forecast 27:3 201:18 forecasting 26:13,16 29:9 foreclosures 306:21 foregoing 356:3,4 foreign 95:6 307:12 Foremost 103:15 forget 120:17 168:6 195:3 240:5	forgets 140:1 Forgive 268:16 forgot 267:20 form 76:5 252:6 330:5 352:13,15 formats 202:20 203:11 204:8 former 180:1 181:16 212:18 219:4,7 254:6 forms 56:22 118:15 formula 212:22 formulate 310:6 Fort 4:10 155:5 271:12 304:12 forth 23:17 269:11 fortunate 131:21 Fortune 325:21 326:3 forty 209:14 forum 11:20 forward 2:22 9:12 18:11,17 29:9 46:17 127:17 132:9 137:18 144:6,21 174:2 189:1,2 200:14 215:8 238:1 239:2 322:8,18 323:1 foster 5:9 182:2 fought 68:13,15 foundation 91:3 127:10 156:22 157:1 163:5 189:6 314:17,18	318:17 Foundation's 332:15 founded 22:19 founder 168:20 352:17 four-pound 346:8 fourth 145:7 Fox 314:21 fraction 265:21 fracturing 38:12 frame 219:18 framework 245:6,9 France 52:2 frankly 3:19 86:22 236:6 300:13 free 21:17 42:13 92:11 126:8 166:5 173:3 238:15 332:4,5 Freedom 337:1 freely 150:20 155:16,19 156:12,15 frequently 9:10 55:4 64:10 208:5 fresh 24:22 31:17 146:9 161:19 171:21 194:18 fresher 158:4 freshest 78:7 245:19 friend 2:9 79:2 203:8 friendly 212:14
---	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>friends 60:16 193:5 297:8 315:22</p> <p>front 5:18 27:2 66:22 131:1,4 155:3 185:5 232:5 252:18 292:18 320:1 326:5</p> <p>fruits 14:18 28:22 39:4 40:2,9 192:12 211:14</p> <p>frustration 341:8</p> <p>FTC 174:17 200:16 201:3 215:4 217:11 218:15 230:5 248:10 312:9</p> <p>FTC's 248:9 316:16</p> <p>fuel 37:8,10 101:21 112:15 117:14 145:20 158:4</p> <p>fuels 37:8</p> <p>full 9:17 57:20 58:20 77:17 99:12 100:4 123:13 159:4,7,14 220:3 238:14 258:10 272:21 287:8 334:21</p> <p>full-on 282:16</p> <p>full-scale 40:15</p> <p>full-time 151:22 293:5</p> <p>fully 12:6 18:10 19:17 85:6 99:16</p>	<p>fulsome 174:6</p> <p>fumbling 179:3 181:2</p> <p>fun 216:12 344:20</p> <p>function 141:14 167:6 309:7</p> <p>functions 149:21 160:21</p> <p>fund 21:6 179:21</p> <p>fundamental 202:15</p> <p>fundamentally 353:14</p> <p>fundamentals 85:16</p> <p>funded 25:20</p> <p>funny 96:19 125:8 354:4</p> <p>future 2:13 4:21 5:2 30:18 31:8,18 32:6 33:6 35:1,17 36:2 38:14 104:19 127:10 153:11 159:1 165:10,11 287:10 314:15 317:19 332:15 341:10</p> <p>futures 103:7</p> <hr/> <p style="text-align: center;">G</p> <hr/> <p>gain 266:13,14 282:19,22 283:1,11,14</p> <p>gained 186:9</p> <p>gains 112:21 222:17</p>	<p>gallon 98:15 113:18,19 146:10,13,17 216:22 217:6 274:10,14,21</p> <p>game 80:14 207:11</p> <p>gap 167:20</p> <p>gardening 136:16</p> <p>gas 126:19 170:10</p> <p>gases 334:19</p> <p>gasoline 37:9</p> <p>Gastronomic 168:18</p> <p>gate 73:17 74:3 120:12 192:17</p> <p>gathered 324:9</p> <p>gauge 207:17</p> <p>gears 141:21 142:5</p> <p>Gene 254:4,5 256:10 276:14 280:22</p> <p>general 2:10 11:15,17,19,22 12:4,10,16,17,19 14:9 19:6,14,15,20 20:15 23:16 24:17 30:13,14 32:12,14,15 36:3 38:21 47:11,21 50:19 51:3,10 52:5 53:7,13 63:14 64:4 66:7,14,19 73:2 75:22 76:16 78:3 79:9 83:15 85:5,18,19 88:21 99:3,15 121:13 124:14 132:7</p>	<p>142:8 144:2 152:4 155:14 163:12 180:11,17 188:12 203:12 212:19 288:13 301:20 303:10 325:7 331:20</p> <p>generally 39:20 41:16 43:2 56:10 63:19 128:11 214:3,4 224:17</p> <p>General's 84:3</p> <p>generate 63:21 111:2</p> <p>generated 108:19 303:18</p> <p>generates 65:6</p> <p>generating 46:3</p> <p>generation 145:7 159:12 186:19 253:14 315:4</p> <p>generations 79:18 153:11 306:15</p> <p>Gene's 278:5</p> <p>genetic 61:16</p> <p>genetically 303:20</p> <p>genetics 44:21</p> <p>gentleman 153:17 171:16 345:22</p> <p>gentlemen 12:15</p> <p>gentlemen's 294:4</p> <p>geographic 220:6</p> <p>geographically 303:14</p> <p>Georgetown 174:16</p>
--	--	--	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 38

<p>germ 158:13</p> <p>gets 6:21 70:16,18 100:21 104:9 120:9 124:5 194:14 223:14 225:12,13 237:11 270:21 271:1 275:5 284:3 289:13,19</p> <p>getting 7:15 28:3 39:12 50:4 58:19 62:18 63:13,18 69:19 70:6 71:3 105:1 106:19 109:19,20 110:10 119:16,17 121:1 126:1 128:15,17 131:9 140:15 144:3 147:3 149:7 217:13 226:1 227:21 230:13 233:9 246:4,5 254:16 267:1 274:13 286:11 287:20 288:10 301:4 353:21</p> <p>giant 80:17</p> <p>Giblin 290:5</p> <p>gigantic 236:11</p> <p>GIPSA 8:18 81:4,14 138:18 139:1 151:15 158:14 164:5 279:4,17 284:15 300:18 310:3 312:5 319:7 320:22 321:13 325:15 326:2,19 342:9 350:18</p>	<p>GIPSA's 8:11 81:3</p> <p>given 58:16 68:1,2 94:5 111:5 134:2 141:15 201:9 244:11 283:21 309:6 322:15 333:21 341:9</p> <p>gives 212:4 301:7</p> <p>giving 168:3 193:13 209:11 223:4 325:21</p> <p>glad 110:17 179:2 206:17 245:6 344:15</p> <p>glean 87:7</p> <p>global 47:7 148:4,11 158:13 169:11 177:13 232:11,12,19,20</p> <p>GMO 158:20</p> <p>GMOs 148:22</p> <p>GNP 314:18</p> <p>goal 166:13 340:2,5,22</p> <p>goals 19:1 157:10</p> <p>gobbled 189:19</p> <p>God 156:11</p> <p>Goff 91:19 105:7,10,20 120:14 127:4</p> <p>gold 155:2 156:14</p> <p>gone 50:1 51:15 53:11,19 143:15 167:12 199:18 228:7 235:17,18 249:3 258:7 270:6,7,11 272:4,9,10,14,15</p>	<p>275:1 291:1 297:1 313:2,3,4 318:3 322:20 326:10 343:2</p> <p>goods 66:13 68:19 141:7 186:5,17 187:2,4 188:3 221:14 245:14 249:18 349:5</p> <p>Gordon 180:6</p> <p>gosh 293:6</p> <p>gotten 71:17 128:18 225:8 237:21 264:3 266:15</p> <p>gouged 316:9</p> <p>gouging 123:18 133:5</p> <p>gourmet 186:22 210:11</p> <p>government 3:21 11:3 17:14,17 22:3 80:9 92:21 126:3 150:9 154:12 155:20 174:19 175:16 219:7 269:20 307:1 308:6 310:15 322:7 323:1 328:3 345:10</p> <p>governmental 332:22</p> <p>governments 95:13 310:12</p> <p>grab 142:14</p> <p>grace 102:3</p> <p>gracious 355:4</p>	<p>grade 194:22</p> <p>grades 108:12</p> <p>graduate 175:21 176:4 180:20</p> <p>graduated 90:20</p> <p>Graham 22:5</p> <p>grain 8:17 343:4</p> <p>grandchildren 314:10,13</p> <p>grandfather 22:11</p> <p>grandkids 5:12</p> <p>Granny 337:7</p> <p>granted 85:12</p> <p>grass 34:10</p> <p>grassland 92:7</p> <p>grassroots 176:15 177:2 352:19</p> <p>grateful 315:9,21 327:16</p> <p>gratitude 11:11</p> <p>grazing 160:7,8 347:9</p> <p>great 13:1 18:20 40:17 61:1 79:21 145:12 157:3,8 189:6 199:16 201:18 215:10 217:1 228:4 307:14 319:5 327:5 329:19</p> <p>greater 50:17 84:15 85:13 145:18 146:3 147:17 237:21 307:10 322:8</p> <p>greatest 241:16</p>
--	--	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 39

greatly 79:7 145:15	187:7,9,11,12 188:8,13,20 189:18 190:22 192:6 193:6 194:16 195:7 198:18,22 208:8,10,19 209:2 211:16,20 213:2 214:2,14 215:11,22 218:3 249:16 272:14 305:2 325:10	325:1,3	81:3,16 99:6 103:3,13 107:12 116:17 118:14 119:20 120:8 122:2 123:10 201:13 210:18 212:16 213:6 226:22 275:4 278:20
Greenhorns 339:22		growers 22:16 153:10 164:22 253:19 265:8 274:13 276:17,21 277:10,14 278:11 281:1 300:10 318:20 319:1,8,9 320:4,13 321:3,8 324:3 332:13 338:4,22 339:2 341:21 342:13,14,16,21 343:12 345:20	guide 139:5 140:5 guidelines 201:3 guilty 329:3 guy 312:18 313:15 341:18 342:4 348:7
greenhouse 334:19		Grower's 70:2	guys 13:11 45:4,6 59:10 245:7
Greeno 134:6,8,9 321:18	gross 97:14,16 98:7,13,16 115:14 116:13	growing 32:3 46:7 53:15 63:8 65:18 69:8 75:15 145:18 158:3,19 162:6 171:18 191:13 198:19 199:11 228:21 243:6 334:6 339:1 346:21 353:19	<hr/> H <hr/> hailstorms 335:10
greens 213:21	ground 80:2 175:14 192:22 209:4,5 215:15 303:13 312:2 313:19	grown 69:6,9 274:2 294:5	half 6:11 62:21 95:3 154:8 184:8 192:18 195:19 197:16 250:4 266:12,14 267:15 297:11 326:14
green-skinned 336:12	group 3:1 20:5,6 36:7,10 71:11 178:16 194:12 309:18 333:16 352:19	grows 21:1 91:11 254:5 278:6	half-inch 74:16
greeting 166:19	groups 171:10 176:21	growth 183:17 184:5,12 200:19 225:9 262:6,8 264:17,18,21,22 267:3 298:3,4,6,19,22 308:16 352:1	hall 88:1
grew 33:4 90:19 91:21 226:19 336:3 340:11	grow 33:11,16 75:11 273:13 277:9,16,18 280:1 338:11,17,18	grower 155:9 253:20 265:19 269:4 275:5,21 276:3,8,10,13 278:5,6 280:13 283:18 285:13 293:9 294:2 304:3 306:9 319:17 320:16	hammered 205:8
grinder 5:21		guarantee 289:1	hand 139:3,4,9,10 149:8 265:18 317:7 345:11
grip 169:3		guess 31:1 47:12 61:1 80:22	handful 137:8 211:22
groceries 25:3 35:5,9 39:21 188:5 191:9 209:15,21 246:5			handle 8:4,14 219:3
grocer-owned 22:19			handout 15:22 99:6 312:17
grocers 117:5 180:11,13,18 187:14 188:11 203:1			
Grocer's 22:3			
grocery 7:8 40:16 42:16 79:6 89:3,6 101:3 117:4 118:8 119:8,15 121:6,7 137:14 161:19 171:22 182:15 183:3,5,8,10,18, 19,22 184:2,6,7,14,15 185:13,17,20 186:1,2,7,9,13			

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 40

<p>313:22 345:11 hands 185:1 246:19 336:11 hanging 320:3,10 Hannah 339:19 happen 5:4 34:6,16 122:10 139:8,9 142:10 143:4 150:4 225:6 320:11 333:11 335:11 347:19 349:18 happened 114:1 151:18 208:10,11 209:1 229:5 260:1 344:9 happens 43:3 119:4 208:14 222:11,22 226:13 227:3 236:21 237:5,10 240:6 247:21 259:13 335:16 347:17 happy 64:3 107:9 110:14 215:1,4 216:16 Harbor 153:6 hard 10:1 15:21,22 56:12 95:22 120:14 145:9 149:5,7 208:8,12 225:20 282:12 289:19 292:14 302:12 309:3 322:19 324:15 340:5,20 342:11 350:17 harder 184:13</p>	<p>hardships 307:1 hardworking 338:20 hard-working 15:4 harm 141:5 155:17 185:2 225:5 harmful 334:7 Harmony 91:10 harnessing 7:22 Hartson 20:3 175:14 harvested 61:9 75:13 harvesting 170:16 Harvie 162:16 hat 13:15 318:21 hats 13:9,12 hailed 134:19 Hauter 176:7 189:12 197:15,22 198:3 200:1 210:22 244:18 haven't 25:13 85:1 106:16 190:7 207:19 272:10 298:13 312:17 315:7 322:12 329:17 330:21 Haverford 175:8 having 27:10 39:16 50:13 61:6 88:14 113:10 116:10 123:13 127:14 150:16 170:17 176:14</p>	<p>211:21 227:16 234:5 242:6 258:10 313:17 320:14 321:3 335:22 344:11 347:22 hay 91:12 head 20:5 93:3 271:15 277:11,12 281:5,19,20 312:15,22 313:18 315:15 320:10 343:20,21 headings 284:1 headlines 142:21 heads 243:17 health 101:17 149:4 150:3 165:11,12,13 169:5,14,20 191:5 198:8 236:17 245:14 249:1,2 302:19 308:13 healthcare 149:14 healthier 158:4 healthy 39:3 40:8,9 83:2 136:17 137:11,14 148:5 149:10 151:4 161:11,22 162:3,13 166:18,22 211:17 245:15 302:17 345:9 hear 15:4 25:12 27:4 100:13</p>	<p>105:15 110:17 121:1,17 131:11 142:3 162:20 163:11 167:4 193:14,17 199:2 214:11 218:10 294:16,20 297:2 306:22 310:3,20 351:16 heard 2:12 8:8,22 80:8 118:6 127:22 132:21 133:2 152:13 166:21 172:2 178:7 189:19 198:20 206:20 214:13 219:16 226:10,11,13 227:19 259:18 265:4,5,6,7 271:4 276:18 280:22 285:15 299:19 303:7 304:13 305:14 307:3 309:16 310:1 312:16,17 318:7 322:3 323:10 332:4 333:2 336:9 343:8,11,14,15 345:4 346:11 348:17 hearing 3:3 155:14 162:21 172:3 189:1 215:6 302:20 344:20 356:3 hearings 85:6 92:21 155:4,19,21 156:3,6,7,17 311:11 318:13</p>
---	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>326:1 335:22 353:1 heartbreaking 306:22 hearts 327:15 heat 49:2 heavily 21:14 heavy 348:10 Hedrick 345:19 heifers 101:7 Heinz 161:16 held 2:5 4:3 14:2 20:1 Helen 168:14 he'll 103:19 131:8 Hello 314:21 323:4 help 10:7 59:11,13,16,18 71:1 101:10 106:10 107:16 131:8 140:1,14 141:1,16 160:13 177:9 207:2 217:4 219:14,18 230:16 231:20 243:20 252:6 292:22 296:8 307:21 310:4,5,17 331:16 335:14 340:5 341:20 342:21 helped 29:1 45:15 107:16 145:17 157:6 184:5 296:8 helpful 144:20 helping 3:14</p>	<p>10:3,12 36:1 120:2 167:2 helps 72:5 160:10 177:14 Henderson 348:17 Hendrickson 177:6,16,21 206:1 231:21 245:4 herbs 21:2 herd 58:16 91:22 92:3 101:10,15,17 104:4 107:2 121:9 351:21 herds 331:17 hereby 356:3 here's 132:13 236:13 265:18 hereto 356:11 heritage 158:13 he's 20:21 21:3,6 22:14 60:2 67:12 85:7 92:9 94:5,9 128:2 174:13,14,17 175:20 176:3 179:21 180:1,6 181:22 253:14 342:5,12 hey 236:5 242:6 Hi 134:9 139:16 145:1 153:5 164:16 166:17 324:2 326:21 333:14 335:17 339:19 352:16 high 26:7 65:18 95:3 96:5,7</p>	<p>99:21 104:15 116:2 118:21 119:11 120:18 124:22 153:15 162:5,12 165:17,20 170:3 171:18 187:13 191:12 201:1 225:21 229:21 306:3 316:4 334:12 high-end 313:3 higher 7:10 31:21 48:15 66:13,16 102:1 111:9 113:1 118:19 120:22 121:2 169:14 187:11 190:3,6 191:5,6 203:18,19 237:7,17 261:22 306:1 highest 303:9 315:14 highlight 29:20 highlighted 304:8 highly 122:14 149:12 150:1 169:6 213:4 highs 106:14,18 120:16 hike 274:22 hills 5:17 hindrance 332:5 Hippocratic 141:5 hire 216:19 290:16 hired 151:22 hiring 8:14</p>	<p>historic 17:13 26:14 historical 29:8 232:2 233:12 289:5 historically 289:5 history 2:21 11:19 307:6 324:6 338:8 339:4 351:15 hit 48:18 82:18 103:8 113:20 299:10 hits 65:13 Hobbs 92:4 hog 4:6 5:16 6:16,17 138:12 238:4,5,9,10,19 256:10 281:1 287:3 303:17,22 306:18 312:18 313:3,13 343:16,17,19,20, 21 344:6,14,18 Hogan 20:3 175:14 hogs 138:6,8 238:15 239:14,18 254:19 276:16,17,20 285:11,15 286:22 288:20 289:10 295:2 312:15 313:1,5 343:13,21,22 344:5,11,13,16 hold 11:13 56:14 101:16 holder 11:15</p>
--	--	--	---

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

12:16,17,19 23:16 30:13,14 32:14 36:3 38:21 47:11,21 50:19 51:10 52:5 63:14 66:7,14 73:2 75:22 76:16 78:3 79:9 85:19 143:16 144:2 303:10 holders 158:21 holding 311:11 313:3 314:8 324:5 326:1 350:1 Holdings 136:7 holds 178:1 180:3 holidays 322:4 Holstein 101:8 102:4 home 24:1 35:22 49:2 51:4 52:14 53:5 165:18 177:7 181:15 185:16 187:21 190:14,16,18 196:10 208:6 211:6 216:5 263:10 264:4,5 321:20 329:5 home-built 5:16 homes 161:14 homesteaded 22:11 hometown 208:21 honest 341:19 honor 26:11 352:21 hoof 101:18	351:18 hook 230:10 hoops 60:8 hope 3:9 10:22 100:8 138:19 181:20 294:16 312:5 318:9 322:13 331:10,21 333:9 339:9 342:10 345:17 hopefully 85:2 127:16,17 128:13 174:6 hopes 61:1 hoping 324:8 Hopkins 180:7 horizontal 221:7 222:16 223:16 229:14 horse 284:19 hospitalized 153:21 hosting 14:6 302:7 hot 47:1 334:18 348:6 hour 130:21 297:11 299:11 hourglass 189:14 hours 47:16 210:5 263:10 347:6 house 17:11 22:1 252:7 281:20 282:7 household 47:18 340:17 households 39:9	48:20 191:18,21 houses 281:22 338:12 housing 191:6 Howard 174:4,10,11,15,1 9 175:8 181:21 182:3 189:3,10,19 194:5 206:4 215:2,18 216:4 221:1 223:20 226:18 228:7 232:1 246:8 Howard's 199:9,19 231:13 247:9 How's 198:14 huge 33:1 38:16 65:6 146:6 264:1 279:15,18 328:10 hugely 327:8,11 huh 325:3 human 5:22 177:20 306:19 hundred 75:9 104:11 111:10 146:12,13 147:7,8,11 189:20 190:4 267:22 273:21,22 287:1,6 289:1 296:1 305:9 330:14 340:3 341:1 347:5 351:7 hundreds 163:5	290:3 294:18 hung 196:12 hunger 162:7,9 171:8 172:3 191:21 Huntington 164:18 hurricanes 335:11 hurt 237:16 hurting 296:15 husband 91:9 Hutchins 312:12,13 hyperaware 241:2 hypotheses 292:20 <hr/> I <hr/> icon 221:18 I'd 11:14 13:8 24:15 29:5 55:17 76:6,14,20 103:3 118:14 127:4 138:19 139:19 145:5 146:7 166:21 168:6 171:13 182:5 189:7 190:10 194:11 198:3,19 201:21 205:15,17 208:6 214:7,15 219:14 234:7 247:16 251:4 256:20 264:14 266:21 267:2,9 276:17,19 299:13 310:19 317:1 335:12 339:17 350:2
--	---	--	---

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 43

<p>352:20 353:5,22 idea 124:17 125:8 202:4,12 223:11 ideas 87:4 128:2 identical 108:12 184:9 263:1,4,6 identified 347:21 identify 43:4 70:15 182:1 261:8 281:8 identity 147:1 ignorance 293:15 ignorant 317:20 ignore 5:5 227:15 ignored 6:4 230:5 ignoring 230:9 III 47:9 ill 152:18 I'll 24:12 36:4 42:21 48:18 57:12 67:6 76:19 79:11 81:16 89:12,13 95:6,11 98:9 99:22 123:17 124:14 178:14 197:2 219:7 222:8 236:3 246:10 253:7 255:10 265:21 266:1 276:1 283:19 286:17 287:22 288:19 297:14,15,21 327:1 344:7 illegal 152:6 228:11 229:4 Illinois 313:11,12</p>	<p>illness 83:10 illusion 49:11 211:20,21 212:4 illustrate 146:7 I'm 11:18 13:10,14 17:6,19 18:20 20:18 23:14,15,20 27:21 28:14 29:17 31:4 42:13 55:3,6 58:8,9 64:3 67:21 76:12,19 82:16 83:14 88:2 89:9 94:8 107:15 110:17 112:10 115:5,16 116:17 117:2 127:22 131:17 132:4 134:9 136:11 138:4,5,6,8 139:16 141:19,20,21 142:5,9 148:2 151:14,16 153:6,12,13 154:22 155:2,10 156:1,21 160:1 161:12 162:17 164:21 166:2,17,18 167:15 168:8 171:8 172:5 173:22 177:8 179:3,4 181:2,18 182:13,17 200:16 206:16 215:1 223:1,4,11 226:15 227:12 231:21 235:6 236:2,5 240:6 241:6 245:6</p>	<p>248:20 250:17,21 253:4 254:14,16,22 255:3,9,11,14 256:10 258:11 263:21 264:20 265:15,17 266:8 268:7 272:17,18,19 273:8 274:14 275:22 277:7 283:13 286:6,18 288:1,20 292:7,13 293:3,4,5,6,20 294:15,17 295:1 296:11 301:4,19 302:3 311:9 312:13 313:16,21 314:21 315:2,9,20 316:12,13 318:16 321:10 323:5,6,7 324:3 326:2,3,4,5,19,2 2 327:16,20 328:12 329:2,19 332:3 333:15 335:18 337:20 338:1,15 339:9,20 341:18,19 342:1,2,19 343:3,4 344:19 345:20 346:15,18 349:21 350:15 352:17 image 220:12,13 224:5 imagination 240:7</p>	<p>immediate 253:17,22 immediately 81:14 277:17 289:8 immigration 21:14 Immokalee 170:20 impact 15:6 31:15 74:8 163:3 167:2 173:15,17 191:17 200:21 202:12 203:3,9 214:8 219:17 220:4 227:3 239:5 244:6,14 245:1 246:20 247:5 304:10 320:6 impacted 48:4 202:22 205:12 impacting 209:4 impacts 24:7 50:16 169:2,3 200:15 214:3,14 247:12,20 imperfect 235:7 impetus 239:1 implement 5:20 164:5 312:4 implications 3:11 15:1 implied 82:14 298:17 imply 298:21 import 71:18 82:11 128:10 352:4 importance 128:15 222:4</p>
---	--	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 44

<p>309:9</p> <p>important 9:16 14:3 18:14 38:15 46:19 63:4 65:19,22 66:2 82:9,20 86:5,10 87:12 94:15 95:7,9 124:19 125:18,22 126:5 128:6 132:8 133:13 143:3 144:5 172:8 174:7 182:10,20 183:14 187:7 188:15 200:9 201:1 204:12 206:2,14 207:13 209:3 211:17 212:19 215:3 222:4 231:9 232:2 233:19 246:17,21 247:7 251:18,20 252:7,15 257:21 264:9 302:18 303:2 308:10 311:12 327:12 353:1,2</p> <p>importantly 4:20 145:5 302:8</p> <p>imported 120:6</p> <p>importer 63:1</p> <p>importing 129:14</p> <p>imports 28:3 352:3</p> <p>impose 208:2 251:13</p> <p>impossible 291:21</p> <p>impressed 14:11 181:20</p>	<p>impressive 11:21 181:19</p> <p>improve 8:12 83:1,11 92:22 239:6 320:6</p> <p>improved 78:15</p> <p>improvement 101:15 147:19</p> <p>improving 8:1</p> <p>inappropriate 158:8</p> <p>inaudible 350:10</p> <p>inaugurated 303:16</p> <p>incentive 129:21 213:3 280:15</p> <p>inception 180:15 199:22 200:10</p> <p>inch 74:17</p> <p>incidents 259:16</p> <p>include 26:19 178:20 184:16 187:7 301:2 312:10</p> <p>included 74:7 175:12 186:19 234:16 303:18 305:11</p> <p>includes 91:13 92:5 97:17 109:7,16 136:13 153:9 185:16 186:17 190:14</p> <p>including 13:22 21:16 22:15 54:2 91:17 93:11 109:17 164:10 176:2 199:12</p>	<p>293:15 303:3 304:8 306:20 308:12 340:7</p> <p>income 9:21 10:13 35:21 40:7 42:3,10 50:18 51:3,6,12,13 52:3 137:13 151:4 161:20 165:5,14 172:1 190:14,17 191:3,14,17,18 197:11 205:10 260:13 261:4,16 262:5,6 268:6 299:4 312:3 321:8 330:4 331:12 340:16,17</p> <p>incomes 39:9,15</p> <p>incorporate 159:5</p> <p>incorporates 94:12</p> <p>incorrect 338:15</p> <p>increase 27:6 28:5 30:2 36:6 39:2,15 56:13,17 97:20 98:20 112:17 113:13,14 121:11 183:10 187:17 191:16,19 200:17 201:2 236:4 255:21 256:4,5,8 260:11,15,16,22 261:2 264:10 267:7 290:10 298:18 299:5 303:21 315:8</p>	<p>325:14 338:3</p> <p>increase/decrease 289:7</p> <p>increased 6:7,9 8:11 36:1 37:11 39:4,5,16 45:13,22 48:13,14 51:13 72:21 97:22 98:9,14,17 113:21 133:18 145:19 146:1 162:22 183:15 186:15 188:6 190:8 193:1 202:5,6,13 203:11 204:1 212:14 225:4 248:9 257:19 259:16 260:7 262:7,10 269:17,22 270:1,2 304:14 326:7 335:9,10 347:18 352:7</p> <p>increases 50:8 72:4 98:11 99:13,17 112:22 184:13 234:2,3,12,13 237:13 261:15</p> <p>increasing 114:7,8,11 173:13 187:14,19 192:17 223:17 242:7 270:8,10 298:21</p> <p>increasingly 47:15 187:3 188:7</p> <p>incredible 353:15</p>
---	---	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 45

<p>incredibly 165:7 incurred 74:10 77:9 incurs 187:9 indebted 157:13 indeed 5:3 11:6 229:17 Independence 1:15 252:18,21 independent 42:19 106:20 107:4,12 138:10,14 180:13 201:10 242:13 243:1 249:14 271:14 278:22 300:2 343:7,9 344:3 345:16 351:10 independents 160:4 184:18 201:16 249:1 in-depth 111:22 117:9 index 37:5 146:8 185:15,18,20 186:14,17,18 187:1,2,13,22 255:16 256:14 262:9 298:17,20 India 331:17 indicate 140:19 indicated 14:21 16:22 indication 299:2 indicative 116:21 194:13 indicator 26:15 indigenous 170:7</p>	<p>indirectly 67:7,16 150:12 individual 160:14 303:11 321:3 individuals 20:17 158:17 Indonesia 52:7 industrial 93:10 112:4 162:8 332:17 334:12 industrialized 52:2 162:5 industries 2:19 3:10 13:20 54:16 140:2,11 186:3 234:11 331:7 industry 8:6 9:13 13:22 14:16,19 15:2 16:13 17:5 18:2,7 21:12 25:7 27:21 30:15,16,20 31:3 32:2,3 33:7,18 34:15,16,20 44:7 54:7 56:22 64:5,9 68:15 73:7,14 74:1,7,10 75:18 76:7 77:11 79:6,13 81:13 84:5,20 87:20 88:5,9,11,22 93:22 102:14 132:3 134:3 135:7 137:7 139:17 142:9 145:11 148:11,20 150:10 164:7 166:2 169:16 170:10 173:18</p>	<p>180:14 190:9 207:12 208:11 209:2 212:6,21 215:22 238:4 241:18 252:14 253:3 266:8 273:4,12 279:21 284:14 286:2 300:9 303:15,22 304:2,7 305:12 310:13 321:5,7 331:9 338:7,21 340:21 341:8 343:17 344:21 347:15 350:16 351:1,10,15,20,2 2 inertia 317:2 inexpensive 169:8 inflation 191:12 192:2 242:7 260:8,12 261:1,5 269:18 270:5,8,9 influenced 95:12 inform 10:21 information 30:4,8,10,11 39:6 49:17,19 63:19 68:10,14,16,17,2 1 69:10,18 70:16 73:10,12 74:22 75:2 82:19,21 87:7 97:12 98:1,3 137:12 211:11 218:21 235:8,12 240:11 244:12 246:19 247:6,12,13 269:5,7,8,15 270:22 271:3</p>	<p>284:15 297:1,7,8 298:1 318:8 321:2 324:8 328:6,7 346:11 informative 18:12 83:16 informed 16:18 49:20 68:22 149:3 152:18 infrastructure 135:16 137:22 144:14 164:12 308:12 ingredients 30:9 213:8 inhibiting 136:22 initial 254:22 initially 241:20 initiative 47:5,7 164:20 initiatives 21:14 46:21 injustices 81:8,10 inner 40:1 167:5 inner-city 122:10 inner-urban 208:4 innovate 59:11 innovation 158:10 195:12,13 inordinate 221:21 input 145:18 225:1 258:1 298:4,19 306:1 315:15 335:6 inputs 195:21 258:2,6 275:8 280:10 319:22</p>
---	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 46

<p>325:6 ins 212:9 insensitivity 294:17 insights 15:12 198:13 insist 44:17 Inspection 8:17 inspires 341:11 instance 213:20 instead 32:8 185:2 274:18 321:2 Institute 21:22 23:6,12 91:5 118:7 165:3 175:12 178:8 180:2 181:7 219:16 instituted 309:17 institutions 11:3,11 126:14 355:3 in-store 187:10 instruct 194:20 insulated 294:11 insurance 127:13,14 integrated 293:19 338:8 integration 14:22 145:13 273:13 294:6 299:20 303:4 304:3 integrator 265:15 273:5 275:21 276:3,9,19 278:1,5 280:2</p>	<p>281:16 282:11 283:18 293:7 integrators 269:5 276:22 280:4 integrator's 280:17 integrity 166:11 intellectual 143:11 206:20 303:19 intend 3:4 intense 35:15 54:7 65:21 79:6 197:18 303:18 334:5 intensive 262:1 intentions 29:14 Interagency 248:11 interchange 249:12 interest 8:21 23:9 30:2 45:20 132:2 226:1 292:6 300:9 330:22 interested 30:1 55:6 59:9 67:21 69:8 106:12 335:20 356:12 interesting 51:11 74:22 83:17 124:10 182:1 207:14 211:11 247:20 262:22 interests 12:7 178:20 interim 93:5 intermediate 225:1</p>	<p>internal 225:8 internally 70:9 international 91:4 157:1 178:22 179:6,8,14 232:15 308:10 318:18 350:4,12 internet 20:6,9 235:13 interplay 2:17 interpret 229:6 interpreted 229:7 interpreters 341:14 interpreting 96:14 intervention 15:13 interventions 74:6 intimidating 320:13 intimidation 162:22 306:12 introduce 2:9,10 19:11 89:13 90:15 174:10 253:7 introduced 145:22 352:9 introducing 174:3 introduction 100:19 199:10 invade 129:13 invaluable 308:22 inventories 46:18 inventory 46:20 120:4 290:1 invested 12:6</p>	<p>245:7 308:11 investigate 12:4 311:12,16 investigated 318:2 350:6,9,10 investigating 133:1 178:21 315:11 350:13 investigation 164:7 171:12 172:11,17 219:6 230:6 248:14 312:8 317:9 318:3,10,11 investigations 8:15 136:5 164:6 312:11 321:2 investigators 8:14 92:17 investment 143:13,16 207:14 223:2 233:3 244:16 320:3,10 328:10,14 339:7 investments 10:8 308:8 319:15 investment's 207:15 invitation 199:6 invite 129:11 invited 59:3 inviting 112:9 182:7 202:9 involved 20:18 21:15 22:14 68:4 87:3 91:16 189:8 203:15,16 297:3</p>
---	---	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 47

323:6 336:21 Iowa 4:7 5:9,15,18 139:18 238:15 254:5,6 276:16 303:17 312:19 344:14,15 352:20 iPhone 211:9 iPhones 165:17 Ishii-Eiteman 148:2,3 Island 164:18,19,22 isn't 65:3 106:10 116:17 128:12 135:2 193:10 197:9 226:18 237:15 267:1 289:18 349:11 issue 3:16 9:14 18:3 30:6 38:19 40:19 48:19 49:9,22 50:2 63:14 95:20 108:4 111:22 112:3 116:18 123:20 124:19 125:4 185:9 199:22 200:18 204:7,8,10,12 218:10 219:10 225:13 232:1 234:5,9 235:1,2 236:11,13 237:18 238:2,21 244:20 251:7 269:15 288:12 295:15 321:4 333:6,7,8 issued 9:19	issues 1:4 2:15,19 3:5,15,19 4:3,6,8 7:13 9:15 11:20 16:13 17:22 19:17 20:10 21:13,15 38:15 77:15 83:18 84:13,14 95:17 105:9,11 119:19 164:9 170:20 172:1,4,7 173:4,7,10,12 174:4,7 176:11 178:22 182:8,14,16,18,2 1 188:15 189:2,4,9 193:17,18 198:22 199:8 200:9 201:5 205:1,21 223:21,22 231:18,19 232:16 245:16 248:13 253:11 254:3 268:19 302:22 303:2,7,15 304:3,5,8,17 305:13 307:21 309:13 310:1 316:22 317:20 321:16 322:8,11,14,22 332:21 333:1 344:17 Italy 168:17 item 37:10 items 47:1 162:13 186:20,22 199:17 209:17 210:6 213:5,13	214:18 217:6 235:20 255:16 259:4 290:17 it's 12:20 26:10 28:6,17,19,20 30:2,3,9 35:3,7,18 36:17 38:1,8,10,12 39:10 40:13,19 41:15,16 44:18 45:7,15 49:14 51:7,20 52:7,9,10 53:2,3,4 54:1 56:2,3 57:17 58:15 59:7 61:10,11 62:8,10 64:10,17 65:19,20,22 68:17,18,19 69:9,20 72:19,20 73:7,11,12,14 74:20,21 75:12,21 76:2 80:11,17 81:3 82:10 83:7 86:5 87:13 95:3,4,22 100:3 102:10 103:8,11 104:4,18 106:10,18 108:7 109:2 110:14 111:9 114:3 119:21 120:12,14,17 121:4 122:11 124:8,10 126:3,4,9,18 128:9,11,19 132:14,18 133:6 134:7,8,21 138:20 147:3 149:2,18 150:10	152:3,5,7,10,15 155:12 161:11 173:14 189:4,6 191:7 192:6,8 194:9 195:17 196:8,22 197:12,17,20 198:6,10,16 200:8,14,22 202:13 203:5 205:9 206:15,18,21 207:8,16 208:8,12,18 209:5 210:2 214:22 215:6 216:12,18 218:14 219:8,9 220:12,20 221:4,17,19 222:4,10,12,18,2 0 223:16 224:13 225:19,20 226:15 227:15,18,19 228:9,13 229:5,6,22 230:1,6,9,19 231:9 232:2,22 233:16 236:13 237:3,17,20,21 240:13 241:21 243:7,10,15 250:5 257:6,7,14 258:8,22 262:1,12,15,16 266:21 269:6 270:1,15 272:11 273:12 277:12 279:15 281:5 284:10,17 285:15 288:11 290:8 292:19 293:18,19
---	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

294:1,13,19 296:9,16 297:11 298:10 299:3,8,21 300:19 301:12,22 313:22 314:1,3 315:9 316:1 317:20 318:12 324:7 326:16 327:7,10,11,14 329:4,5 330:4 331:21,22 337:14 338:5 342:11 344:16,20 345:2 347:9,10 348:9,20 349:4 352:20 353:1,2,15 354:4,8 I've 2:12 13:10 48:16 70:19 80:8 82:20 98:14 100:18 105:14 110:15 115:17 134:19,20 136:8 138:13 139:21 145:6,8 152:19,22 155:4,13,21 160:21 161:12,13,15 166:21 171:8 223:1 232:14 236:1 265:4,5,6,9 268:15 274:6,8 277:21 282:8 292:9,10,11 297:3 299:13,19 312:16 315:20 319:5 326:22	332:13,17 346:20,22 <hr/> J <hr/> J.D 175:6 Jackson 175:14 James 84:20 January 9:5 JEFFERSON 1:14 Jerry 327:20 jewelry 175:19 Jim 5:9 253:4 288:10 290:12 Joaquin 22:20 job 182:15 189:4 300:12 312:19 340:15 344:16 jobs 82:8 135:21 163:8 211:6 217:18,20 300:13 309:2 344:8 Joel 134:6,8,9 321:18 Joe's 38:10 John 130:9,12,17 134:5,7 151:8 172:21 180:7 253:8,13 286:18 287:13 308:19 310:20 316:18 341:16 342:7,21 352:16 join 12:15 61:5 164:8 joined 64:8 173:20 174:16 181:3 joining 12:22	174:22 180:16 302:5 345:5 joint 7:21 16:11 17:9 jointly 2:5 Jon 316:15 Josephine 293:3 Journal 93:13 journals 178:20 Judge 12:2 175:3,4 jump 60:8 236:18 268:11 272:1 273:8 275:18 279:12 283:7 jumped 306:4 junction 144:3,5 June 4:8 88:12 131:22 134:11 304:6 316:6 Junior 179:6 jurisprudence 348:19 349:11 justice 2:5 7:20 8:4 12:8 14:10 16:12 17:1,15 19:2 55:1 75:18 79:3 84:7 86:8,21 88:4 90:6 130:11 132:2 136:14 139:1 150:16 152:9 155:14 156:10 157:2 159:18 164:6 169:18 170:14 171:4 175:2 182:6 199:6 202:8 204:16 205:5 215:1	219:15 228:7,17 229:17 231:14 244:21 248:12 249:8 250:9 279:3 297:5 301:21 302:10,16 303:5 306:11 307:16 309:19,21 310:4 311:10,15 314:3 315:10 317:2,19 318:11,14 319:12 320:20 322:2 325:22 332:20 333:19 349:22 353:4 354:7 Justice's 16:17 justify 118:3 143:7,13 351:16 <hr/> K <hr/> Kansas 253:9 337:6 Kathy 136:11 321:10 327:14 Kelly 101:9 Kemps 102:11 Kendall 134:10 Kenny 314:21 Kentucky 155:2 Kessler 212:18 ketchup 161:16,18 236:2,5,8 key 21:13 26:14 50:2 74:2,13 95:17 157:15 307:18 Keystone 180:1
--	---	--	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 49

KFC 324:19,22	knowledge 247:21 344:2	270:11 272:3,8,13 273:22 282:12 288:7 290:17 299:5,6 328:12 347:8 349:2	149:11 168:1 169:9,15 184:15 188:7 189:14 203:11,13,16 209:8 237:1 244:21 251:11 271:14 320:1 335:6 340:9
kick 181:21 256:20	known 99:15 228:10 339:14 353:19	laborers 233:8	largely 123:19 204:17 207:1 212:6 236:20
kicking 202:12	Knox 313:9	labor's 196:5 270:13	larger 58:4 105:8 154:2,3 171:10 202:19 205:11 234:17 242:17
kid 212:14	Korea 21:17 350:10	lack 40:3 75:1 133:7 136:21 137:13 148:16,17 190:2 284:21 285:18 286:1,3,8 305:20,21	largest 7:7 183:11,22 184:1 190:3,5 249:21 313:9,11,12,19 323:18 346:1
kidding 217:22	Korean 21:17	lacking 169:7	last 6:19 7:1 8:19 11:1 13:10 14:20 17:9 18:16 27:7,12 28:14,18 32:10 37:6,18 47:3 74:5 76:1 81:3 82:1 103:9 106:13,15,17 107:5 116:20 125:14 126:16 127:3 134:17 140:9,17 141:22 157:3,8 162:10 185:19 189:13 194:7,10 196:2 205:9 215:6,7 218:20 233:3 243:21 249:2 253:15 254:17 255:4 267:17 271:17 287:12 295:14 301:8
kids 5:12 138:21 212:2,12	KORNILOVA 356:2,16	lacks 163:14	
kill 313:6	Kroegers 216:7	ladies 12:15	
killed 280:9	Kroger 56:11 184:1 189:21 203:14 216:4 240:17	laid 274:9,11	
killing 275:15	Kyle 178:14,15,18 179:2 201:21 205:14 206:3 207:22 219:20 234:6 239:10,20 241:3 247:8 255:7	Lake 348:5 352:20	
kills 313:5		Lakes 103:15	
Kimmel 90:7		land 20:21 21:5 22:9 85:10 103:15 137:9 138:5 162:19 163:6 283:3 328:11 330:1,4 331:22 332:18 340:7	
kindest 155:13		landowners 10:12	
kinds 43:6 116:19 173:21 182:21 212:1 224:5 225:18 229:20 230:13,16 232:18 235:22 247:1 269:10 318:8 322:20 337:13 347:19	<hr/> L <hr/>	lands 170:9 348:10	
king 76:13,14,19 77:14 78:3 82:5 83:12 131:16,17	La 323:17	landscape 333:4,12	
Kingdom 350:6	label 29:3 70:13	language 341:14	
kings 76:7	labeling 68:12 148:21	Lappe 334:18	
kitchen 11:2 196:10	labor 54:19 65:15 98:20 112:15 170:16 182:20 184:17 185:22 188:18 195:20 196:1,7 209:5 217:20 227:7 261:22 262:1,2,17 268:1 269:19,20,21	large 42:18 59:9 132:11 146:22	
Klaus 332:12			
Kluding 170:2			
knew 214:10 320:16,17 340:13 343:2			
knocks 221:2			

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 50

308:2 312:9 313:15 317:15 321:12 326:8 329:13 331:16 332:11 343:19 346:8 350:21 lastly 3:10 4:18 163:11 late 92:2 200:2 201:5 238:7 later 113:8,20 127:18 173:2 255:3 265:16 279:1 291:5 latest 45:21 210:14 334:17 Latino 143:21 latter 192:18 lattes 165:17 laude 176:5 Laughter 129:7 launch 248:13 law 111:3 123:18,22 124:12 133:5,10 168:15 174:14,16 175:1,2 176:4,6 180:17,21 229:6 231:22 233:12 316:13 323:5,6 348:21 lawmakers 150:22 laws 8:1 12:7 79:4 136:22 137:21 150:18 164:11 169:12,19 226:14 245:7 248:16 252:17	284:15 307:17 318:6 353:17 354:7,12 lawsuits 17:11 lawyers 232:6 309:18 layers 336:21 laying 154:7 lead 39:8 185:11 223:12 leader 64:11 66:8,10 121:18 122:1,4 126:17,19 127:2 leadership 20:1 86:16 144:6 157:9 175:20 182:10 leading 15:2 20:9 48:14 leads 112:20,21 113:1 223:17 350:12 leaf 56:5 leafy 213:21 learn 336:14 learned 14:15 336:5 learning 14:3 least 38:6 82:5 95:19 98:13 99:4 107:6 163:1 208:18 211:8 223:6 225:11 272:17 279:20 297:3 332:11 338:4 339:13,15 leave 174:17 221:9	325:5 344:12 leaves 120:12 260:9 leaving 7:16 114:3 146:15,18 led 48:21 154:8 307:10 Lee 131:19 159:21 219:4 legal 15:13 245:6 251:19 legislate 229:10 legislation 17:12 137:20 154:16 157:6 legislative 22:4 176:13 332:22 legislature 92:20 lender 339:6 lenders 106:11,12 less 10:19 16:2 30:11 39:12 41:17 48:7 56:3 66:4 95:3 110:7,12 113:2 137:5 150:2 161:8 165:5 191:7,19 193:2 237:14 256:14 315:15,16 316:5 320:8,9 334:9 336:8 347:9 351:6 lesser 58:2 lest 230:19 let's 52:11 100:16 105:17,18 117:5 152:22 193:17	194:16 195:3 196:12 198:10,17 207:21 215:7,16,19,21 218:4,20 221:9 222:13 231:18 252:10 284:19,20 letting 28:10 238:14 314:7 lettuce 56:5 186:17 level 16:1 17:8,11 26:19 38:11 47:9 53:20,22 63:16 71:5 72:14 97:13 99:4,14 100:2 107:16 114:21 120:22 121:8 123:9 125:7 141:13 148:13 176:12 190:2 194:10 196:17 212:10 220:14 221:7 223:3,16 232:19,20 233:22 240:22 265:1 274:21 291:8 292:5,11 295:5,6,16 321:21 330:13 345:7 351:14 leveling 38:7 levels 12:6 13:22 36:13 91:17 99:3 136:20 151:4 196:15 303:9 304:11 333:6 level's 330:11 Lewistown 151:13
---	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 51

<p>liability 158:21</p> <p>libraries 308:13</p> <p>licensing 158:17</p> <p>licking 279:10</p> <p>Lieberman 21:20 26:10 34:22 45:2 50:21 51:18 52:6,15,18,22 53:4,21 54:15 59:7 64:3 66:12,15,21 72:12 78:2,4 165:2 178:6,11 197:4,7 198:15 209:10 215:9 233:15 245:18</p> <p>Liebowitz 316:15</p> <p>lied 346:4</p> <p>lies 186:4 188:2</p> <p>Lieutenant 22:13 181:16</p> <p>life 36:1 52:1,9 75:15,16 78:15,17 145:9 149:15 152:19 153:16 194:3 197:21 206:11,13 220:20 268:13 300:15 315:3 336:17</p> <p>lifestyle 48:4</p> <p>lifetime 57:14</p> <p>lifting 214:18</p> <p>light 3:19,20 146:8</p> <p>likely 30:17 33:11 135:2 169:10 225:3,4 341:9</p>	<p>like-type 279:20</p> <p>limit 77:16 131:5</p> <p>limitations 268:20</p> <p>limited 38:9 63:1 98:3 137:12 209:19 230:19 264:19,22 269:14 311:3</p> <p>line 24:13 54:21 55:16 62:16 131:3 280:3 342:5</p> <p>lines 67:13 111:6</p> <p>link 153:22 218:2</p> <p>linked 149:12</p> <p>links 188:1 189:17</p> <p>liquidation 27:21 28:8</p> <p>Lisa 164:16</p> <p>list 60:3,12 82:17 160:22 215:11 252:2 275:16 297:14 328:22</p> <p>listen 37:1 85:9 87:3 130:12 305:7 319:3,7 341:17 354:20</p> <p>listened 332:17</p> <p>listening 161:3 343:16</p> <p>listing 338:10</p> <p>literally 214:18</p> <p>litigation 231:15 317:11</p> <p>litters 5:17</p> <p>little 5:22 19:22 24:6 28:20 29:17</p>	<p>38:8 66:15,17 76:20 89:18 93:20 94:7 96:15 100:18,20,21 103:6 107:13 108:3 110:7,10,12,16 111:9,21 113:8 119:5 121:3 122:9 124:5 127:5 130:13 141:21 142:5 146:20 151:16 173:22 179:3 181:2 189:5 202:1 204:4 205:7,15,16,17,1 8 206:3,22 214:7,19 217:4 218:4 234:1 255:4 256:10,14,15 257:14 265:7 268:16 275:16 276:1,2,12,14 280:19 286:11,16 289:15 315:3 316:16 323:9 324:18 329:3,8,12 336:6 347:9 350:3</p> <p>live 134:14 161:21 168:11 208:19 220:11 314:4 352:4</p> <p>lived 152:19</p> <p>lively 198:2</p> <p>lives 39:8 48:20 203:9 312:20 320:6</p> <p>livestock 2:18</p>	<p>3:6,9 4:10 8:20 17:22 22:12 33:7 34:9 43:17 44:10,15,21 58:17 66:5 73:6,9,14 77:2,17 84:20 91:4 138:4,16 140:2,11 152:17 192:3 252:14 253:3 255:6 267:1,3 287:15 304:13,16 313:20 320:22 328:11 343:3,10</p> <p>living 135:8,9,12 165:17 193:10 203:4,5 241:8 312:1 340:15 342:15 345:8 346:22 347:3,10</p> <p>LLP 20:3</p> <p>load 102:19 103:19 313:6</p> <p>loan 346:5</p> <p>loans 330:5</p> <p>lobbied 148:21 176:14</p> <p>lobby 150:8</p> <p>local 10:5 12:5 21:3 22:14 24:22 25:1,6 30:2 137:1 145:10 149:4,10 163:20 171:21 176:12 179:11 190:2 211:15 239:15 242:21 243:2 278:19,20 313:3 334:8 335:12,15</p>
---	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>337:5,9 localized 203:1 224:6 locally 33:13 location 70:21 211:2 locational 347:9 lockstep 111:8 logically 222:12 logistics 89:18 loin 74:16 long 40:6 42:2 43:2 45:16 47:16 55:9,21 68:13 72:14 82:17 106:15 164:18,19,22 185:22 200:10,22 215:11 228:8 240:19 255:1,2,9 256:22 263:21 275:22 286:14 288:8,9 298:2 301:12 315:21 318:4 325:15 331:3 longer 9:7 54:18 72:4 95:19 106:14,19 126:21 217:18 260:14 301:5 long-running 17:10 long-term 34:8 44:9 55:15 64:16 75:6 257:9,12 349:8 look-back 312:7</p>	<p>Lopez 93:2,9 111:15 112:8 114:15,19 117:7 118:11 125:17 lose 122:22 124:19 275:10 291:2 losing 36:20 42:1 73:18 329:7,13 loss 9:20,21 64:10 66:8,10 121:17,22 122:4 126:17,19 351:16 losses 286:4,6 lost 6:5,12 62:22 70:18 72:9 103:4 127:3 149:14 217:19 268:3 313:14 329:6 331:12 343:18 lot 28:18 30:10 36:4,6,12 37:7 38:15 39:9 46:10,21 48:20 52:17 59:13 61:6 64:20 70:18 71:21 79:11,16 80:4,7 82:6,8 101:10 104:6 105:11,22 107:20 117:12 119:18,19 120:2,18 121:17 127:21 129:12 132:21 133:2,12 140:21 141:11 160:8 161:20 167:4,7,8 178:9 182:2 203:22 204:9,18 207:5 208:22 214:12</p>	<p>219:16 223:15 230:15 234:19 237:2 243:14 257:11 259:1 262:1 264:5 265:4,5,14 268:19 269:8 270:1 271:4,14 273:12 288:3,5 289:4,21 290:5 293:16 295:4 297:7 299:7 303:13 315:21 323:6,10 324:12 327:15 328:6 329:20 336:2,4,11 344:7,21 346:11 349:15 lots 5:16 56:21 59:21 61:7 120:3 160:4 206:19 242:22 277:17,18 293:15 Lott 161:5 loud 25:12 194:11 312:6 Louis 175:3 208:17 love 181:15 228:4 234:7 268:13 low 40:7 56:19 83:20 96:6,7 99:19,20 101:12 103:8 119:16 120:3 124:21 125:5 134:18 141:1 161:20 172:1 191:13 210:3 222:15</p>	<p>226:1 229:3 312:3 349:17,18 lower 35:19 54:18 61:20 64:11 65:6 67:15 116:14 122:20 141:11 185:10,11 191:17 211:16 222:15,18,19 223:4,13 236:3 237:9 239:8 257:1 305:20 lowers 27:19 lowest 105:13 225:10 low-income 39:22 50:16 83:3 lows 106:13,14,18 loyal 235:10 lucky 344:12 lunch 84:12 130:21 172:22 173:3 259:7 265:18 Lund 253:13 266:18,21 278:18 285:18,21 299:19 300:7</p> <hr/> <p style="text-align: center;">M</p> <hr/> <p>M.S 177:3 181:13 MA 176:5 macdonald 252:15 261:10,13 262:4 264:12 266:19 272:1 275:15 276:6 277:21 278:4,9 279:13</p>
--	--	---	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 53

280:19,22 281:7,13,16 282:2,5 283:7,13,17 284:20 285:3,8,16,20 286:9 287:21 297:9,14,17,19 298:8,16 299:10,18 300:5 301:7 MacDonald 84:20 253:4 machines 212:7 mad 288:14 Madison 4:9 88:12 132:1,10 134:11 145:3 178:18 247:18 304:6 327:1 Maggie 323:5 magic 110:14,16 129:1 magna 176:4 main 36:15 37:4 60:22 132:10 326:14 Maine 153:6 305:6 mainly 62:10 257:12 258:8 261:19 maintain 4:14 56:17 223:5 227:5 344:9 maintained 79:8 245:22 maintenance 101:10,13 major 29:3	31:2,5,16,21 32:4 62:20 76:15 140:19 155:22 238:17 239:1 260:20 308:8 317:9 334:13 335:3 338:20 351:5 majority 21:22 31:16 makeup 61:16 man 155:15 manage 46:17,18 232:7 235:4 238:14 manageable 57:8 management 44:22 106:9 127:15 128:5 157:5 160:8,10,13,19 235:3 304:14 307:9 managing 22:8 46:14 273:5 mandated 108:15 109:7,14 110:11 mandatory 73:7 142:2 manifest 39:4 manipulate 275:9 281:17 294:9 manipulated 281:11 283:6 285:5 manipulating 281:9 manipulation	282:18 manipulations 282:10 manufactured 108:12 manufacturers 93:19 94:16 95:9 184:17 270:2 manufacturing 102:12 186:4 188:3 270:2 272:12 manure 5:21 104:6 March 4:5 303:16 Marcia 148:2 margin 31:22 56:15 63:17,20 64:12 97:14,16,20 98:13,16 110:20 112:13 114:5 115:14 116:10,13,14 118:1,3 123:22 124:12 125:6 127:13,15 135:9 155:7 187:6 223:5 263:15 288:9 290:10 291:4,10 293:16 295:20 margins 2:18 3:9 6:14 13:21 18:2,10 35:16 54:8 63:15,20 64:5,11 66:10,17 67:6 78:19 81:21 84:5,19 87:20 88:5 93:22 94:6	96:11,13 98:7 110:21,22 111:22 112:1 116:18 118:9 121:14 122:3 124:16 126:2 133:3,14,19 135:12 184:15 186:10 224:6 249:5 252:14 253:3 264:7 288:3,5 289:16 292:11,15,16 304:19 mark 84:5 88:2 94:2,3 100:10 105:6,10,15,17 107:18 110:15 111:13 114:14 116:22 118:5 119:2 120:13 121:21 123:5 125:15 126:18 127:19 128:16 130:1,6 164:3 308:19 310:19 316:18 marked 18:14 market 4:6 16:3,4,5,9 25:4 26:19 35:4 46:16,18 57:16 74:15 76:10 77:15 92:17 99:3 101:6 102:4 107:4,8,17 112:3,17,22 113:7,9,13 118:1 122:12 126:2,4,7,8,15 127:13 137:12 138:15 142:19
---	--	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

143:17 146:21 148:17 152:15 158:19 163:2,19 182:15 186:9 188:4,6,16,19,21 190:6 195:10,15 200:12,13 201:11,12 202:22 203:18,19,20 204:3,4 206:6 218:22 219:2,5 220:14,18,20 221:6 224:8 228:15 231:4 234:10 237:5,6,8 240:9 249:10,20 257:9 266:16 270:14,19 271:6,12,19,21,2 2 282:1,15,17 283:6 284:4 289:20 291:15,16,19 292:3,12,17 303:20 304:9 305:13,14,22 306:1 312:18 314:2 317:15 334:11 337:10 343:7 344:11,13 351:4,6 352:10 marketed 57:19 60:16 100:21 101:1 106:22 111:7 121:7 344:1 marketer 132:16 marketers 213:15 marketing 2:18 3:8 4:14 7:5 8:19 21:21 24:8 28:15	29:3 31:16,21 32:8 34:13,18 64:2 68:1 71:9 76:4 77:22 92:15,16,19,22 96:12 97:14,20 98:7 115:14 116:10,13 118:7 121:5 124:1 152:17 161:1 165:3 173:17 178:8 212:6,9 253:11 254:12 257:17,19 258:1,2 259:11,16 261:22 272:10 304:9,17 307:8 317:5 343:20,21 marketplace 3:2 7:4 8:13 15:16 18:8 30:22 31:14 33:11,17 34:1 35:2,7 45:1 57:18,20 59:4 68:22 73:6 75:19 77:12,19 82:22 137:17 146:4 150:4 152:5 163:14 164:1 197:18 209:12,16 222:2 245:2 246:3,6 248:18 302:21 309:11 340:8 341:3 markets 4:10,15 10:8,14 16:13 21:2,18 37:2 58:21 63:11 71:7,15 90:15 110:3 122:8 124:7 129:10,13	137:9 144:7 149:5 151:2 163:20,22 164:10 169:4 178:22 184:19 185:13 188:9 190:7 200:5,19 204:16 207:7 219:1 220:6 238:12 242:3 276:15 290:7 299:14,15,16 307:12,15,19 308:10 309:7 313:2,3,4 315:11 317:18 328:9 336:17 344:11 348:7 markup 124:7 Mary 177:6,7,9 178:5 205:20 219:21 226:7 228:5 231:13,18 242:19 243:11 245:3 246:12 250:18 251:5 332:12 348:17 Maryland 177:4 Mary's 210:18 221:22 masked 163:16 mass 238:9 Mastercard 249:9 master's 91:13 168:17 178:3 180:4 match 44:11 material 135:17 materials 258:7	259:21 math 260:9,11 268:13 274:20 matter 18:1 152:5 168:2 172:4 228:17 229:13 233:1 240:18 282:21 283:1 302:19 352:9,11 matters 310:2 311:13 maximize 43:7 77:12 maximum 122:16 123:22 124:12 may 4:7 11:4,18 16:18 24:5 30:20 39:19 40:14 42:9 44:11,12,13 49:13 54:12,19 67:2 71:1,20 81:5 88:10 109:9 117:3 119:5 125:7 184:13,14 185:2,6 187:11,13 188:8 204:2,4 211:22 215:6 222:5 223:8,9 226:11 246:20 248:17 258:12 268:16 276:10 280:14 304:1 316:17 328:20 338:13 maybe 13:14 27:2 31:12,15 42:19 50:11 58:3 80:17 93:21 105:18 110:7,12 114:17 117:1,4,19 123:14 124:5
---	---	---	---

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

138:19 198:12 203:7 221:3,4,5,6 222:8 227:17 235:3 241:20 247:19 288:7 300:19 323:8 328:9 330:22 347:7,8,9 McKibben 334:17 meal 195:1 266:2 324:19,20 338:1 meals 24:2 186:21 mean 35:18 39:19 48:9 51:11,12,18 52:11 54:4 60:11 63:22 66:9 69:15 76:2 97:21 102:4 141:3,4,14 203:20 225:15,16 226:20 227:17 233:5 235:21 236:10,12 240:22 248:10 263:19 272:6,18 275:21 279:5 284:21 293:17 296:2,10 298:9,10 300:5 339:11 347:6 meaning 227:7 333:3 meaningful 17:8 151:3 meaningless 133:20 means 6:16 16:3 39:9 94:12 96:22 97:19 214:1 233:4,5,8,9	234:6 236:11 245:11 261:2 meant 99:17 116:6 meantime 9:18 252:4 Meanwhile 148:20 measurable 17:9 measure 65:3 101:16 187:6 200:15 271:9 283:10 321:6 measured 99:4 185:3,14 200:17 285:1 measurement 191:4 193:8 measures 188:9 272:9 283:14 measuring 96:14 295:20 meat 21:9,12 25:19,21,22 28:21 33:7 45:4,13,16,20,21 ,22 46:1 53:17 54:4 64:7,11,14,20 65:7,13 66:1,9 74:1 140:4 152:21 165:20 169:8 238:13 242:5,16 258:14 268:22 273:3,5 282:15 298:10 316:7 338:22 meats 45:9 261:21 meat's 64:10 66:7 meat-type 258:21 mechanism 34:12	70:3 media 23:11 Medical 22:13 medicate 275:4 medication 275:5,6 medications 273:20 medium 104:17 meet 13:13 26:13 45:5 59:12,18 60:7 67:13 70:9 103:12 104:20 158:2 227:9 meeting 59:7 73:3 271:12 307:3 316:15,20 339:18 355:10 meetings 84:12 Megan 161:5 member 20:4 23:4 164:18 166:20 179:11,21 180:22 332:14 members 45:3 58:19 59:17 89:16 90:15 95:10 111:14 130:2 132:9 137:2 168:11 179:9 204:19 305:5 308:3 membership 241:20 memories 238:5 men 211:5 mention 74:2 95:11 120:5	182:21 230:11,17 251:12 mentioned 8:10 9:10 33:10 62:9 98:4 114:9 156:3 171:14 200:1 221:1 230:7,8 238:5 239:21 243:11 263:22 265:11 269:18,19 279:6 311:18 325:16 mentioning 325:12 merchants 248:22 mercy 71:6 merged 213:15 merger 199:19 200:1,10 201:3 202:5 225:2,5,6 226:4,19 244:14 317:8 mergers 159:2 183:14 189:20 199:12 200:2,14 201:4,8,12,14,18 203:15,16 244:22 312:8 321:6 merging 225:8 merit 182:9,22 message 25:12 26:1 44:19 305:17 312:5 messages 148:8 messenger 290:2 met 24:11 26:16 68:11 100:8 methods 239:4
---	--	--	---

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 56

335:7 metric 197:14 198:6 metro 190:5 Mexico 80:15 91:20 92:1,5 105:7 350:8 Mexico's 92:9 Meyer 22:7 27:4 36:4 59:22 67:2,4 70:12 79:11 139:16 329:2 MFN 231:15 MFNs 231:17 Miami 180:21 Michael 156:21 268:19 269:18 Michigan 231:16 Mickelsen 151:12 microphone 130:20 131:13 155:10 311:4 314:8 326:6 microphones 130:8 131:4 microwave 195:4,5 microwave-ready 195:7 mid 5:6 mid-'70s 106:2 middle 33:1 42:3 midrange 186:3 midsized 175:19 Midwest 102:12	145:3 146:11,21 mightily 157:6 mike 90:1 105:18 254:8 255:11 256:21 257:2 261:10 264:16 272:1 286:15 288:4 291:13 295:3 296:10,17 298:2 324:2 327:2 mikes 89:22 Mike's 290:4 miles 40:15 103:17 208:18 277:6 280:2,5 military 167:17 milk 9:14,21 53:15,16 54:3 75:9,10 88:18 89:3,6,8 91:12 92:4,15,16,19,22 93:11,15,18 94:15,21 95:2,13 96:5,6,7,16,17,1 8,19,22 97:1,4,6,19 98:8,12,13,21 99:9,11,18,20 100:5,15,21 101:1,2,16 102:1,7,9,10,15, 19 103:9,13,16,18,1 9,22 104:10,13,21 106:3,9,22 107:4,7,8,14,15, 17 108:4,11,16 109:2,5,10,13,20 111:4,5,7,11	112:7,12,16,19,2 2 113:1,2,3,17,22 114:2,21 115:18,19 116:3,6,18 117:11,12 118:12,18 119:1,4,8,9,11,2 0 120:5,18,22 121:5,7,9,11,17, 22 122:3,11,12,21 123:8,13,18 124:9 126:18 127:14 128:8 129:9,11,12,15,1 7,22 133:17 135:1,6 146:9,11,13,17 147:7,8,11 160:17,19 161:1 167:10 192:18,19 240:9 304:9 317:5 347:4 milked 75:8 milker 104:15 milkers 104:16 milking 321:20 mill 280:8 million 9:19,20,22 41:8,17,22 108:19 172:14 179:9 189:15,16 311:21 320:3,10 330:9,15,18 343:20,21 352:5 353:11,16 354:10 mind 24:12 94:20	98:6 115:10 117:10 141:3 205:19 306:10 mine 100:11 105:19 minimize 160:11 minimum 96:21 97:7 109:14,18 122:3,13,15,16 124:12 mining 170:10 Minnesota 91:10,14,18 100:19 102:8 104:3,5,7 107:21 128:1 138:5 340:12 minor 159:15 Minority 179:20 minus 260:10 298:19 minute 207:21 minutes 2:9 84:4 111:20 131:5 151:10 286:12 287:20 302:1 311:3 miracle 78:14 mirror 220:12,13 224:5 misconception 64:7 misguided 75:2 misimpression 190:11 missed 170:4 345:3
--	---	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 57

<p>missing 218:2 mission 339:22 Mississippi 13:5 20:22 21:4 Missouri 5:10,15 141:21 142:21 143:4 177:7,12,17 178:4 181:13,14 243:7 337:6 343:4,5,18 Missourian 181:15 mistake 230:14 279:18 mitigate 158:19 335:8 Mitten 164:16 mix 53:18 57:5 194:15 Mizzou 177:8 mobilize 333:17 model 6:1 162:9 220:9,12 242:15 291:14,17 models 26:14 159:14 163:19 208:3 254:12 291:18 moderate 84:8 moderating 84:17,21 moderator 197:1 modern 235:13 modernized 308:12 modest 317:8</p>	<p>modestly 185:21 modified 303:20 mold 44:13 mom 138:20 139:5 309:3 moment 221:9 322:21 338:5 341:6 money 26:21 41:20 42:1 50:4 119:17 120:10,11 126:1 129:8,9 134:15 138:11 147:13 267:19 268:3 291:2 294:14 314:6,11 326:15,17 328:10 342:15,17 346:5 347:16 monitor 60:8 92:18 342:8 monopolies 143:4,7 144:10,17 monopolist 225:21 monopolistic 158:8 169:4,10 monopoly 142:8 143:5 150:19 152:7,20 220:9,11,17 222:6 224:5,9 318:1,7 monopsony 184:21 185:7 220:10 222:6 223:22 224:4,9,12 225:4</p>	<p>230:5,6 251:7 348:16 349:4,10 Monsanto 148:12 Monsanto's 150:19 Montana 151:14 month 26:20,21 36:20 96:17 97:2 101:15 109:2 115:11 117:15 123:2 277:14 281:6 monthly 96:18 months 14:20 18:13 57:15 106:1 113:20 115:12 154:7 194:11 242:2 327:7 336:15 monumental 238:16 moral 333:1,3,9 Moreover 317:16 morning 2:2 24:16 26:11 88:2 94:21 108:5 131:16 136:11 141:19 143:20 152:14 154:22 156:21 160:1 161:7 173:12 178:7 190:12 197:3 206:21 215:6 227:14 238:3 311:1 321:21 morning's 171:14 mortgage 274:1 mortgages 348:13 mostly 213:21</p>	<p>220:1 mother 208:13 293:5 motion 202:21 move 3:6 29:1 30:18 75:16 93:21 99:5,10 137:15 144:6,21 178:12,14 198:17 238:1 239:1,2 240:1 241:1 242:11 247:16 277:8 279:9 296:14,15 322:8 moved 139:9,10 167:16 304:1 movement 232:3 257:12 291:3 317:2 321:15 322:18 323:18 353:19 movements 236:19 255:5 288:8 290:12 movers 132:14 moves 34:13 101:2 111:5 129:9 movie 212:11 moving 46:20 94:22 96:12 109:4,12,15,21 214:18 252:22 Mugar 326:21 multinational 139:4 170:9 multiple 73:12 123:8 124:3 multiplication</p>
---	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>330:16 Mulvey 136:11 Murphy 352:16,17 Music 180:8 muster 102:16 myself 61:12 121:4 164:21 166:11 167:15 177:9 267:20 273:14 295:19 296:17 316:8 323:8 344:10 346:17 myth 152:15</p> <hr/> <p style="text-align: center;">N</p> <hr/> <p>name's 312:12 324:2 Nancy 333:15 napkin 291:6 narrow 66:18 246:15 narrowly 206:5 220:5 NATASHA 356:2,16 nation 18:20 52:9 86:5 135:14 169:21 197:21 330:10,19 334:14 national 21:6,9 22:3,15 23:2 99:4 111:8 120:18 125:11 136:7 138:9 143:21 176:11 178:1 179:15,17 180:11,12,18,20 220:20 263:5</p>	<p>302:19 321:11 331:1,5 337:21 339:20 349:14 nations 52:2 nation's 12:7 13:19 154:18 302:18 nationwide 154:9 160:9 natural 33:15,21 35:12 36:7 60:17 166:5 209:20 247:11 349:6 nature 3:18 111:5 115:21 204:2 Naval 181:17 nearest 40:15 nearly 6:18 13:18 23:8 45:17 67:14 91:22 115:6 Nebraska 178:2 208:7 243:13 necessarily 33:1 49:18 97:20 100:3 126:8,9 196:16 222:10 235:11 237:15 240:13 315:17 necessary 15:15 220:15 309:22 311:12 negative 169:2 267:15 330:6 negatively 105:16 137:4 negligent 228:1 negotiate 70:8 277:19</p>	<p>negotiated 271:20 negotiating 222:1 negotiations 21:16 69:22 218:11 neighborhood 138:7 neighboring 124:11 neighbors 60:15 70:19 103:18,21 315:22 neither 356:7 nervous 326:5 net 75:17 260:3 262:15 270:10 308:8 network 148:3,4 150:15 172:12 Networking 177:11 newly 93:5 news 126:20 183:13,21 231:3 Newtown 336:9,12,18 337:8 NGA 180:16,19 NGOs 172:13 nice 13:12 266:22 niche 36:7 304:16 niches 44:2 Nicholson 90:17 93:16 94:1 114:18 115:3 123:15 nickel 236:7</p>	<p>Nieman 138:6 nine 14:20 37:11 78:22 190:16,17 193:2 210:15 274:18 327:6 NMA 21:11 nobody 236:6 nobody's 128:3 NOFA 164:18 non-bidding 71:21 noncash 190:15,19,20 none 82:12 325:13 nonetheless 117:16 292:13 338:3 nonfood 183:19 non-GMO 137:10 148:17 nongovernment 324:10 non-hormone 57:13 nonprofit 23:8 162:18 175:20 318:18 339:21 nontraditional 183:18 184:7 noodle 161:14 nor 281:19 284:14 356:8,11 normal 4:7 155:5,9 289:22 291:8 292:4 304:1 306:8 341:20 north 129:12</p>
--	---	---	---

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

179:12 180:4 208:16,20 243:13 253:14 254:10 278:14 290:4 318:19 332:16 northeast 141:20 northwest 313:14 northwestern 22:8 notably 187:8 Notary 356:1,17 notch 210:11 note 96:8 98:9 218:20 231:13 noted 213:14 234:18 notes 178:14 181:2 nothing 16:1,2 80:12 141:3 142:6 155:16 221:19 228:1 250:5 261:7 265:11 269:3 notice 9:8 235:22 noticeably 256:18 noticed 27:6 264:17 326:6 notion 347:11,12 novested 292:6 nowadays 238:19 nowhere 286:7 nuanced 18:4 number's 193:20 numerous 22:14 256:16 271:7 nutrient-dense	165:22 nutrition 158:3 211:12 nutritious 30:7 39:3,6 78:12 83:2 171:20 211:14 <hr/> O <hr/> Oath 141:5 oats 101:5 Obama 2:20 3:21 87:2 244:18 308:1 Obama's 16:6 obesity 149:13 171:17 212:9 objective 296:12 objectively 285:4 294:17 obtain 146:2 obtained 145:16 obvious 76:2 348:20 obviously 25:8 40:14 44:8 52:16 53:11 76:21 107:19 130:2 182:9,20,22 249:5 260:18 occasionally 230:21 occur 222:2 262:10 occurred 146:4 238:9,18 312:8 occurring 122:7	235:7 occurs 234:21 OCM 332:14 October 113:17 offer 48:3 95:16 221:18 244:3 263:8,11 338:21 offered 131:22 138:16 203:22 offering 49:4 210:9,12,17 off-farm 42:9 340:15,18 office 90:21 274:9 officer 22:18 91:17 332:14 356:2 official 12:5 20:9 officials 15:6 92:21 offsetting 298:13 oft 230:7,8 oh 69:20 119:11 281:11 294:13 Ohio 243:7 312:13 313:5,6,7,15,20 oil 334:21 okra 33:4 old 121:4 175:13 176:6 208:13,16,20 282:17 293:22 313:15,16 older 6:9 oldest 13:19 oligopolists 247:15	oligopoly 235:1 oligopsony 235:2 one-hour 89:11 onerous 306:8 ones 56:18 61:19 120:10 127:1 216:8 218:6 269:10 300:18 337:7,8 one-stop 159:14 259:8 one-tenth 41:18 ongoing 130:3 136:5 157:14 183:2 231:15 257:6 online 16:14 72:17 73:11 209:21 on-one 216:11 onset 215:3 onto 31:6 56:14 open 2:21 3:22 17:1 19:9 21:17 23:14 31:7,11,19 90:1 130:8 143:7,12 166:11 210:5 263:10 310:13 opened 16:21 32:7 308:9 open-end 71:8 open-ended 61:8 opening 215:10 operate 23:14 47:14 56:19 64:1 91:9 107:11 246:16 267:22
---	--	---	--

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 60

<p>operated 106:17,21 253:15</p> <p>operates 91:11</p> <p>operating 56:11 92:1 109:22 232:11</p> <p>operation 22:9,10 33:1,2 42:5 91:21 92:5 100:19 105:8 143:1 250:2 253:15 296:8 312:22 315:18 326:4 347:7</p> <p>operational 106:5 145:13,16</p> <p>operations 42:18,19 145:10,14 249:5 344:9</p> <p>operative 131:20 132:9 145:3</p> <p>operator 249:14</p> <p>operators 6:10 242:17 243:1,9</p> <p>opinion 138:11 285:6</p> <p>opportunities 7:22 10:13 14:3 58:16 59:21 60:2 84:22 247:15 277:18 307:8 308:18</p> <p>opportunity 17:4 19:2,11 24:17 55:14 58:12 83:15 84:10 120:21 131:22 134:1,10 154:20 173:1 199:5</p>	<p>201:9,11 209:11 244:3,11 281:14 294:8 319:6 322:10,11 327:7 344:13</p> <p>oppose 350:17,18</p> <p>opposed 29:18 195:7</p> <p>opposite 115:4 122:7</p> <p>oppression 79:18</p> <p>optimistic 5:2</p> <p>option 81:11 160:8 161:15 278:3</p> <p>options 4:14 34:4 48:5 100:22 161:22 162:3 163:15 337:3,19</p> <p>oral 277:4</p> <p>orange 166:12 167:11 192:14</p> <p>oranges 73:22</p> <p>order 20:19 33:20 43:17 61:5 77:10 90:9 110:11 113:4 136:3 149:2 242:10 251:21 263:16 304:9 317:5 333:12</p> <p>orders 25:10 33:21 44:10 127:12 240:10</p> <p>ordinary 150:13</p> <p>Oregon 337:6</p> <p>organic 21:2 30:3 33:15,21 149:4,10</p>	<p>166:6,20 200:18 209:20</p> <p>organization 48:2 68:3,4 112:4 162:18 193:16 214:17 318:18 335:19 339:21 343:6</p> <p>organizations 22:15 23:8 136:16 173:22 189:8 303:8 311:19 323:7 324:11</p> <p>organization's 176:21</p> <p>Organizations 125:11</p> <p>organized 334:17</p> <p>organizer 176:14 177:1</p> <p>organizing 171:9 179:17 182:11</p> <p>origin 44:14 68:12</p> <p>original 246:12,14</p> <p>originate 43:17</p> <p>origination 137:11</p> <p>others 18:4 45:7 57:4 118:8 200:7,16 206:13 208:3 213:14 215:12 228:21 243:6,16 272:1 273:6,14 286:15 307:22 309:8,22</p> <p>other's 7:22</p> <p>Others 208:14</p> <p>otherwise 80:14</p>	<p>98:3 118:2 185:17 356:12</p> <p>ought 294:20,21 325:19</p> <p>ourselves 14:13 41:1 54:5 217:22</p> <p>outbreak 154:5,6 213:11</p> <p>outcome 356:12</p> <p>outcomes 225:3</p> <p>outcry 202:18</p> <p>outdated 248:17</p> <p>outlets 39:21 40:11 66:1 76:4 278:10,12,15 336:16 337:12 351:4,6</p> <p>outlined 16:16 201:2</p> <p>output 221:11</p> <p>outputs 258:6</p> <p>outrageous 154:14</p> <p>outreach 23:11</p> <p>outside 63:7 211:6 226:3 288:5 300:12 301:17</p> <p>outstanding 12:13 14:8 93:12</p> <p>overabundance 238:13</p> <p>overall 27:9 185:18 186:4 187:20 255:16 256:5,14 259:11 261:20 325:16</p> <p>overdosed 268:15</p>
---	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 61

<p>overeat 213:2</p> <p>Overeating 212:20</p> <p>overhead 65:16 110:1 294:14</p> <p>overlay 241:7</p> <p>overly 163:2</p> <p>over-order 129:20</p> <p>overproduce 299:15</p> <p>overriding 57:6</p> <p>overseas 152:19</p> <p>oversees 23:10</p> <p>oversight 218:3 219:6</p> <p>overstates 65:2</p> <p>overstep 115:8</p> <p>overview 93:16,17 95:15 100:12 108:6 188:19</p> <p>overwhelming 4:22</p> <p>overworked 348:11</p> <p>owed 11:10</p> <p>owned 49:14,15,16 72:1 151:18 253:15</p> <p>owner 151:21</p> <p>ownership 165:18 304:15</p> <p>owning 49:12</p> <p>owns 278:2,5</p> <p>Ozer 321:10</p> <hr/> <p style="text-align: center;">P</p> <hr/>	<p>p.m 252:19 355:10</p> <p>pace 53:6 352:1</p> <p>Pacific 22:18 181:17</p> <p>package 194:15</p> <p>packaged 66:13 68:19</p> <p>packages 25:21</p> <p>packaging 97:18 98:2,20 112:15 184:10 263:2 334:7</p> <p>packer 6:19 7:2 26:5 29:7 34:1 43:1,3,11 44:10,13 55:13 57:5 58:19 59:2 63:17 72:1 80:19 267:14 273:5 300:6 304:15 313:4,5</p> <p>packers 43:18 44:4,8 55:8 73:8 76:3 139:4,11 227:20 238:13 265:6 271:6 277:2,6 344:5 350:22 351:5,11</p> <p>packer's 44:11</p> <p>Packers 8:9,17 15:1 77:8 80:11 293:21 316:10 321:1</p> <p>packing 25:7 44:7 74:7 157:17 286:2 298:10 336:20</p> <p>pads 5:18</p> <p>page 27:2</p>	<p>pages 356:4</p> <p>paid 26:22 58:11 89:3 98:21 107:10 108:16,21 109:2 135:8 169:16 259:18 266:1 270:4 274:14 281:4,15,18 282:3,5,19 283:9 301:4 320:2,8 347:3,13</p> <p>pain 125:13</p> <p>painful 306:22</p> <p>PAN 148:3,6</p> <p>panel 19:10 26:11 73:4 84:4,8,13,19 87:14 88:4 89:11,15 90:3,10,16 93:14 98:5,8 100:11 111:14,18 118:6 128:17 130:2 134:11 139:20 171:14 173:4,9 181:21 189:2 202:10 252:11 253:2,5 254:14,21 255:5,7 257:16 259:19 262:21 264:1,12 286:16 287:12 297:22 325:11</p> <p>panelist 153:14</p> <p>panelists 2:8 11:8,9 19:12 20:16 23:20 67:21 83:16 152:13 173:21</p>	<p>174:3 189:5 304:7 354:21,22</p> <p>panels 85:20 254:17 256:17 305:11 322:11</p> <p>paper 55:1 111:19 215:12 267:10 275:12 282:14 284:10 291:6 346:5</p> <p>papers 296:18</p> <p>Paragon 139:18</p> <p>paralyzed 158:10</p> <p>parents 47:15 145:6 340:18</p> <p>parity 37:3 104:22 105:4 157:6 330:11,13 331:3,6</p> <p>park 239:15</p> <p>parked 252:18</p> <p>parking 242:22 252:17</p> <p>partial 160:22</p> <p>partially 49:1 223:8</p> <p>participant 306:17 332:10</p> <p>participants 9:16 89:1 304:2 305:4,12</p> <p>participate 11:9 26:11 156:16 182:8 209:11 233:10</p> <p>participated 85:20 205:11 354:22</p>
---	---	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 62

<p>participating 85:6</p> <p>participation 19:1 130:7 171:18 248:9 305:3</p> <p>particular 8:3 9:7 63:6 88:17 97:21 100:1 115:7 137:13 148:15 176:2 232:1 258:15,16 270:14 280:4 293:7 299:4 312:21 329:18 347:14,16</p> <p>particularly 83:3 96:4 116:20 124:21 194:13,17 199:8 200:4 206:14 257:10 261:8 280:18 333:20</p> <p>parties 34:15 317:17 356:8,11</p> <p>partner 20:3 180:16 218:15 242:19</p> <p>partners 77:16 86:18 353:9</p> <p>partnership 14:7 86:20 302:8</p> <p>pass 58:12 64:1 65:20 70:15 90:4,8 99:16 100:2,4 102:16,18 114:8,12 164:4 221:8 222:19 228:9 246:9 287:12 290:15,21</p>	<p>342:10</p> <p>passage 17:11</p> <p>passed 57:21 67:5 113:5,6 123:19 132:17 192:4 221:5 234:3,13,15 237:4,13 240:11 290:13 342:22</p> <p>passing 186:11 236:6 249:21 286:5 289:18 306:17</p> <p>passionate 19:16</p> <p>passthrough 287:14</p> <p>pass-through 77:8 99:13</p> <p>past 6:4 8:11 15:19 16:22 26:14 27:2 46:13 48:8 50:1 54:10 66:6 81:8 88:9,19 95:19 96:3 98:9 144:3,4 145:12,21 161:9 172:15 183:16 185:21 191:11 196:11 197:9 209:13 226:20 235:18 244:22 253:20 310:9</p> <p>pasteurizing 109:11</p> <p>pastured 165:21</p> <p>pastweek 148:7</p> <p>patent 142:8,12 143:16 158:21</p>	<p>patented 158:12</p> <p>patents 158:6,7</p> <p>path 251:9</p> <p>Pathmark 200:4</p> <p>Patman 229:10</p> <p>patriotic 79:17</p> <p>patriotism 341:11</p> <p>pattern 203:17 311:1</p> <p>Paul 138:3</p> <p>pay 7:6 44:12,16 45:12 50:8,13,14 97:6,8 109:9 119:15 123:2 164:22 165:19 202:2,3 216:22 235:19 239:3 249:17,18 259:14,15 269:4 277:5,11 281:1,3,10,17 282:7,9 283:8,10 284:22 285:14 305:1 319:17 324:16 348:13</p> <p>paychecks 85:14</p> <p>payer 293:5</p> <p>paying 14:14 51:6,11 52:3 54:9 65:4 97:1 99:9 109:16 110:6,11 119:12 137:6 197:16 198:7 230:1,2 285:1</p> <p>payments 9:19 185:1,10 346:7,10 348:12</p> <p>pays 96:19 236:6</p>	<p>347:14</p> <p>Peabody 180:7</p> <p>Peace 90:22</p> <p>Peach 70:2</p> <p>peaked 38:12</p> <p>peanut 213:11</p> <p>Peanuts 213:11</p> <p>penalize 280:14</p> <p>penetration 126:21</p> <p>pennies 56:12</p> <p>Pennsylvania 90:13 92:15,19,22 107:22 108:3,7,16,17,18 ,19 109:1 110:5,6,18 111:12 112:10 117:20 122:2,4 123:3,6 124:11 125:20 128:20,22 129:2 159:22</p> <p>penny 35:16 54:8 64:6 283:5</p> <p>people 7:15 12:8 38:10 40:22 41:14 51:20 60:12 78:12 79:1 80:8 83:9 84:10 86:4,14 100:14 102:5,6 119:10,11,15 120:9 122:18 126:17 130:19 131:6,10 135:20,21 143:8 153:20,21</p>
--	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 63

<p>154:11 155:19 161:7,10 162:1,12 167:12 168:8 172:7 173:1 191:1,7 193:9 198:7 203:4,6 207:2 208:7 209:4 213:2,14 214:4 215:13 223:7 230:13 232:14 235:15 241:21 242:1 243:12,14 247:18 254:20 256:16 257:16 264:2 266:22 273:13 275:8 276:11,20 277:9 279:6 285:1 289:3,14,21 291:22 292:7,9 296:17 300:11 301:2 311:5,21 312:3,6 320:14 323:19,21,22 327:5,15 328:15 332:18 333:18,22 335:4,19 342:4,11 346:21 348:4,12 349:6,15 352:22 353:13,16,18,20 354:3,11,15</p> <p>people's 261:16</p> <p>per 75:9 113:18,19 146:12,13 147:7,8,11 202:16 203:20 236:10 258:1 260:6 266:10,11,14 274:14,15</p>	<p>277:11,12 281:5 282:3,9,20,22 283:5,11,14 284:3</p> <p>percent 6:9,11,17,18,19, 20,21 7:1,2,7,8,9 27:6 28:5 35:21,22 37:7,9,11,21,22 38:2 41:4,15,17,18,19 42:3 45:18 51:6,7,8 52:3,7,8 53:1,2,3 67:15 71:7,22 72:9,11 92:7 95:4 99:19,20 102:9,10 111:3 121:11 135:17 138:12 146:19 148:11,12 152:21 168:10 183:4,9,11 184:8 189:22 190:4,6,12,16,17, 21 191:2,3,11,16,18 192:7,11,19,20 193:1,2,20,21 194:8,10 195:16,17,18,19 196:1,2,3,5,6 197:11,12,15 198:16 211:8 212:1,15 215:22 216:1 217:16 218:22 219:2,5 220:17,19 233:2 249:3,15 250:4,5 255:17,20 256:4,5,8 260:8,9,10,11,13</p>	<p>,16,17,22 261:2,4,5,6 267:13,14,15,22 270:6 271:6,11,21 272:14,15 273:21,22 274:22 289:6,8,10,11 296:1,2 298:3 314:17 330:12,14 340:17 343:18 344:17 350:22</p> <p>percentage 6:18 51:12 52:21 145:14</p> <p>percentages 36:9 146:3 255:22 274:20</p> <p>perception 55:7 100:1</p> <p>perform 160:21</p> <p>performance 26:14 283:4</p> <p>perhaps 48:8 126:19,20 235:2 338:14</p> <p>perimeter 242:16</p> <p>period 6:9 30:4 31:11 36:16 40:7 50:10 83:2 98:18,22 116:1,10 217:1 240:19 251:16 255:15,17 256:3,11,19 261:1 265:11 269:22 270:6,7 290:14,22 291:4 318:3 343:16</p>	<p>351:8</p> <p>periods 95:21 100:7 124:21 125:5 239:13 255:6 260:14</p> <p>periods.The 291:5</p> <p>perishable 75:13 271:17 279:6</p> <p>pernicious 231:16</p> <p>perpetuated 201:11</p> <p>Perry 343:2,3</p> <p>perseverance 341:11</p> <p>person 82:2 156:5 248:11 273:15 301:5 320:17</p> <p>personal 260:13 261:4,13</p> <p>personally 75:20 300:8</p> <p>personnel 133:8</p> <p>person's 47:22</p> <p>perspective 24:7 25:8 26:6 31:3,7 42:13 48:3,9 95:17 100:16 193:14 198:22 204:21 209:8 210:21 219:14,19 226:8 227:11 234:7 239:11 249:1 276:13 277:1 305:10</p> <p>perspectives 13:4 30:21 323:12</p> <p>pertain 125:21</p>
--	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 64

<p>pesticide 148:3,11 150:15</p> <p>pesticides 148:22</p> <p>Peter 151:12 204:19 206:17 316:12 321:14 346:15</p> <p>Peterson 128:1</p> <p>petition 154:11 311:14</p> <p>petitioners 311:13</p> <p>Pew 332:16</p> <p>ph 166:20</p> <p>Ph.D 175:6 178:3 181:12</p> <p>phantom 128:7</p> <p>phase 27:21 28:8 130:7</p> <p>PhD 93:7</p> <p>phenomena 234:12,18 238:10,18 239:2,3</p> <p>phenomenal 78:19</p> <p>phenomenon 54:15 55:2</p> <p>Philadelphia 110:4 175:4</p> <p>phone 72:14 194:21</p> <p>phosphorous 348:5,8,10</p> <p>phrased 234:10</p> <p>pick 29:21 89:21 102:15 103:19</p> <p>picked 46:15</p>	<p>72:11 256:9</p> <p>picking 287:21</p> <p>pickle 216:14,21</p> <p>pickles 216:22 217:2</p> <p>pickup 69:12 315:6</p> <p>picture 113:16 328:19 348:21</p> <p>pictures 117:8</p> <p>pie 138:20,21,22 139:2,3,5,7 195:11,12 196:19 217:13 234:17</p> <p>piece 68:2,4 111:19 152:22 218:21 230:17,19 231:8 344:20 346:4</p> <p>pieces 293:8</p> <p>pig 266:13</p> <p>pigs 266:10,11 277:9,17 278:6,11 299:14</p> <p>pipe 42:12</p> <p>Pippin 336:9,12,18 337:8</p> <p>places 80:15 206:19 290:21 294:20</p> <p>placing 212:10</p> <p>Plainview 103:16</p> <p>plan 29:7</p> <p>plane 321:20</p> <p>planet 78:8 251:2</p>	<p>334:18</p> <p>planning 104:6 135:3 302:11</p> <p>plans 176:15</p> <p>plant 75:5,12 106:22 107:2,4 108:17 109:11 121:9 142:16 148:18 158:1 280:5 284:8,12</p> <p>planting 158:7</p> <p>plants 17:16 47:2</p> <p>plasm 158:13</p> <p>plausible 318:7</p> <p>play 95:8 204:5 250:15</p> <p>player 31:21 345:14</p> <p>players 38:9 335:3</p> <p>playing 16:1 31:14 140:16 314:2 345:7</p> <p>plays 78:8 207:12</p> <p>plead 293:14</p> <p>please 12:15 42:12 87:22 90:4 154:15 156:10 162:9 164:3,4,5,11 337:17 338:15</p> <p>pleased 175:10 178:8 181:18 319:10</p> <p>pleasure 12:20 87:13,14 214:22</p> <p>pledge 85:6 87:2</p> <p>plow 129:5</p>	<p>Plumber 293:3</p> <p>plummeted 51:4</p> <p>Plus 129:14 312:14</p> <p>pocket 280:17</p> <p>podium 11:14</p> <p>point 13:20 52:12 68:10 83:19 89:20 112:5 117:2,9 126:6,16 140:17 150:5 164:2 196:8 198:5 199:19 200:8 202:15 204:4,20,22 209:3 210:18 213:6 222:9 224:14 230:11 238:7 263:18 264:6 272:3 330:7 332:2</p> <p>pointed 216:4 327:14</p> <p>points 83:17 94:9 100:12 116:16 126:5 132:10 133:22 139:19 189:10 194:4 203:1 212:19 228:6 329:15 331:11</p> <p>poisoning 213:13</p> <p>poisons 149:19</p> <p>poke 196:7</p> <p>police 308:12</p> <p>policies 87:10 145:22 233:13 246:5</p> <p>policy 23:6,12</p>
--	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 65

<p>91:17 93:6 128:15 150:12 176:2,13,19,20 178:22 179:1 181:7 188:14 200:10 230:12 231:10 244:4 245:6,9 246:1 247:7,9 254:2,12</p> <p>political 142:15 143:10 176:5 180:3 322:16</p> <p>poll 210:14</p> <p>Pollock 175:3</p> <p>Poly 91:7 123:17</p> <p>Polytechnic 90:19</p> <p>pondered 306:13</p> <p>pool 70:3</p> <p>poor 105:1 169:5 191:4 198:6 203:3,4 279:8</p> <p>population 6:12 41:18 145:18 208:7 340:4</p> <p>pork 5:9 21:18 25:20 41:1,3,4 138:9,10 141:10,12 144:10 192:9 238:11 254:6 255:18 256:7,16 257:18 260:4,21 265:10 268:21 343:7</p> <p>portfolio 174:14</p> <p>portion 100:5</p> <p>pose 18:6 23:20 42:11</p> <p>posed 149:17</p>	<p>244:1</p> <p>posited 234:19</p> <p>position 21:10 29:18 176:13 179:13 223:10</p> <p>positions 13:17 20:1 175:15</p> <p>positive 323:13</p> <p>possibility 235:6</p> <p>possible 49:2 56:13 57:8 60:14 131:6,11 225:17 226:1 302:13 322:19 325:20 327:9</p> <p>possibly 86:11,12 131:10 311:5</p> <p>post 187:15</p> <p>potato 212:1</p> <p>potential 3:11 200:9 235:1 248:14 307:11 308:16</p> <p>poultry 2:18 3:9 4:8 8:6,20 9:6,9 15:2 17:21 32:2 84:20 140:2,12 144:10 179:15 194:19 253:3,19 265:8,12 269:2 273:4,12 279:21 284:13 285:10,12 288:15,16 293:4,15,22 300:9,10 304:2 306:3,8 318:9,12,20 319:1 321:5,7,8,13</p>	<p>324:3 325:8 327:21 332:13 343:12,14 345:20 346:1</p> <p>poultry's 293:17</p> <p>pound 56:5 98:17,18 147:2,3,5 256:12 265:22 266:13,14 267:5,7 274:14,15 281:15,19 282:3,9 283:5 316:5,8</p> <p>pounds 9:22 147:7,8 167:17 266:12,14 282:14 284:2</p> <p>poured 327:15</p> <p>power 76:8,11 112:3,17,22 113:9,12,13 114:6,22 176:3 184:21,22 185:4 186:10 188:6,7,20,21 203:20 204:3,5,11,22 206:6,9,10,13,15 ,16,18,19 208:1 209:3 211:1 216:8,9 219:11,17 220:1,2,15 221:2,6,7,16,18, 21,22 222:7 223:12,22 224:9,12 225:4,10,15 228:22 229:2 233:8 234:6</p>	<p>235:2 238:22 244:10 246:18 249:10,20 251:8 257:9 259:19 260:15 261:15 270:14,19,21,22 271:9 289:21 291:15,16,20 292:3,12,18 295:6 303:3 305:22 349:5,10</p> <p>powerful 189:15 224:16 225:22</p> <p>powers 158:22 207:6</p> <p>Pozen 84:16 173:8 178:12 189:3 193:12 196:21 197:5 198:1,12,17 199:3 201:20 205:14 209:7 210:17 214:6,10 219:13 223:19 226:5,10 228:2 231:12 233:14,21 239:10 241:5 243:20 244:17 245:3,17 246:8 247:8 248:2,5,19 250:10,13,19 252:9</p> <p>PPI 186:2,4,5,6,8 187:12 188:2</p> <p>PPIs 186:3,9 188:2</p> <p>practice 8:5 12:1 20:5,6 46:22 99:15 115:15 168:15 175:13</p> <p>practiced 168:15</p>
---	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 66

175:1 practices 8:13 16:19 38:19 87:10 248:14 251:13 334:7,21 348:1 350:7 precedents 350:4 predecessor 180:19 premium 44:12 46:1 58:9,11 108:15,18 109:8 110:11 111:10 113:4 129:20,22 premiums 45:12 60:22 109:7,8,17 123:2 146:14 prepackaged 49:4 preparation 125:3 187:9,11 Preparatory 180:7 prepare 47:17 244:2 prepared 15:14 24:2 48:22 89:17 185:16 186:21 187:17,20 210:9 269:10 preparing 47:19,22 prescriptions 259:6 present 79:14 158:8 165:10 182:13 211:20 presented 177:22 presents 107:20 President 3:20	8:11 16:6 20:12 21:6 22:21 143:21 175:11 177:19,20 179:6,20 180:10 254:6 314:22 President's 174:20 308:3 press 120:18 121:1 pressed 286:11 pressure 113:3 163:7 213:16 259:17 pressures 162:22 163:20 249:4 presumably 116:7 124:12 presume 278:6 pretty 29:5 38:3,11 42:8 46:16 47:10 50:7 69:21 80:16 103:11 108:9 121:10,13 124:4 132:18 193:22 194:1 203:3,9 205:9 209:14 235:6 236:16,18 238:8 248:7 256:18 268:20 287:5,9 295:14 299:17 330:10 337:5 353:15 354:4 prevent 81:8 123:12 148:21 preventable 154:14 prevention 188:21	previous 14:2 182:11 256:16 257:16 259:18 262:21 264:1 previously 21:22 153:14 237:7 price 9:15 28:16,17 37:5 44:12 45:15 46:8 49:22 50:8 53:10 54:16 57:7 61:9,10,17,18,22 64:18,19 65:21 66:4 67:11 69:19,22 70:4,6,9 71:4 72:5,16 73:8,17,20 82:13 88:5 89:3 95:19,20 96:16,18 97:15 98:16 99:8,16 100:5,6 101:2 103:6 104:21 105:1,2,4 106:3 108:9,11 109:3,5,6,14,16, 19 110:3 111:2,7,8,9,22 112:1,6,12,13 113:3,18,22 114:1,2,21,22 115:21 118:21 119:8,10,20 121:2,20 122:9,13,18,21,2 2 123:8,9,18,20,21 124:5,9,20 125:5 127:14 129:10 132:13,14 133:2 135:1 138:16 140:18,21	141:7,13 142:2 146:8,10,12,17 147:18 149:6 160:12 166:22 167:4,10 185:15,18,20 186:14,16,18,22 187:2,13,22 191:16 192:19,20 206:5,6 210:7 216:21 217:5,8 221:14 222:3,15 223:4,14 225:11,21 226:1 229:1 230:1 233:17 234:1,2,3 236:2,3,4,7 237:9 239:19 240:10,14,18,20, 21 248:15 254:13,17,18 255:16,19 256:14 258:1 260:1,2,7,21 262:9 263:3 265:1 268:21 269:17 274:9 277:4,20 286:13,21 287:6 289:7,16 290:18 291:3 292:2,3,4 295:8,17 296:5 298:17,20 315:19 316:7 324:15 347:13 352:8 prices 14:22 35:19 48:11,15 49:22 50:2,6,8,14,22 51:14,15 53:10,14,19,21 54:8,13,18,19,22
---	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 67

<p>61:8 65:6 66:5 72:13,21 83:21 89:6 93:20 95:14 96:5,6,7,21 97:2,4,7,12 98:4 99:2,9,20,21 101:12 104:15 113:1 115:18,20 116:3,9 117:4,15 118:3,18,19 119:16 120:19 124:21 129:17 134:18 140:20 141:1 150:6 151:5 159:9,10 163:8 167:9 169:2 173:15 184:7,8 185:11 188:11 191:13 192:2,17,18,21,2 2 193:2 197:8 199:13,15 200:15,17 202:2 203:18,19,22 205:3,19 209:6 210:3 211:16 221:2 222:19 223:6 224:16 225:1 228:9 229:3 230:2 235:12,14,19 237:7,17 238:10,11 239:7,20 240:1 241:1 242:8 248:1 255:6 256:6,11,13,15 258:1,4 259:18,20 262:10 267:3 270:19 279:8 286:4 287:3,13,15 291:1</p>	<p>295:8,12,20,21 298:19 304:22 305:1,20,21 315:8,14,16 316:1,4 335:8 347:18 349:18 price-wise 161:17 pricing 13:21 18:2,10 69:13,14 73:13 90:14 93:10,15 108:4,8,10,21 112:22 114:6,22 115:14 116:18 119:3 123:13 126:21 128:13 135:6 202:16 205:17 234:10 237:19 238:18 240:8 247:22 pride 307:14 primarily 81:19 89:8 93:18 221:12 primary 79:1 194:19 210:16 prior 20:11 22:4 91:7 159:2 180:15 prioritize 165:9,10,15 priority 45:7 227:17 244:20 priors 238:6 private 18:15 20:2 22:22 29:1,3 168:15 175:13 207:2 218:8 269:12 308:6 310:12</p>	<p>317:11,16,17 privileging 245:12 proactive 320:22 322:7 probably 13:2 33:16 36:12 42:7 46:13 49:11 57:15 66:4 70:10 80:17 116:4,8 124:19 125:9 127:6 130:12 195:17 211:8 215:11,12 216:10 219:2 221:20 223:14 241:14 252:22 272:9 277:6 288:11 294:1 329:22 331:2,4 342:5,9,19 problem 9:9 15:11 37:4 60:11 103:17 162:9 164:2 213:9 214:1 224:14 225:16 226:2 237:20,21 249:19 251:6 286:8 291:5,7 295:16 314:14 334:2 342:7 349:11 problems 11:4 108:1 128:4 160:13 220:22 224:11 230:13 251:22 254:13 309:16 317:6 347:20 procedure 89:12 proceedings 356:7</p>	<p>process 8:4 9:2 15:8 16:15,16 17:18 19:8 29:6 44:17,19 58:14 71:21 74:11 76:22 111:11 137:18,21 157:10 183:2 215:4 218:6,15,17,20 227:12,14,16,17 248:9 290:1 353:1 processed 65:13 108:17 149:12 169:7 186:21 213:4,19 331:8 processes 352:10 processing 24:4,9 74:18 97:18 98:2 109:10 112:16 117:19 118:13 141:11,15 157:17 187:8 196:8,9,15 269:22 270:5,11 295:5,6 303:3 304:15 312:10 processor 107:6 112:20 132:17 269:9 291:16 292:11 295:15 304:10 305:6 306:9 processors 43:11 94:15 98:21 115:19 124:2 132:12 147:15 213:3 procurement 67:15 73:9</p>
---	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 68

<p>produce 8:1 29:19 31:17 37:15 41:14,18 54:4 66:16 100:14 113:11 135:16 161:19 165:21 167:16,17 242:17,21 243:3 266:10,13 337:13</p> <p>produced 32:20 33:13 108:16 111:11 149:2 213:22 221:14 254:19 325:8 331:8 344:1 353:5</p> <p>producer 5:10 6:16,21 22:7 27:5,10 33:20 36:14 55:18,21 58:22 60:14 61:21 63:16 67:9,17 69:18 75:21 80:16 81:11 82:2 90:12 102:20 108:9 138:9,10 146:5 164:17 166:3 185:20 186:13 187:13,22 192:8,9 267:1,15 277:22 278:14 283:16 326:3 327:21</p> <p>producer-handler 92:1 106:21</p> <p>producers 2:13 6:15 7:19 8:2 9:7 10:2,3,7 14:16 15:5,16,21 17:4 18:9 27:5,22</p>	<p>28:3 31:15 34:9 36:17,18,20 37:7,13 41:2,3,4,7,10 44:21 55:6 57:10,11,17 59:18 60:15 69:20 70:6,13 76:3 77:2 79:16 80:4,7,13,14 83:22 90:11 100:14 110:5,9 117:2 124:20 127:6 128:22 137:4,8 138:12 144:8,12 145:14 146:2,14,17 147:13,16 153:10 160:6 167:22 168:3 171:21 207:18 209:5 253:6 302:20 304:20,21 305:18,19,21 306:1,6 307:3,8,11,12 310:12 313:9,13 315:5 316:8 321:9 343:10 349:19 351:13,22</p> <p>producer's 75:3</p> <p>Producers 4:13 22:18 102:8 137:5 147:2 254:7 307:6</p> <p>produces 289:1 292:16 342:6</p> <p>producing 25:4 42:7 57:13 138:6,8 170:16</p>	<p>237:2 243:5 266:11 347:4 349:4,7 351:18</p> <p>product 25:14 26:8 37:3 43:8,22 44:14 57:2,12,19 58:8 59:1,9 60:10,18 64:12 70:15 71:1,19 72:4 73:11 74:14,17,18 75:13,16 80:2 93:19 94:16,22 95:3 128:9 146:5 165:22 166:1 195:11,13,14 217:7 220:6 237:15 240:19 247:1 253:10 258:3 260:6 262:18 263:4 279:6 300:2 326:10</p> <p>production 10:11 34:1 54:20 67:11,13 71:5 80:21 103:11 114:7 133:17 137:3 140:13 162:6 163:7 169:9 251:13 278:10 284:22 303:21 306:18 326:7,16 338:3</p> <p>productive 150:2 299:7 302:13</p> <p>productivity 184:12 269:21 270:8 272:13 298:6,14,19,22 307:10 352:7</p>	<p>products 10:10 25:11,18,19 26:4 28:6 33:10,12 34:3 36:7 37:6 43:6,7,19 44:3 45:12 46:2,15 59:12 64:13 65:7 68:14,18 69:6,11,22 72:16 73:10 74:10 89:9 93:11,18 94:20 95:2,7,9 97:19 99:14 103:2 110:7,13 142:1 145:15 148:22 149:6,12 160:17 171:22 183:22 184:9 186:5,8 187:16 188:10 195:7 211:15,17,21 212:13,14 213:12,18 217:9 243:3,6 247:22 257:10 260:3 262:18 263:1,6,16,19 269:10 304:16 307:7,15 308:11 331:4 337:14</p> <p>professionals 15:5</p> <p>professor 90:18 93:3,16 114:14,17,19 174:14 177:10 178:15 253:9 254:1,9 267:10 287:17,18,19 288:1 321:14</p> <p>profit 63:17,22 64:5,7,20 66:17 78:19 88:5 97:17</p>
--	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 69

<p>111:4 112:1,7 118:1 145:13 155:7 157:1 213:4 222:20 223:2,5 236:4 340:21</p> <p>profitability 9:15 76:11 79:10 86:19 97:22 140:10 249:6</p> <p>profitable 5:7,8 76:9 77:7 86:11 127:1 177:15</p> <p>profit-making 213:5</p> <p>profits 31:22 66:8,9,12 83:21 88:19 118:17 140:14,19,22 267:17 294:12 338:2,6</p> <p>profound 15:9</p> <p>program 9:20,21 58:4 61:14 108:7,15 109:1 127:7 160:7 176:18 177:12,18 318:16,17</p> <p>programs 27:7,8 33:15 45:4,6,19 59:5 60:17 61:5 95:14 108:8 125:6,9 159:13</p> <p>progress 17:9</p> <p>Project 138:5 177:11</p> <p>promise 282:6 310:17</p> <p>promote 230:20</p>	<p>232:20 243:3 309:10 340:1</p> <p>promoted 242:15</p> <p>promoting 10:3,9 140:4 242:21,22</p> <p>prompt 136:5</p> <p>prompting 45:22</p> <p>propane 274:8,11,15,18,2 2 306:4</p> <p>proper 26:16 83:20</p> <p>properly 221:15 301:10 348:11</p> <p>property 143:12 206:20 303:19</p> <p>proportion 51:2 65:7 187:15,19</p> <p>proportions 238:17</p> <p>proposal 125:19</p> <p>proposals 125:11 127:22 152:10</p> <p>propose 244:9</p> <p>proposed 8:18 81:2 138:18 151:15 279:4 319:7,8 326:2</p> <p>proposing 333:11</p> <p>proprietary 63:19</p> <p>pros 198:21</p> <p>prosecute 12:4</p> <p>prosperity 157:11</p> <p>protect 8:2 79:4</p> <p>protecting 319:15,16</p>	<p>Protection 142:16</p> <p>protections 158:15</p> <p>protein 120:5 128:8 140:4</p> <p>proud 17:6,19 102:22 165:7 250:22 330:3 342:2,19</p> <p>proudest 342:20</p> <p>prove 117:9 274:13</p> <p>proves 314:9</p> <p>provide 14:3 63:10 68:16 82:8 85:13 96:21 130:19,22 131:3,7,12 145:17 155:20 157:8 173:2 232:17 261:19 296:12 306:22 311:5 354:20</p> <p>provided 3:21 15:12 308:8 355:2</p> <p>providers 185:5</p> <p>provides 111:3 114:5 210:9</p> <p>providing 95:10 172:22 196:9 213:8 303:11</p> <p>provision 186:16</p> <p>PSA 317:3</p> <p>public 4:2 8:22 12:1 15:18 18:15 20:1 84:9,11 85:1 91:14 98:1 130:7,16,18 142:22 143:1,11 150:2,12,21</p>	<p>157:21 159:1 163:12 176:17 180:5 202:18 230:6 245:13 254:2 269:3,14 301:8,9 302:1,4,19 305:14 308:20 310:20 311:1 316:15 322:10 354:18 356:1,17</p> <p>publications 93:12</p> <p>publicly 12:9 269:6,11 321:7</p> <p>Publish 320:21</p> <p>published 93:9 175:22 178:19</p> <p>publishes 295:13</p> <p>Puerto 200:6</p> <p>pull 157:7 291:5</p> <p>pulled 214:2 300:22</p> <p>punish 230:20</p> <p>purchase 35:8 165:16,22 166:1 167:8 209:14,17 315:7</p> <p>purchased 65:11 110:8 258:2,7 259:21 293:9 324:20</p> <p>purchases 39:5 45:22 257:10 349:5</p> <p>purchasing 24:2 53:5</p> <p>purebred 22:8,12</p> <p>purest 103:1</p>
--	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

purpose 79:4 274:3	35:22 45:13,21 46:2 47:8 51:22 52:9 77:4 78:7,12,15 149:15 153:16,18 160:13 162:13 165:15,20 166:7,8 197:20 205:19 208:20,21 227:4 248:15 269:1 307:14 345:9	6:14 48:16 88:8,13,16 89:19,21,22 90:2,8,10 111:18 126:14 173:15 228:16 254:15,16 275:16 276:1 286:10 288:3	quote-unquote 132:15 161:21
purposes 82:19 246:12,14 331:18			<hr/> R <hr/>
pursue 5:12 226:13 308:17 318:5 340:12 341:4			radar 204:14 227:1
pursued 229:18			radical 231:6
pursuing 226:12			RAFI 332:12
purview 225:12,19			rain 348:10
push 204:18 205:2 215:8 316:16	quantities 258:4	quick 29:20 39:11 47:17 81:1 98:12 113:16 151:16 228:6 229:16 328:20 332:3 346:13	rainbow 62:1
pushed 70:7 82:2 351:12	quarter 103:8 172:13 276:7,9 311:21 353:10,16 354:10	quicker 54:13	raise 54:18 101:5,7 104:13 182:22 203:21 217:5 222:9 223:6 276:15,17 280:5 293:6 294:9 306:7 312:21
pushes 249:5,6	Queens 336:14	quickly 44:20 49:2 50:7,9,14 95:11 96:8 123:21 197:22 232:22 234:3,13 255:22 261:10 277:15 281:2,8 284:17 301:6 310:6 321:16 327:9 341:9	raised 35:22 51:22 91:20 165:21 173:15 254:4 274:19 312:15 316:22 325:1 336:15 343:7
pushing 248:22	question 23:15,20 24:6 31:1 41:6 42:11 46:6 47:11 51:21 53:8 59:22 62:2 72:12 76:1 78:15 84:1 88:21 89:13 104:9 112:6 123:10 126:10 128:18,19,21 174:5 186:6 188:19 199:11 200:21 209:12 210:18 218:1 230:9,10 241:6 243:21 248:3 255:1,11 285:9 287:11,20 288:10,13,21 316:20 323:13 338:13 339:3	Quincy 313:11	raises 42:11 52:8 223:15 280:6
puts 122:8 135:21 259:17 300:1		quit 140:3 245:12 284:18 301:1	raising 115:18 151:19 197:20 229:20 312:13 344:16 346:7
putting 109:21 110:9 127:9 259:20 281:21 335:4		quite 29:2 36:19 60:11 72:19 101:13 104:18 122:11 204:20 208:5 239:21 287:3 300:13 325:3 328:4	Ramsburg 159:21
puzzle 230:18,19 231:8		quits 67:8	ran 348:5,7
puzzled 297:20		quo 126:11	ranch 22:10 138:6 151:13,20,22 152:1 193:15 267:22 268:7
pyramid 140:5		quote 286:17	rancher 253:14
<hr/> Q <hr/>	questions 3:19 5:5	quoted 133:19	ranchers 6:5 143:22 149:5 150:7 151:1

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 71

<p>162:20 165:1 305:5 306:13 351:17</p> <p>ranches 37:10 151:20 305:15,19</p> <p>range 2:15 116:14 278:10,11 303:15</p> <p>ranging 21:13 305:8</p> <p>ranked 275:8 280:11</p> <p>ranking 280:12 283:20</p> <p>rant 342:18</p> <p>rapid 183:17</p> <p>rapidly 50:16 157:17 340:4</p> <p>rare 236:16</p> <p>rate 36:20 111:10 284:3 298:18</p> <p>rates 258:1 270:4,9 272:12</p> <p>rather 89:8 90:9 190:17 196:8 296:1 334:22</p> <p>ratio 124:4</p> <p>rationing 198:4</p> <p>rave 342:18</p> <p>raw 113:17,22 114:2 135:17 165:20 258:6 259:20</p> <p>razor 78:19</p> <p>R-CALF 22:16 350:16</p>	<p>reach 340:5,22</p> <p>reached 17:11</p> <p>react 114:18 239:7</p> <p>reaction 115:1,3 239:7</p> <p>reactions 255:5 264:12 265:2 292:4</p> <p>readdressing 127:12</p> <p>reading 142:20 267:10 346:20</p> <p>ready 36:22 37:1 75:12 143:14</p> <p>ready-to-eat 48:22 49:1,4</p> <p>ready-to-go 49:7</p> <p>real 51:19,20 80:20 87:6,13,14 127:22 138:15,17 148:18 150:22 151:3 158:10 159:7 164:2 165:1,19 167:9 191:10 192:2 193:8 194:19 197:13 213:9 219:10 233:18 260:13 261:15 262:14 263:14 316:19 322:14 329:17 331:9 332:3</p> <p>realities 222:1 246:2 322:16</p> <p>reality 14:12 161:10,20 345:13,17</p>	<p>realize 6:2 18:5 24:22 27:8 79:19 128:14 147:13 285:22 286:4 353:14</p> <p>realized 167:19 319:13</p> <p>really 13:8,12 14:1 17:6 18:1,11 24:19,20,21 25:5 27:10,22 28:13 29:13 30:10 31:14,19 33:19 34:7,19 35:3 41:15 47:1 52:8,10 57:22 64:14 65:3,20 66:18 71:9 73:21 74:13,20 75:2 77:18 78:16 85:15 86:2 96:10 97:14 105:3 107:16 115:12 116:21 120:20 124:20 125:4 126:10 128:3,12 132:1,4,5 136:20 137:15 139:21 141:6 144:12 155:6,12 171:13 172:16,18 174:6 181:22 182:15,19 194:13 196:13 198:5,10 199:9 202:14,17,22 204:14,21 205:6,7 206:2,7,16 207:7,11,13,14,1 6 208:3,12 209:2 211:11,19 212:8 215:1,4,16,21</p>	<p>216:6,16,17 218:1,5 220:12 222:5 226:13 233:1 234:20 235:14,19 236:6,8 237:18,19 238:21 239:5 243:22 245:9,11 247:19 248:22 251:5 257:5 264:18 285:21 289:19 290:7,8 292:14,19 294:19 295:18 296:8 312:19 319:2,5 321:15 322:9,10,13,18 327:12,17 333:21 336:1,4 341:12 344:20 345:6 346:12,13 348:16 349:9 352:20 353:13 354:13</p> <p>reams 215:12</p> <p>reap 147:13</p> <p>reaped 146:5</p> <p>reason 60:22 96:20 152:2 235:1 237:2 238:8 288:2 289:12 290:16 346:3</p> <p>reasonable 83:21 140:15 159:10 299:8</p> <p>reasons 28:2 50:12 65:4 106:16 116:8 220:13 230:18</p>
---	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 72

<p>234:14,22 238:17 240:5 287:10</p> <p>reassurance 155:18</p> <p>rebalance 126:2</p> <p>rebounded 329:7</p> <p>rebounding 329:14</p> <p>rebuild 331:15,17</p> <p>recall 69:6 74:8 117:3 154:8 251:15 325:12</p> <p>receipt 324:17,19</p> <p>receipts 288:19</p> <p>receivable 107:13</p> <p>receive 18:6 31:21 97:3 120:19 137:17 163:8 188:10 192:3,11</p> <p>received 6:17 15:19 17:15 87:9 92:10 93:6 146:15 192:5,10 194:1 315:13,17 316:3,5</p> <p>receives 324:14</p> <p>receiving 56:18 109:11 120:20 137:5 146:18 326:10 328:8,13</p> <p>recent 25:19 78:21 95:8 125:2 212:12 254:2 287:4</p> <p>recently 28:18 55:2 174:15 191:20 194:9</p>	<p>229:18 298:13 311:14</p> <p>recess 252:13 301:11</p> <p>recipient 92:9 177:21</p> <p>recognize 10:18 14:8 17:20 28:4 147:5 195:11 212:12 226:17 231:9 251:10,12</p> <p>recognized 82:15 128:9</p> <p>Recognizing 309:15</p> <p>recommend 79:1 137:21 164:11 210:16</p> <p>recommendation 244:4 247:10</p> <p>recommendations 9:13 159:16 238:1 244:13</p> <p>reconvene 87:18</p> <p>record 10:4 84:11 96:5 116:2 120:16 216:10 316:7 337:22 338:9 339:4 356:7</p> <p>recorded 356:5</p> <p>records 267:16</p> <p>recoup 291:4,9</p> <p>recourse 251:19</p> <p>recruit 339:22</p> <p>recruiting 340:3</p> <p>recurring 304:20</p>	<p>305:17</p> <p>red 22:9 61:14 152:21 337:7</p> <p>reduce 121:20 145:17 184:6 221:13</p> <p>reduced 41:13 145:15 149:15 185:1 356:5</p> <p>reduces 337:2</p> <p>reducing 337:14</p> <p>reduction 221:11</p> <p>re-entry 159:13</p> <p>reevaluate 162:7</p> <p>refer 255:10</p> <p>reference 72:7</p> <p>referencing 231:14</p> <p>referred 254:18 255:7 268:20</p> <p>reflect 56:15 262:6 315:17</p> <p>reflected 65:17 321:22</p> <p>reflecting 264:7</p> <p>reflection 24:5</p> <p>reflects 112:14,15 260:14</p> <p>reform 21:14 157:4 318:17</p> <p>reforms 317:5</p> <p>refrigeration 65:15</p> <p>refused 217:7</p> <p>regain 103:4</p>	<p>regard 96:4 144:9,16 257:4</p> <p>regarding 2:15 3:1 229:1 265:11</p> <p>Regardless 13:20</p> <p>regards 277:9</p> <p>Region 179:7,16,18</p> <p>regional 10:6 92:22 137:1 158:2 163:20 243:2 321:5,6 334:9 335:12,15</p> <p>regionally 164:11</p> <p>regionally-based 137:22</p> <p>regions 7:11 13:17 173:14 203:5</p> <p>registered 161:12</p> <p>regression 291:18</p> <p>regular 107:10</p> <p>regularly 277:3</p> <p>regulate 92:18 143:2</p> <p>regulated 97:7 102:13,14,21 109:5 110:20,21 112:12,13 123:3 129:15 144:7</p> <p>regulates 122:3</p> <p>regulating 95:13 150:10</p> <p>regulation 96:21 123:11,12 125:21 126:13 174:18 225:13 244:15</p>
--	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 73

<p>regulations 136:22 321:1</p> <p>regulator 90:13</p> <p>regulatory 2:7 4:5 21:21 22:1 65:16 74:4,8 303:7</p> <p>reign 351:6</p> <p>reigned 351:5</p> <p>reincarnate 229:9</p> <p>reinforce 41:12</p> <p>reinforced 309:9 322:1</p> <p>re-invest 145:9</p> <p>reinvigorate 157:21</p> <p>reinvigorated 45:20</p> <p>reiterate 300:20</p> <p>relate 45:10 347:20</p> <p>related 60:1 96:10 97:5 98:11 162:1 168:19 171:19 176:1 182:14 188:15 236:15,20 239:2 356:8</p> <p>relates 220:4</p> <p>relating 145:19</p> <p>relation 50:2 51:14</p> <p>Relations 84:6</p> <p>relationship 17:16 33:22 42:14 43:10 55:4,7,11,12,14, 18,22 57:10</p>	<p>58:5,6,15 62:6,14,17 63:4,6 67:19 77:2 87:15 89:5 163:21 227:5</p> <p>relationships 33:19 34:8 42:15 43:1,3,14 46:19 55:9 56:21 57:21 62:3 63:10 156:13 273:1</p> <p>relative 248:17 258:6 356:10</p> <p>relatively 204:11 220:2 223:6 282:7</p> <p>release 164:7</p> <p>relevant 204:22 205:9</p> <p>relies 135:16</p> <p>religious 331:18</p> <p>reluctant 340:19</p> <p>rely 17:18</p> <p>remain 17:1 18:20 80:13 118:19 218:15</p> <p>remaining 6:6 238:20 260:18</p> <p>remains 117:17</p> <p>remarkable 72:19</p> <p>remarks 13:13 19:9 47:13 85:2 224:3</p> <p>remember 53:15 74:14 117:3 138:20 195:5 232:2 258:19 301:10</p>	<p>remind 111:17 134:12</p> <p>renaissance 159:17</p> <p>renewable 10:11 330:2</p> <p>rent 65:16 190:15,21</p> <p>renters 158:12</p> <p>reorganization 232:14</p> <p>reorganized 32:11</p> <p>repackaged 56:3</p> <p>repeal 158:6</p> <p>repeat 178:10 281:2 300:17</p> <p>replacement 101:7</p> <p>report 9:17 73:8 165:4 170:8,22 191:15 269:13 321:4,8</p> <p>reported 186:1 191:20 249:2</p> <p>reporting 16:15 73:8 142:2</p> <p>represent 13:16,18 24:9 28:11 29:18 138:10 145:2 166:8 197:13 209:7 214:17 341:20,21 343:17 346:16</p> <p>representative 179:14,15</p> <p>representatives 118:7 325:11</p> <p>represented 21:12</p>	<p>70:1 92:20 337:9</p> <p>representing 27:5 55:8 162:17 172:6 180:12 311:9 323:8 324:3 335:18 350:16</p> <p>represents 17:13 179:8</p> <p>request 317:12</p> <p>requesting 172:10</p> <p>required 82:12 146:4 203:6</p> <p>requirements 42:16</p> <p>re-retrofit 144:13</p> <p>research 23:9,10 91:5 112:19 113:8 115:9 118:10 121:4 158:10 160:15 174:17 177:12 178:16,20 180:1 181:7 184:10 191:15 207:14 211:4 239:21 253:5,10 254:20 257:6 296:13 334:16</p> <p>resemble 170:22</p> <p>Reserve 181:17</p> <p>reside 206:9</p> <p>residual 260:20</p> <p>resilience 157:11</p> <p>resiliency 195:15</p> <p>resold 108:17</p> <p>resolve 8:6 12:12 17:10 307:21</p>
--	---	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 74

<p>resolved 9:9 303:1 resource 93:4,6,7 167:3 219:3 resources 59:13 170:9 220:3 respect 4:19 30:19 153:16 220:21 248:8 317:22 318:8 338:12 respectively 260:4 respond 27:1 117:1 197:1,8,22 223:21 229:12 respondents 276:8 responding 213:16 responds 105:16 response 4:22 123:19 323:12 responsibility 227:10 responsible 85:10 150:10 151:19 174:13 responsiveness 316:18 rest 95:4 98:12 112:11 116:5 342:20 restaurant 190:17,18 242:1 restaurants 24:2 52:19 66:2 94:17 95:5 264:4 restore 151:1 353:4 restoring 157:11 restrictions 77:20</p>	<p>133:7 restructured 32:7 restructuring 208:9,11 209:1 result 95:21 112:16 187:12 199:19 201:8 241:10 242:15 resulted 16:11,14 35:15 201:6 resulting 112:17 210:3 results 164:7 230:22 retail 6:15,17,22 7:4 14:1 24:3,9 26:19 35:8,14 37:20 39:21 40:3,10 46:1 53:20,22 55:8 56:8 63:16 64:15,19 65:1,2 66:4 71:1 72:8,9,13 73:17 74:3,15 78:19 95:1,2 97:13,15 98:16 99:9,14,18 109:18 110:3,21 111:1,3 112:2,12 113:18,22 114:1,21 118:8 119:3 122:3,8 123:8,20 125:7 132:16 133:15 137:3,5 164:10 173:14 180:12,18 182:14 185:13,20 186:2,7,13 187:6,12,14</p>	<p>188:2,4,11,13,20 189:16 193:3 197:18 202:18 205:18 209:17,22 215:11 218:3 221:7 238:11 239:7,20 240:2,3,14,20,22 241:9 245:21 248:22 249:11 255:5,19 256:2,5,7,13,18 260:6 261:18 264:11,21 269:2,17 272:8 273:3 287:12,15 289:20 290:11 292:4 295:8,9,17 298:15 304:11 312:10 316:4,7 324:14,15 334:6,13 335:1,7 337:12 350:2,3 retailer 6:20 7:2 43:1 46:11 55:13 57:5 60:1 62:6 63:17,21 64:19 70:17 71:2 109:15,16 123:12 155:7 156:5,7 183:22 184:2 187:9,17 235:22 269:9 273:6 274:11 289:9,11,18 290:1,15 291:8,15 300:5 retailers 7:7 25:8 26:15 43:12,16,19 45:8,12 49:3 59:8,11 60:6</p>	<p>62:22 64:1 69:4 72:17 76:3 78:11 81:21 93:20 94:16,17 99:15 100:1 114:10 115:1,15 120:21 124:2 129:14,21 132:11 153:10 156:18 163:16 167:8 183:4,12,16,18 184:5,7 186:9 188:8 190:4 209:8,21 214:15 222:17 223:1 234:16 241:17 242:6,9,13,20 246:4 265:6 retailer's 267:12 274:21 Retailers 26:13 retailing 2:19 3:12 24:4 35:1 84:14 117:12,21 118:12,14 119:1 173:5,7,10,12 174:8,9 179:1 182:1 183:3 184:6 186:1 187:12 212:6 244:5 298:6,11 350:13 retails 115:19 retain 142:17 retained 113:6 retaliate 306:10 retaliated 320:18 retaliation 155:12,16 156:12 306:12</p>
---	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 75

<p>319:16 321:4 retirement 341:9 retires 340:4 retort 228:3 return 56:15 85:17 145:14 150:22 207:14,15,16 223:2 233:2 267:12,13 328:13 331:5 returned 56:9 170:6 revenue 37:21,22 revenues 187:6 reverberates 217:21 review 9:14 150:17 244:21 reviews 176:1 revitalize 333:12 revolving 150:8 reward 10:14 rewards 146:6 Rhonda 343:3 Ribbon 244:9 rich 267:2 Rico 200:7 ride 216:12 rights 12:13 157:5 158:15 303:20 Rigo 115:4,6 116:16,22 117:6 121:3 Rigoberto 93:2 111:15,21 112:8 117:7 118:11</p>	<p>125:15,17 rigorous 59:18 Rigo's 115:16 ripple 225:17 247:2 rise 78:22 192:21,22 298:18 326:1 risen 103:7 185:21 191:11 rises 287:8 rising 163:7 210:15 risk 54:21 106:9 160:10 235:3,4 291:3 294:11 304:14 339:9 rivals 223:16 229:20 road 32:9 343:14 roads 5:15 129:5 308:12 roasted 49:6 Robert 267:10 Robinson 229:9 Robinson-Patman 228:20 robotic 104:16 robust 16:9 210:1,2 Rochester 102:8,9 103:17 Rockefeller 91:3 Roenigk 337:20 role 2:6 4:4 78:8 95:9 167:18</p>	<p>roles 94:13 rolling 5:16 202:17 rollup 265:21 Rome 337:8 Romer 333:14,15 room 102:5 109:13 139:21 140:8 152:9,14,16 156:3 207:9 212:17 215:16,17 216:13 266:22 273:14 323:21 341:7,14 352:22 roots 157:3 rose 193:2 255:16,20 256:3,13,15 rotating 109:21 roughly 41:3,18 48:12 183:9 185:16 round 143:14 252:10 row 344:9 Ruddle 253:17 265:3 268:9 273:8,11 276:5 278:2 279:19 280:21 281:15,18 282:4,6 283:12,16,18 285:2,6 288:17 292:22 293:3,13,20 296:21 297:13,15,18</p>	<p>300:8 324:16 338:13,16 339:12 345:22 Rudy 143:20,21 ruining 227:18,19 rule 8:19 9:2,5 81:6 139:2 164:5 279:20 310:6 312:5 320:22 rules 80:13 81:2,3,4,7,9,14 104:6 130:13 138:18 151:15 158:15 279:4,17 300:17 301:6 315:1 317:3 319:7,8,10 320:5,14,18 325:15 326:2,19 335:14 342:9,22 346:13 350:18 run 139:17 255:1,2,9 256:22 263:2,21 284:9 286:14,17 288:8,9,11 289:6 290:11 291:10,18 298:2 318:9 355:6 running 80:17 155:14 241:5 248:5 251:22 348:10 run-up 140:12 rural 5:15 6:11 7:16,19 10:8,9 40:14 42:10 134:13 135:14 137:12 144:14 151:18 156:22 157:12,19</p>
--	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 76

<p>163:4,8,9 177:10 178:3 203:4 205:10,21 207:22 208:4 211:12,13 233:5 243:11,12 306:14,20 308:2,4,7,11,14, 16 318:17 326:13,15 333:12 343:5 344:3</p> <p>rush 200:2</p> <p>Russia 52:7 331:12,16</p> <p>Russia's 331:14</p> <hr/> <p style="text-align: center;">S</p> <hr/> <p>S.W 1:15</p> <p>Sacramento 22:21</p> <p>sad 354:5</p> <p>Safaronda 166:19</p> <p>safe 30:8 47:8 59:20 153:18 154:13 355:9</p> <p>safest 78:6 79:14 83:6 103:1 153:15 171:15 245:19 251:1 328:16</p> <p>safety 21:13 28:17 32:21 38:16 45:10 47:1,7,8 59:16,19 74:4,5 75:17 80:3 83:6 149:4 153:13 154:1 182:20 188:18 206:22 207:1 213:7 227:8 248:16</p>	<p>308:8</p> <p>Safeway 55:19 203:14</p> <p>Safeways 42:19 216:8</p> <p>Sainsbury 350:7</p> <p>salad 186:20,21 259:7</p> <p>sale 65:8 73:10 75:8 278:20</p> <p>sales 7:8 22:22 138:16 183:5,10,11,19 184:2 186:21 187:1,15,17 189:22 190:4 215:19,20 217:2 227:3 242:8 307:11</p> <p>salmonella 213:10</p> <p>salt 213:1</p> <p>salvage 134:20</p> <p>Salvalem 335:17,18</p> <p>sample 102:16,17</p> <p>San 22:20 90:19</p> <p>sand 243:17</p> <p>Sanders 154:22 155:1</p> <p>Sarah 311:8</p> <p>satisfaction 78:22 210:15</p> <p>satisfy 43:14 57:1 77:5 92:7</p> <p>save 150:20 169:20 222:8</p>	<p>savers 158:13</p> <p>saves 210:10</p> <p>saving 102:3</p> <p>savings 186:11 192:4</p> <p>saw 5:14,16,17,19 37:18 106:4 114:20,21 116:15 178:7 241:14 307:11 309:4 351:8</p> <p>scale 61:11 164:17 169:9,11,15 284:7,9 303:6</p> <p>Scalia 175:2</p> <p>scan 72:16</p> <p>scare 236:17</p> <p>Schaick 346:15</p> <p>schemes 240:9</p> <p>Schickley 208:7,22</p> <p>scholarship 179:21</p> <p>school 170:3,4 176:4,6 180:6,7,21 316:13 323:6</p> <p>schools 167:18</p> <p>science 91:4 176:6 180:3 307:9</p> <p>sciences 168:19 181:13</p> <p>scientific 158:11</p> <p>scientists 148:4 177:1 212:21</p> <p>scope 185:6 205:7</p> <p>Scott 219:4</p>	<p>scratch 291:6</p> <p>script 275:16</p> <p>se 202:16 203:20 236:10</p> <p>search 290:20</p> <p>seasonal 29:7</p> <p>seasonality 26:20</p> <p>seats 173:9 301:15</p> <p>second 2:11 19:14 81:16 84:4 88:21 97:11 117:10 125:22 132:5 140:8 184:1 187:5 228:2 230:4 243:22 249:7 267:2 276:10 301:9</p> <p>Secondly 157:21</p> <p>Secretary 2:2 12:20 14:6,21 15:3 16:5,22 19:4,6 20:13 24:16 26:9 29:16 30:13 34:21 40:12,18 45:2 46:4 47:19 52:11,16,20 53:3,8,12 55:3 59:6 67:3,18 69:13,17 76:17 83:13 87:17 132:7 144:2 152:3 165:3 215:5 227:13 253:18 302:6 303:10 322:1 340:2,22</p> <p>section 126:22 130:18 244:15 301:9 311:2</p>
--	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 77

<p>354:18 sector 2:19 3:12,18 13:19 14:1 34:1 77:7 86:2,14 173:14 180:13 196:7 201:10 202:18 203:13 205:4,8 207:2 218:3,8 235:7 236:12 237:19 238:9 245:21 247:19 251:14 302:17,22 304:13 307:5 308:6 309:9 351:9 sectoral 244:15 sectors 7:5 20:2 137:3 203:4,17 205:10 327:15 secure 107:12 security 107:9 136:12 149:22 161:6 177:21 188:18 191:20 302:19 314:16 seed 4:6 17:21 75:5,12 142:9,10 148:13 150:20 158:13 317:22 335:6 336:20 337:11 seeds 17:16 137:10 142:17 148:17 158:6 303:20 306:3 seeing 7:14 28:14 35:3 38:6 42:15 45:14 73:1 97:21 116:2 137:18 153:19 182:2</p>	<p>214:20 233:16 241:9 242:2 294:3 317:1 321:15 323:2 351:11 seek 142:13 seeks 23:8 seem 53:19 240:2 seemed 88:14 seems 25:16 105:12 122:8 139:22 193:22 228:17 264:8,20 326:18 335:2 seen 3:20 4:22 28:18,22 49:3 89:2 96:9,11 116:2,12,20 125:13 134:19,20,21 155:13 161:13,15 184:19 213:10,11,17 257:19 259:12 264:1 315:21 336:18 343:18 sees 5:22 segment 2:17 3:8 30:19 63:8 86:2 188:21 segments 76:9 350:16 self 225:22 230:15 sell 38:3 43:7 44:4 45:9 65:10 71:1 103:13,15 107:15 113:2 134:21 167:22 187:3 213:3</p>	<p>217:9 223:7 228:15 231:2,3 242:11 276:16,20 277:2,7 278:3,18 286:1 337:14 seller 220:1 271:7,10 sellers 228:14 seller's 220:16 selling 59:20 60:9 65:7 97:18 98:2 111:4 120:22 135:3 143:9 209:21 285:21 299:14 sells 271:15 293:7 semblance 87:22 Sen 349:20,21 Senate 181:10 Senator 22:5 senior 161:13 174:20 177:1 248:10 sense 23:18 40:22 57:11 75:21 167:20,21 233:13 241:8 270:22 276:19 316:17 348:16 353:4 sensible 222:12 sensitive 129:19 sent 282:14 283:6 separate 47:3 280:10 separately 276:21 September 286:20</p>	<p>287:1,5,6 sequestering 334:22 series 2:4 14:7,18 15:18 16:10 48:16 350:1 serious 18:7 134:13 244:12 317:6 seriously 7:18 serve 49:2 served 11:22 20:4,7,12 21:22 22:4,21 90:21 91:5 174:19 175:1,15 176:16 177:19 179:13 180:14,17 181:10 332:15 Servers 177:22 serves 92:14 177:16 179:19,22 service 20:11 25:9 38:1,2 43:2,12,16 46:11 62:7,20 69:5 74:3 94:17 95:5 142:22 143:1,11 184:11 191:15 195:9 243:12 253:5 254:20 258:10 320:14,16 services 95:10 104:2 186:7,16 187:7 188:10 204:1 210:8 233:17 258:9 261:18</p>
--	---	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 78

262:2,7,18 263:9,12 299:9 servicing 59:2 servitude 294:8 session 90:1,2 253:1,3 286:12 301:9,18 334:4 sessions 85:21 305:17 322:13 343:16 sets 124:8 275:13 setting 206:21 207:4 232:18 settled 317:17 settlement 17:12 275:7 284:10 settlements 279:22 seven 138:21 172:12 184:8 191:21 330:17 337:4 seventh 194:22 several 28:2 55:20 101:22 104:11 145:21 155:4,22 157:15 177:3 197:9 202:21 209:13 226:5 254:20 268:11 305:9 312:6 severe 96:1 125:13 237:22 268:20 shake 85:17 164:13 shaking 256:10 shame 328:4 shape 289:3	317:18 328:4 shaped 189:14 shapes 56:21 share 18:6 19:2 73:2 95:2 99:18 139:6 141:10 148:8 157:4 183:15 190:7 194:6,12 195:10,15,16,18, 22 196:4,5,13 200:12 218:22 219:2,5 220:14 224:8 234:17 255:2 256:17 257:1 264:10,21 269:6,8 289:18 295:7,9,14,17 302:16 305:8 314:1 328:8 sharecropping 144:15 shared 285:7 308:21 328:6 sharing 104:8 294:12 Sharis 84:16 182:4 199:4 202:7 sharp 255:5 287:3,4,5,8 sharpened 18:19 shed 3:19 she'd 338:14 sheep 312:15 313:9 sheet 283:21 Shelanski 174:4,11 175:6 182:4 224:2	229:12 246:10 Sheldon 90:7 shelf 65:14 75:15 120:10 149:8 195:6,8 shelters 5:16 shelves 48:6 167:12 214:2 Shenandoah 327:22 she's 20:1 91:16 176:12 177:8,18 275:18 338:14 Shield 231:16 shift 141:21 142:5 158:20 255:3 256:22 275:22 276:14 shifting 6:15 shirts 155:2 156:15 shock 290:18 291:1 shocks 236:15,16 Shoemyer 141:19,20 shoot 290:2 shooting 60:17 shop 159:14 239:16 258:12,21 shopper 78:22 shoppers 209:17 210:15 shopping 78:20 119:8 211:5	259:8 shops 11:2 shore 168:22 short 55:5 136:3 217:1 241:5 286:16 288:11,21 289:6 290:11 291:10 shortcuts 347:19,20,22 348:2 shorter 255:6 shortsighted 165:8 shot 119:6 shots 60:19 showed 146:10 showing 187:18 290:7 shown 182:11 211:4 shows 64:16 78:21 112:19 113:8 118:10 261:20 283:21 shrinking 351:20 shrinks 351:22 shrunk 194:6 198:10 sick 83:9 275:4 Siena 171:7 Sienna 311:18 sight 73:18 124:19 sign 320:7,13,15,17 341:14 signatures
--	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 79

<p>172:10,12,14 311:20 353:8,11 signed 61:7 128:3 154:11 311:14 significant 24:1 95:22 96:2 112:20,21 113:9 124:22 154:17 191:17 260:19 261:8 353:12 significantly 96:6 103:7 signs 5:5,6 6:3 7:6,17 similar 110:3,4,5 117:19 172:14 211:21 256:6,12 similarly 350:8 simple 16:14 69:21 188:5 248:7 260:11 282:13 354:12,13 simplistic 64:17 simply 5:4 40:9 51:1 64:20 85:17 222:2 332:22 single 271:18,22 276:8,18 277:22 280:1 siphoning 326:17 sir 67:2 346:9 sit 130:11 131:19 302:2 341:16 site 210:14 sits 314:13 sitting 21:8,20 22:6 23:5 36:5 265:9 292:13</p>	<p>situation 77:7 170:17,18 208:16 216:15 279:22 311:17 325:13 343:11 351:15 situations 229:20 situation's 135:5 six 94:8 113:20 148:10 192:20 216:1 242:2 267:12,17 268:3,7 272:15 277:6 289:8 314:10 324:22 336:15 size 10:2 44:1 45:11 55:21 58:17 90:12 104:4 145:13 168:2 196:19 215:21,22 277:11 281:5,8 351:20,21 sized 5:7 104:17,18 skewers 258:15 skilled 176:14 skin 329:7 skip 344:19 skyrocketed 145:21 slaughter 157:18 269:21 270:5,11 286:22 slaughtered 351:3 slaughterhouse 280:9 slaughtering</p>	<p>272:4 slave 170:22 slice 195:10 sliced 217:2 slicer 139:5,11 Sligh 156:21,22 slightly 66:12 123:7 192:21 251:9 270:3 326:11 slim 81:21 224:8 slip 265:18 Slow 153:7 154:11 164:19 168:19,20 335:18 slowly 291:1,9 small 22:1 31:20 59:9 63:8 66:11 95:12 106:21 107:7 134:13 144:8,12 164:17,19 168:1 169:3 191:19 247:19 262:15 265:20 326:14 344:4 smaller 42:19 45:4 51:11 59:10,17 154:5 173:16 184:13,18 203:1,2 220:16 224:8 232:13 300:2,5,6,7 smart 72:14 203:21 291:22 Smith 337:7 smoothing 115:22</p>	<p>smoothings 99:16 SNAP 171:17 249:17 snaps 251:15 Sobocinski 138:3 social 91:4 136:13 245:13 323:18 334:12 socialist 331:13 society 177:20 314:5 sociologist 205:21 206:10 sociology 177:10 178:3 soil 149:19 169:11 soils 165:22 sold 102:10 111:11 113:1 121:11,12,15 122:4 147:4 185:17 211:21 212:1,3,17 267:4 296:7 324:22 331:16 352:13 solution 106:11 307:20 309:15 solutions 11:4 157:4 166:19 167:1 307:22 solve 15:11 320:21 solving 162:9 349:11 somebody 239:16 319:11 339:8 342:6 344:15 346:18</p>
--	---	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>somehow 82:13</p> <p>someone 55:10 63:17 89:20 90:4 111:19 129:16 146:5 147:12 283:21 300:9 301:4</p> <p>sometime 85:3</p> <p>somewhat 57:10 110:4 270:12 272:15</p> <p>somewhere 60:21 82:15 233:11 278:3</p> <p>son 22:10 91:9 101:9 104:13 194:20 254:5</p> <p>sons 306:16</p> <p>sooner 127:17 136:3</p> <p>sorry 179:3 274:14 292:6 293:20 294:13 295:1 316:13 346:9</p> <p>sort 23:16 40:21 48:22 63:7,20 80:12 124:17 127:7,14 174:1 181:21 198:20 202:3 203:12,16 204:15 214:16 233:22 245:6,9 247:10 259:8,12 285:11 291:7 330:5</p> <p>sorts 49:19 213:12,13</p> <p>sought 309:14</p> <p>sound 125:8</p>	<p>250:16 257:13,14 348:8</p> <p>sounds 96:19</p> <p>soup 161:16,19</p> <p>source 63:12 194:19 203:7</p> <p>sources 269:3 340:18</p> <p>south 13:5 22:8,15 80:15 129:12 170:7 179:18 181:17 243:13 314:22 326:3 332:12 350:9</p> <p>southeast 166:20 319:6</p> <p>southern 21:5 159:22 340:11</p> <p>southwest 92:12 138:4</p> <p>sovereignty 323:14,15,17 324:1</p> <p>sow 266:9</p> <p>sows 5:17 266:10</p> <p>soybean 148:13 337:22</p> <p>soybeans 91:12 101:6,7 254:5</p> <p>space 149:8 195:6,8 248:1</p> <p>Spain 52:2</p> <p>sparked 8:20</p> <p>speak 24:18 55:17 154:20 155:11,15,17,19 156:11,15 161:9 166:21 168:19</p>	<p>171:11 198:21 205:20 316:14 346:12</p> <p>speakers 253:7 322:2</p> <p>speaking 63:19 136:12 154:10 155:10 156:4,6 306:10</p> <p>speaks 198:12</p> <p>spec 268:22</p> <p>special 65:8 84:6 197:14</p> <p>specialists 92:18</p> <p>specializes 254:11</p> <p>specialty 33:14 258:21</p> <p>species 279:15,17 328:22</p> <p>specific 42:15,22 43:5 58:1 116:15 244:13 257:3 274:2,3 279:18 305:13 337:13</p> <p>specifically 42:17 83:2 145:11 153:12 170:19 173:14 234:1 259:22 261:21 273:14</p> <p>specification 258:15</p> <p>specifications 45:9 60:7</p> <p>specifies 123:22</p> <p>spelled 152:3</p> <p>spend 26:20 50:17 52:13,14,17,21</p>	<p>104:10 165:5 211:2,4 246:20,22 347:4</p> <p>spending 23:22 52:19 161:8 191:7,8,9 193:22 195:9 261:15 262:6</p> <p>spent 35:21 51:3 91:22 106:20 145:6 190:13,17,22 192:7 197:10 243:8 314:11</p> <p>spinach 214:1,2</p> <p>splitting 139:12</p> <p>spoke 136:8 319:9 320:4 321:18</p> <p>spoken 133:16 312:6 321:19</p> <p>spot 304:9 329:3</p> <p>spread 64:15,16,18 65:17 72:8 73:17 74:2,21,22 113:15,19,21 133:15 140:21 147:5 254:17 255:19 260:1,2,7 261:16 262:8 264:17 269:2,17 272:21 286:13 291:11,19 292:2,3,4 293:13</p> <p>spreader 5:21</p> <p>spreading 38:8</p> <p>spreads 66:4 73:20 88:5 111:22 112:1,6 140:18,19</p>
--	--	--	---

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

141:1,7,13 147:10 254:18 255:1,3,18 260:21 263:3 264:10 268:18,21 298:3 352:8 spring 135:2 spry 208:13 SQF 47:8 square 118:10 281:19 squeeze 186:10 297:22 St 208:17 342:13 stab 246:9 stable 117:13 118:21 stacking 237:19 staff 12:10 84:17 92:16 160:12 309:19 staffs 302:9 stage 88:18 262:11 296:14,15 stages 128:3 stake 310:13 stakeholders 3:1 244:11 305:6 310:8 323:11 Stallings 130:10 318:9 stamps 190:15,21 stand 156:15 189:15 217:11 354:11 standard 121:10	147:1,6 165:17 206:21 207:4 232:18 352:12,13,14,15 standardizing 109:11 standards 47:7 59:16,19 207:1 standing 345:14 standpoint 36:16 75:3 224:12 stands 204:11 staples 54:2 341:16 Starbuck's 165:17 Starr 168:14 start 20:20 24:12,13 31:12 38:12 50:5 61:1 68:8 73:16,18,19 74:4,13,20 76:12 108:9 126:12,13 139:12 174:3,10 182:5 198:5,15 205:20 214:21 224:22 226:7 241:11 242:2 244:7 245:13 252:16 254:16 255:9,10 308:20 311:6 318:10 324:4 348:2 started 11:1 14:5 87:21 105:3 107:6 130:18 131:14 173:9 207:22 217:3 242:6 284:17 286:14 294:4 297:21 299:22	301:14,17 312:13 315:5 346:7,18 starting 90:17 242:5,9 253:8 starts 81:20 state 12:5 22:14 47:4 48:9 56:10 84:6 90:13 91:16 92:19,20 95:12 96:21 99:2 107:21,22 111:6 123:7 125:21 129:17 131:18 133:8 176:12 177:7 242:20 243:5,7 253:10 254:10 257:5 280:3,7 290:4 310:11 313:4,6 341:21 343:19 344:1,5 350:20 state-based 176:21 stated 32:19 65:1 66:3 170:20 316:6 340:2 statement 50:22 199:20 241:13 354:5 statements 39:19 114:17 299:11 states 6:5 103:1 108:8 124:11 140:3 166:14 169:14 177:3 179:9 180:19 181:10 191:1 202:9 205:5 218:7 243:13 250:21 313:8,10 323:19 331:9	332:1 350:14 State's 133:4 stations 126:19 308:13 statistic 51:19 198:11 statistically 340:16 statistics 185:22 193:5 257:4 269:20 271:5 307:2 stats 265:10,12 status 126:11 statute 110:22 stay 25:2 29:14 50:10 86:17 87:3,21 184:14 315:19 stayed 48:12 staying 104:15 stays 104:10 steadily 185:21 187:19 326:8 steady 34:2 steaks 269:11 steer 6:22 steers 101:8 102:4 287:5 stem 45:15 step 17:13 100:13 135:11 154:17 162:10 247:7 Stephen 153:5 175:4 stepped 155:9 steps 7:18 15:15
---	---	--	---

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 82

<p>166:6 323:2 steroids 144:16 Steve 139:16 Stewardship 138:5 stickiness 239:20 240:14 Stiegert 178:15 202:7 234:9 247:9 255:7 stock 22:15 46:20 120:3 158:7 Stockgrowers 314:22 stocking 109:21 stockyards 8:9,18 15:1 80:11 293:21 316:10 321:1 stomping 175:13 stop 101:17,18 137:20 218:16 225:6 233:11 330:19 stopped 45:18 store 7:8 28:21 29:4 40:16 45:14 48:6 64:12 65:4 72:16 79:1 89:3,6 101:3 108:18 109:20 117:4 118:8 119:15 121:11,12 122:10,20 147:4 161:19 167:10 183:10 191:1 192:6 193:6 194:16 195:7</p>	<p>202:20 203:11 204:1,8 208:8 210:14,16 211:3 214:2 249:16 261:18 290:17 337:5,9 stores 35:11,12,13 38:9 42:16 54:20 64:8 100:15 107:1 118:16,20 121:6,7 122:14,19 126:20 137:14 167:8 171:22 173:16 175:19 183:6,9 184:14 185:17,20 189:18 198:18 201:8,10,15 202:3 208:19 209:19,20 210:5,6,9,12,19 211:7,16,18,20 213:2 214:14 235:9 243:1 247:19 263:5 270:3,4 272:15 305:2 345:1 stories 85:9 162:21 292:20 306:21 333:2,3 story 138:19,20 151:16 188:6 194:19 256:13 291:20 315:3 strange 250:17 257:14 strategies 15:8 176:13 204:6 308:17 strategy 176:15</p>	<p>strawberry 192:13 streamlined 77:21 street 122:20 326:14,18 strengthen 77:1 308:7 strengthened 18:19 strengthening 166:15 stressing 349:6 stretch 240:7 283:2 strict 94:4 strictly 102:13,14,21 107:2 strike 168:8 strip 74:16 stripped 227:21 strong 12:6 55:15 128:15 132:6 151:14 158:14 164:4 172:11,16 228:21 302:16 303:11 stronger 17:7 43:10,11 strongly 350:11 struck 264:15 structure 32:1 107:19 160:19 173:18 188:4,16 structures 178:21 251:20 struggle 4:16 36:18 37:13</p>	<p>101:13 223:22 340:21 struggling 103:5 137:9,10 160:9 305:18 308:9 328:18 331:19 stuck 67:6 294:6 student 153:6 323:5 students 175:22 studied 112:2 204:9 studies 48:2 117:9 168:18 184:4 200:16 211:12 271:7 289:15 290:3,6 294:18 322:15 stuff 117:21 178:13 288:22 stuffs 186:8 stymied 164:1 subject 350:2 submission 16:15 submit 311:19 353:7 submitted 172:9,15 311:14,17 submitting 320:11 subpoena 244:12 subsequently 90:20 237:7 subsidies 126:3 190:16,21 330:5 subsidization 140:13</p>
---	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 83

<p>substantial 259:20 318:3</p> <p>substantially 105:8 194:7 317:11</p> <p>substantively 303:14</p> <p>subtract 97:15 190:19</p> <p>subtracts 187:6</p> <p>succeed 4:21</p> <p>success 34:15</p> <p>successful 78:1 201:16 308:17 338:21 339:1</p> <p>sudden 73:17 242:9</p> <p>suddenly 167:13</p> <p>suffering 167:21 168:4,5,7,10 191:21 192:2 300:11 333:4</p> <p>sufficiently 220:7</p> <p>sugar 212:22</p> <p>suggest 68:7 88:17 89:5 125:3 239:22 298:5</p> <p>suggested 214:13 325:18</p> <p>suggesting 262:16 299:5</p> <p>suggestion 349:9</p> <p>suggests 3:18 162:7 186:12 270:14</p> <p>suicide 306:21</p>	<p>sum 150:15 284:20</p> <p>summarize 262:4</p> <p>summarized 5:10</p> <p>summary 262:11</p> <p>summer 8:19</p> <p>super 35:10 200:6 209:18 211:18</p> <p>Superior 12:2 23:4</p> <p>superiors 316:19</p> <p>supermarket 35:6 53:6 56:2,4,11 118:19 149:8 183:13,21 187:1 203:2,12 213:17 235:16 247:19 263:9 270:3</p> <p>supermarkets 24:3 25:3 35:10 65:10 66:1 113:9,19 126:22 127:2 132:11 149:11 183:7 184:9 186:15,18 187:3 199:17 200:5 209:15 211:1 235:8,21 249:19 258:11 259:5 263:8,15 272:14</p> <p>Supervalu 189:21</p> <p>supervise 347:8</p> <p>supplement 340:16</p> <p>supplied 195:21 196:10 325:7</p> <p>supplier 62:5 122:21 123:1 132:15 216:10 221:20 222:14</p>	<p>223:1,3 224:7 227:4 347:13,14,16</p> <p>suppliers 26:17 43:15,20 59:8,13,18 62:20 155:22 156:10,14 173:17 184:15,16 185:2 186:11 202:3 215:12 216:14 218:9,19 220:21 224:21 228:14 231:2,3 347:12,15</p> <p>supply 13:18 34:2 38:18 43:18,22 46:14 50:6,8 58:4,7,8,18 59:5 62:16 70:7 71:10,20 83:7 85:11,12,15 88:18 93:17 94:6,10,18,22 95:11,18 97:10 98:12 99:3 112:1,7 116:5 120:1 127:15 128:5,8 142:6 145:18 148:13 153:14,15 154:1,18 157:5 184:17 185:5 188:1,17 214:16 217:10,12 218:2 219:18 220:4 227:21 236:15,20 237:1,6,8 238:13 247:4 251:2 257:12 271:8 273:18,19,20,21,</p>	<p>22 274:1 288:17 304:19 328:16,17 336:20 337:11 348:22 351:12</p> <p>supplying 122:19</p> <p>support 10:2 21:16 42:5 75:17 95:14 125:10 132:6 145:10,18 151:14 152:1 163:12 300:13 303:12 308:9 315:1 326:1 335:15 339:22 340:19 341:3</p> <p>supporter 24:22</p> <p>supporters 148:6,9,15 149:16 150:6,16</p> <p>supporting 10:5 151:21 167:18 320:18 324:11 326:19</p> <p>supportive 323:14</p> <p>suppose 291:14</p> <p>supposed 230:20 269:1 282:9 324:13</p> <p>supposedly 218:12 281:22</p> <p>Supreme 175:3 246:13</p> <p>sure 5:12 11:18 25:17 27:22 52:12 60:9 67:3 68:9 89:9 109:2 115:5,16 117:2 131:9 141:2,16 189:12 196:18</p>
--	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 84

<p>197:4 198:1 202:7 214:21 215:7 226:9,15 234:9 235:6 239:18 241:12 247:3 251:21 252:4 256:10 261:12 265:15 273:10 297:7 319:16 327:16 328:12</p> <p>surely 219:6</p> <p>Surgeon 212:19</p> <p>surrounding 129:10</p> <p>survey 45:21 78:21 276:7 297:9,10,12</p> <p>surveys 110:3</p> <p>survive 75:20 77:11 147:21 221:20 315:22 335:16</p> <p>sushi 210:10 259:8 345:1</p> <p>suspect 70:18</p> <p>sustain 5:8 54:5</p> <p>sustainability 18:7 33:13 38:16,17 45:11 46:22 157:2 348:1</p> <p>sustainable 30:3 136:15,17 150:1 177:2,18 335:21 346:22 347:10 352:19</p> <p>swiftly 138:17</p> <p>swine 254:4 266:8</p> <p>swipe 249:13</p>	<p>250:3</p> <p>swiped 249:16</p> <p>switch 60:21 61:4</p> <p>sword 247:13</p> <p>system 3:7 77:4 78:6,9,14,18 81:18 82:3 86:12 108:10 110:2 119:22 122:17 135:6,13 148:6 152:17 153:8,9 154:13 158:10 159:5,7 171:16,20 177:14 178:16 193:10 204:12 205:3 206:9,12 207:17 213:9 220:5 232:12,14 236:15,20 237:1,3 239:8,9 243:18 245:20 254:3 257:17 261:22 304:10 317:6 323:16 324:1 331:13 333:17 336:3,8,22 349:17 353:15</p> <p>systemic 220:7</p> <p>systems 10:6 136:17 137:1 147:19 169:9 177:18 334:9 335:12,15 349:6</p> <p>system's 314:9</p> <hr/> <p style="text-align: center;">T</p> <hr/> <p>table 115:5 207:4 218:11 243:19</p>	<p>254:8</p> <p>tables 11:2</p> <p>tackle 303:2 310:1</p> <p>tactics 217:9</p> <p>takeaway 339:17</p> <p>taking 10:14 20:18 28:4 54:21 129:1 177:13 203:7 234:16 241:22 260:2 276:11 296:6 319:3 329:3 348:2</p> <p>talk 33:12 56:20 88:7 93:14,20 96:12 100:20 112:11 117:5 126:17 133:14 140:20 142:6,9 145:20 155:7 167:6,11 168:7 170:5 173:12 198:18 202:1,16 207:21,22 214:7,15,19 215:16,21 216:6,7,10 219:3,9,17 220:17 221:10,16 224:14 225:15 228:4 232:15 234:1 242:10 245:13 255:1,3 256:21 257:22 281:3 286:16 288:20 295:4 296:10 314:2 319:7 329:16 336:6 342:3,11 348:18 350:4</p> <p>talked 19:20 42:14</p>	<p>46:21 50:19 67:18 84:15 100:18 105:12 117:5 155:22 204:9 205:16,17 206:3,4,22 215:15 242:19 251:10 273:11 286:13 289:13,14 298:2 304:2 305:19 306:2,19 309:2 346:22 347:1,11 348:6,15 355:2</p> <p>talking 35:16 38:7 64:6 73:16 80:9 86:1 116:16 120:18 127:6 140:18 142:1 156:1 201:22 203:13 207:10,19 218:5 219:10,11 223:19 230:14 232:9,17 233:7 236:14 243:8 257:22 258:3 262:22 269:4 271:20 272:17 285:18 288:3,6,11 289:17,21 290:12 292:15 293:16 295:3,9 296:5 301:16 341:20 342:12 348:4</p> <p>talks 167:5 170:6</p> <p>Tanikka 166:17</p> <p>tank 102:17 284:5</p> <p>target 34:19 43:6 44:5,22 57:22</p>
---	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 85

70:9 183:18 212:7 216:5 targeted 212:10 Targets 202:19 task 7:21 16:11 164:9 TaskForce 248:11 tasks 94:5 tastings 210:13 taught 175:21 tax 293:5 taxes 65:16 266:4 Taylor 207:13 233:2 253:22 267:11 268:11 272:5,11 273:2 285:12 296:22 teachers 308:11 teaching 180:2 team 14:6 19:19 181:6 teamster 82:7 teaser 88:6 tech 143:14 techniques 307:10 335:3 technological 303:19 technology 72:22 307:9 317:22 tee 174:4 182:15 teeing 189:4 202:4 teeth 329:7 ten 28:14 31:3,4,9,18	36:11,18 37:14,17,18,20,2 1 39:1 40:15 41:9 46:13 56:7 62:13 71:22 74:5 79:1 95:19 98:9 138:7 145:12 146:16 210:15 260:17 261:6 289:6,10 296:1 327:7 353:18 tend 25:2 26:1,20 43:2 44:9 53:14 56:1 99:5,10 148:19 237:12 240:1,18,22 241:1 343:17 tends 95:21 125:3 149:12 220:5 264:11 tens 80:18 172:6 tenure 21:11 term 43:3 55:10 200:11,22 terms 28:14 39:1 42:14,20 59:14 69:3 81:19 95:13 124:14 138:16 163:1 185:3,14 193:21 202:17 204:12 205:10 209:4 218:16 220:17 224:20 226:14 227:3 232:17,21 233:7 249:11 258:6,10 260:19 261:22 262:16,17 263:18 264:8,20 272:7,20 277:20 306:8 319:22	334:14 347:22 348:2 351:20,21 terrible 340:14 tertiary 133:16 Tesco 350:6 test 229:1 324:6 tested 234:20 testify 131:22 160:1 testimonies 85:9 testimony 84:10 85:1 130:16,18 133:12 302:1,4 305:11,15 308:20 310:20 311:2 354:18 356:4,9 testing 74:9 textbooks 292:17 thank 11:7,8,11 12:10,17,19,21 13:3 14:5 18:22 19:3,4,6,20 20:15,17 24:15 26:9 28:9 51:9 78:4 83:13,16 85:4,5 94:1 101:4 105:6,10 107:18 112:8 114:14 121:21 127:4 128:16 130:1,3,15 134:4,5 136:9 138:1 139:14 143:18 144:21 147:22 148:2 151:6,8 152:22 154:19 156:19 159:19 161:3 162:14 164:14	168:12 169:22 171:5 172:19 173:6 189:2,3 193:12,13,19 196:21 199:1,4 201:20 202:7,8 205:12,14 210:17 214:6 215:9 219:13 233:14 239:10 245:17,18 248:2,19 250:10,13 251:2,16 252:8,9,11 301:8,10,21 302:5,9 309:1 310:20 311:8,10 312:11 314:7,20 315:11 316:11 321:9 322:19 323:3 324:10,12 325:20,21 326:19 327:18 329:1 332:7,8 333:13,18,20 335:22 336:1 337:19,20 339:18 341:7,12,13 343:1 346:13 349:12,19,22 350:14,15 352:15 353:9 354:16,21 355:3,7,9 thanking 182:5 324:4 thanks 182:4 209:10 282:10 302:6 341:15 that's 16:6 24:14
---	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 86

<p>25:18 27:8 28:13 29:2,3,5 33:11 34:15,19 35:22 36:20 37:11 39:4,11,17,21 42:5,6 45:18 46:3,19 47:2,16,17 48:9 49:7 50:12 51:1,10,19,20 53:6,9 54:14,15,16,17,2 1 56:16 57:2,14 59:2 62:7,14,17 65:12 68:20 70:17 72:19 74:17 77:12,20 79:12,22 80:17 81:20 82:20 83:3,10 84:11 85:21 86:2 93:14 95:15 99:7 102:21 103:5,22 104:7,16 106:10,15 109:13 115:21 116:7,9,14 120:2,7 122:6 127:13 128:5,8 129:15 132:6,8,22 133:6 137:7 139:8 146:1,21 147:11 168:9 169:16 178:10,11 185:7 189:13 190:8,16,18,20 191:2 192:6 193:22 194:2 197:16 198:4 201:3 202:15 203:3,8 204:9,10 208:10,11 212:17 213:4</p>	<p>216:13 217:9,10 221:3,4,11 222:3,9 223:7 224:21 225:5,16 226:2 227:17 228:10 229:8 230:2,7,8 231:15 232:5 235:7 236:8 237:9 239:3 243:11 248:11 250:8 251:18 259:12 261:7,19 262:12,17 266:20 271:19 274:11 276:5,6 278:4 283:2,12 284:15 285:2,4 286:14 287:8 291:19 295:8 297:18 299:5 311:20 314:13 322:19 329:10 330:6 333:16 334:16 338:5,17 339:15 345:7,10 349:17 353:12 354:3,5,14</p> <p>their-selves 71:22</p> <p>theme 304:20</p> <p>themes 4:13</p> <p>themselves 141:13 167:2 216:15 263:6 341:4</p> <p>then-U.S 22:5</p> <p>thenwhen 241:1</p> <p>theories 226:12 234:19</p> <p>theory 228:17</p> <p>thereafter 135:13</p>	<p>356:5</p> <p>therefore 132:18 154:15 169:12,18 186:22 188:5 256:17 268:22 351:1</p> <p>there's 27:6 30:21 36:7 39:2,14 40:6 44:1 49:13 50:11 51:21 52:12,13 56:13 57:1 58:4,10,11,20 59:2,21 60:11,15 62:13 64:7 65:9 70:13 72:6,12 79:21 80:3 81:4 82:2 83:22 86:20 102:11 103:16 107:5 110:16 114:22 119:14,18,19 120:1,5,6,11 127:21 128:4 129:12 133:22 140:21 141:11 142:14 147:14 156:9 173:17 200:20 202:4,5 204:5,18 209:12 210:7,8 211:11,13 214:12 220:10 224:19 227:14 236:15 237:8 238:6 239:21 243:14 260:19 263:5,17 264:13 272:6 277:6,17 279:19 287:8 289:1,3 295:4,6 296:16 299:2,7</p>	<p>313:4,5 322:9 326:15 328:5,18 329:5,15 337:4 341:22 342:4 348:9 353:19</p> <p>they'd 110:13 342:17</p> <p>They'll 71:15</p> <p>they're 15:22 24:2 25:14 26:4 29:12,13 33:9 34:11 43:21 44:16 46:10 49:15,16 52:3 54:2,3,4 55:9 59:3 62:11,14 65:18 66:15,18 68:22 69:19 71:10,12 82:22 103:11 104:15 135:1,3 141:14 152:17 167:12,13 191:7 196:13,16 210:17 212:3,6,11 213:16,21 216:6,8,16,19 218:6,8 227:6,7,8 228:9 230:1 233:8 235:14 236:16 237:16 245:16 259:9,14,15 262:13 263:15 265:12 281:21 289:22 290:19 291:2,9 300:11 320:8 322:21 325:5,17 338:19 342:15,16 345:1 351:17,18 354:1</p>
--	--	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 87

<p>they've 47:14 60:18 62:11 65:1,2 70:22 71:16,18 94:7 96:15 179:5 192:14 194:1 203:22 204:1,14 208:4 226:22 242:14,15 322:3,6 331:19 348:13</p> <p>thin 63:18 64:5 78:19 118:9 304:9</p> <p>things,I 262:13</p> <p>third 84:13 192:9,15 193:2 222:5 253:14 315:4 334:19</p> <p>third-generation 22:7</p> <p>thirds 195:22</p> <p>thirty 35:4 209:13 266:9 351:9</p> <p>thoughts 28:13 87:4 119:3 125:16 302:4 305:8</p> <p>thousand 104:11 199:17 271:15 296:2 305:9 338:18 340:3 341:1 347:5 351:9</p> <p>thousands 15:18,20 80:18 87:8 163:6,17 172:4,6 308:5 312:15 313:18 320:9 335:19</p>	<p>threat 18:7</p> <p>threatens 149:20</p> <p>threats 149:17</p> <p>three-and-a-half 111:2</p> <p>thrilled 177:8</p> <p>thriving 6:1 162:20 215:14 218:12 245:14</p> <p>throughout 15:17 29:15 116:5 307:5 310:9 319:6 332:12</p> <p>throw 193:4 255:11 285:8</p> <p>thrown 268:15</p> <p>ticket 131:2</p> <p>ticketed 252:20</p> <p>tickets 131:1</p> <p>ticking 279:11</p> <p>tie 75:1 123:8 212:9</p> <p>tied 86:17 277:7 328:11</p> <p>tie-ins 212:14</p> <p>tight 47:15 103:11</p> <p>tightest 189:17</p> <p>timely 8:6 73:12</p> <p>timer 131:8</p> <p>tired 300:20 301:21</p> <p>tiring 300:14</p> <p>Tobey 84:5 87:21 88:2 100:10 105:6,15,17 107:18 110:15</p>	<p>111:13 114:14 116:22 118:5 119:2 120:13 121:21 123:5 125:15 127:19 128:16 130:1,6 308:19</p> <p>today 2:16 3:4 5:15,22 7:3 13:2 17:22 18:12 23:21 30:16 35:7,22 37:21 41:3,8,11 48:7 52:1 53:2 68:6 70:15 88:7,14 89:7 90:11,16 92:4 108:2 128:14 130:4,19 132:21 134:1 139:20 140:18 142:2,3 148:16 151:20 152:1 160:2,12,20 162:1 165:2 166:21 168:20 170:5 171:13 172:2 173:20 175:11 176:3 183:9 190:5 191:17 194:15 195:6,9,12 196:10 197:12 201:17 204:20 209:16 218:14 227:12 236:2 265:9,19 266:2,10,13 268:15 273:16 274:10,12 279:6 289:22 295:10 299:22 304:18 308:18 311:9,18 312:6,16</p>	<p>314:8,11 315:6,16,17 318:7,20 321:18,22 322:9 323:7,11 324:16 325:11,16 327:5 328:3,6 329:3,16 331:5 332:3,6 334:20 336:5 341:12 342:3 343:15 345:4 346:11 351:4,6 352:21 353:19 354:1,6,19</p> <p>today's 6:13 13:7 182:8 248:18 350:2</p> <p>tolerate 306:12</p> <p>Tom 180:9,10 198:19,21 201:21 238:3 241:11 248:19</p> <p>tomato 33:4 70:1 161:16</p> <p>tomorrow 308:18 321:21</p> <p>ton 268:3 338:1</p> <p>tonnage 242:11</p> <p>tools 158:2</p> <p>top 32:11 37:20,21 148:10 183:4,8,16 210:11 212:2 215:18 216:2 221:5 244:20 252:1</p> <p>topic 63:15 121:22 176:3 238:2 255:4 257:7 348:6</p>
--	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 88

Topics 303:17	178:22 179:22	transporting	troops 167:18
tornados 335:11	180:12 199:9	97:18 98:2	trouble 27:10
tossed 265:5	205:6 215:2	travel 211:3,7	134:13
total 52:21 53:1	332:4,5	319:6	truck 102:15,18
76:11 77:12	Trader 38:10	traveled 4:7 13:1	103:18
187:14,15	trading 77:16	85:7,8	239:15,17
totalled 183:12	tradition 32:8	travelled 305:7	284:6,7
totally 52:14 74:11	traditional 74:15	332:11 352:21	trucks 5:20
110:19 218:19	184:2,9 185:6	travelling 303:14	true 39:16,20 54:9
317:13	transaction 249:15	travels 2:12 4:12	65:12 99:11
touch 40:21	250:5	355:9	100:3 120:1
173:19	transactions 73:9	tray 45:11	122:7 218:15
touched 47:12	transferred 344:2	treat 277:14	296:17 324:6
193:16 319:19	transformed 17:16	312:20	330:1,3 351:19
tough 28:6 233:20	translate 188:5	treated 4:18 57:13	356:6
toured 181:17	translated 208:1	156:16 278:16	truly 33:2 100:10
touted 165:4 190:8	translating 246:14	279:2,7	144:1
toward 154:18	transparency 4:15	treatments 70:21	trust 26:1 57:2
towards 29:1	16:4 67:19 68:5	tremendous 14:15	155:19 300:1
69:14 127:9	69:3,10,14	78:13 124:20	truth 354:4
144:11 148:5	70:4,12 71:4,6	144:8 183:10	try 12:12 48:18
226:16 256:22	72:6,7 73:1,5	285:22 351:8	56:22 60:21
345:21	75:1,4,20	tremendously	74:22 88:6,22
towed 252:20	86:12,19 147:18	51:22 53:4	89:12,15 94:8
town 208:6,8	154:4 163:15	trend 28:22 29:3	124:13 129:4
344:8	247:6 275:11	37:18 64:16	196:20 217:8
towns 326:14	284:13,21	72:21 183:7	220:11
trace 102:20 157:3	285:19 286:1,3,8	trending 226:20	240:18,21 241:7
track 26:15 131:9	301:3 303:21	trends 226:20	254:15 271:9
199:15 281:22	305:14,20	trends 38:6 173:19	286:9 292:8
338:9 339:3	transparent 2:21	182:2 263:21	294:10 295:19
tracked 185:17	3:22 31:20 44:19	304:16	301:14 325:13
trade 20:8,11	72:13 73:19	trial 250:14	333:22
21:17 143:22	89:18 137:11	tricky 10:1	trying 37:14
164:8 170:10	159:4	tried 242:18 297:1	40:5,19 63:9
174:12	transportation	trim 74:16	73:18,20 106:12
175:17,20	65:15 129:5	trimming 101:18	125:12 144:12
	334:6 335:1		171:10 194:20
			195:1 243:2
			289:17 291:9

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 89

<p>294:15 315:2 324:17 331:15 333:16 t-shirt 13:15 t-shirts 13:12 tuna 161:14 turn 11:14 13:21 17:22 23:15 51:5 93:16 100:17 111:15 123:1 132:19 134:6 166:2 189:7 198:19 201:18,21 214:7 224:18 230:22 Turner 327:20 turning 104:17 tweaking 159:15 twenty 32:10 40:15 56:7 266:11 Twenty-five 266:9 twice 174:19 211:4 216:3 twitching 214:9 two-and-a-half 111:2 two-day 348:5 two-income 48:20 two-thirds 25:21 33:10 tying 127:13 type 10:2 11:20 44:9 49:19 61:16 108:12 123:11 125:19 126:12,13 142:1 159:14 227:18</p>	<p>229:11 249:4 264:2 354:15 types 49:7,14 63:11 278:16 279:21 typewriting 356:5 typical 151:17 typically 27:12 194:18 220:19 224:21 235:18 236:22 typified 125:14 tyranny 156:4,7 <hr/><p style="text-align: center;">U</p><hr/>U.C 90:20 U.S 1:13 7:7 11:16 12:1 21:18 22:16 95:7 96:18 130:9 146:9 148:6,13 175:2,5 181:16 183:5,7,9,22 185:19 216:2 350:12 UFCW 179:10,20 ultimate 44:15 58:10 59:1 77:3 200:21 ultimately 34:20 46:12 57:7 58:10 81:19 82:10 86:13,14 149:13 246:11 320:2 unable 351:22 uncertainty 235:4 undergraduate 175:21 underproduce</p>	<p>299:16 underserved 243:10 understand 3:5,14 18:3 110:15 119:18 122:9 123:6 196:18 206:2 240:16 241:2 246:22 247:4 257:21 276:15 281:13 283:10 317:4,14 328:1,5 338:15 339:10 understanding 27:11 49:20 177:13 220:3 245:5 263:3 264:9 307:1 309:7 understood 18:10 59:22 225:11 undistinguished 287:18,19 288:1 undoing 334:14 unearned 330:4 unexplained 260:17 261:7 unfair 8:5,12 16:19 163:1 224:21 225:15 250:7 unfairly 156:16 unfortunately 82:1 218:18 291:11 320:2 328:3 unheard 227:7 unintended</p>	<p>251:22 Union 91:18 155:1 176:22 178:1 179:8 Unions 179:22 unique 43:19 59:5 305:10 unit 258:2 260:6 261:22 United 6:5 103:1 140:3 166:14 169:13 170:21 179:7,9 180:19 181:10 191:1 202:9 205:5 218:7 250:21 313:8,10 323:19 331:8 332:1 349:21 350:5,14 universal 285:12 university 90:19 91:6,14,16 93:4,8 168:18 174:15 175:7 176:4,6 177:4,11,17 178:2,4,18 180:4,5,7,21,22 181:12,14 204:10 253:10 254:1,2,11 316:13 unjust 152:6 unless 57:18 80:17 290:22 unlikely 57:17 unloaded 102:18 unnecessarily 169:8</p>
---	---	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
 Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 90

<p>unpackage 189:5 unprecedented 18:15 148:14 un-priced 61:8 unregulated 126:7 updated 317:10 updating 248:16 upgrade 104:11 upgrades 304:4 upon 283:10 306:18 335:4 upper 145:3 upright 166:13 ups 107:19 upstate 124:7 upstream 185:1,10 188:9 234:12 upswing 191:10 urban 40:8,13 203:5,17 205:12 243:10 urge 16:17 141:6 169:18 312:4,7 337:16 350:11 urged 311:14 urgency 351:1 urgent 350:20 351:15 urging 150:16,21 172:16 311:20 USA 22:16 145:2 318:18 350:16 USDA 2:3,5 3:14 7:17,19 8:3 10:1 11:18,19 21:11,16 40:5,20</p>	<p>66:3 75:18 78:13 84:21 113:17 132:2 135:11 137:19 138:17 139:1 140:3 141:1 152:8 153:1 164:9 169:19 182:10 183:3 184:10 191:20 197:13 243:9 248:12 253:5 255:19 260:2 269:3 279:16 286:17,21 288:22 289:16 292:16 295:4,7,12,18 306:11 310:4 311:11,15 312:4 315:10 316:21 317:2,3 320:20 323:20 324:5 326:1 335:22 350:1 353:8 USDA's 8:17 51:2 73:7 344:16 USTR 21:16 usually 7:12 60:11 61:3,10,11,21 67:14 95:4 97:8,17 117:13 129:11 182:18 216:11 utilities 274:1 utility 142:8 158:6 utilize 16:17 <hr/> V <hr/> vacation 344:8 Valerie 253:17,18</p>	<p>269:4 275:15,17 276:18 281:3,14 296:9 301:7 319:19 324:16 345:22 Valerie's 275:18 288:14 Valley 327:22 Valleys 22:21 value 6:15,17,22 24:3 25:15 28:15,19,22 34:9,12 43:8 45:19 46:10 57:20 58:13,14 62:15,17 63:4 65:2 72:9 73:11 77:17 82:13 99:18 112:14 134:22 157:18 186:16 187:16 194:12 210:10 243:4 255:19 256:1,2,7,18 260:3,15 262:3,17 264:19,22 266:6 288:6,11 304:16 307:7 331:18 338:22 values 65:3 87:6 177:20 196:13 259:9 van 346:15 vantage 13:20 variable 63:22 variables 51:16 200:11 299:4 variation 44:2 283:8,9</p>	<p>varied 98:10 99:19 varies 45:3 varieties 21:1 337:4 variety 20:9 39:16,17 56:1 100:6,7 142:16 169:7 188:10 205:19 210:6 234:14 244:10 287:9 310:8 various 39:21 60:17 111:14 170:8 175:15 188:8 196:15 200:5,13 292:9 Varney 14:9 19:15 20:2 32:12,15 53:7,13 66:19 85:8 301:12,19 314:16 341:19 Varney's 86:16 vastly 208:22 vats 147:7 Vaughn 22:6,7,17 27:4 36:3,4 40:22 59:22 67:2,4 70:12 79:9,11 329:2 Vaughn's 22:11 41:12 vegetable 39:5 46:5 vegetables 21:2 28:22 31:17 32:4 40:3,9 192:12 211:14 vendor 55:19</p>
---	--	--	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 91

<p>verge 317:16</p> <p>verified 61:5</p> <p>verify 285:13 301:3</p> <p>Vermont 91:6 346:16 347:3</p> <p>Versteeg 254:4 266:5 268:10 277:2 278:8 279:12,14 281:4,11 285:15 299:13</p> <p>versus 146:12</p> <p>vertical 14:22 126:15 145:13 205:8 234:16 265:15 273:13 294:5 299:20 303:4 304:3</p> <p>vertically 338:7</p> <p>veteran 342:2</p> <p>veterinarian 104:1 254:6</p> <p>veterinarians 5:19</p> <p>Via 323:17</p> <p>viability 87:11 132:4 173:16</p> <p>viable 160:8 334:9</p> <p>vibrant 306:17 308:2</p> <p>Vice 22:21 179:6,19 180:10</p> <p>view 16:5,6 93:21 112:5 117:2 208:17 220:7</p> <p>views 114:18 252:12</p>	<p>vigilant 238:2</p> <p>vigor 307:4</p> <p>vigorous 16:7 45:15 78:10 118:9 210:8 230:21 245:20 307:17</p> <p>vigorously 150:18 209:22</p> <p>Vilsack 2:2 14:6 15:3 19:4,6 26:9 29:16 30:13 34:21 40:12,18 46:4 47:19 52:11,16,20 53:3,12 55:3 59:6 67:3,18 69:13,17 76:17 83:13 87:17 144:2 165:4 215:5 227:13 302:6 303:10 322:1 340:2</p> <p>Vilsack's 16:6 238:3 340:22</p> <p>Vincent 22:17 28:9 37:16 46:6 62:2 69:1,15,20 81:16 179:6,10,19 180:2 214:9,21 226:9,15 248:3,7</p> <p>violation 318:5</p> <p>violations 8:16</p> <p>violators 354:14</p> <p>Virginia 253:21 276:3 277:22 280:6 319:1 324:3,4,20 327:22 346:2</p>	<p>Virginias 253:19 345:21</p> <p>Virtually 227:20</p> <p>virtue 225:8</p> <p>Visa 249:9</p> <p>visceral 307:1</p> <p>vision 14:12</p> <p>visit 142:16</p> <p>visited 308:4 355:1,4</p> <p>visiting 55:5</p> <p>visits 69:9</p> <p>vital 135:18 182:9</p> <p>vitality 172:7 302:18</p> <p>vivid 166:12</p> <p>Vlasic 216:14,21 217:3,17</p> <p>Vlasic's 217:17</p> <p>voice 136:18 354:1,3</p> <p>voiced 132:6 306:15</p> <p>voices 171:11 323:13 332:18</p> <p>volatility 9:15 95:20 105:3 106:8 124:21 160:11</p> <p>Volstead 132:8</p> <p>volume 65:5 161:17 183:15 232:17 295:22 296:3</p> <p>voluntary 109:8</p>	<p>volunteer 153:7</p> <hr/> <p style="text-align: center;">W</p> <hr/> <p>wage 258:1 270:4,9 272:12 347:2,3</p> <p>wages 82:8 117:14 137:9 150:7 233:9 262:14 267:20 275:1</p> <p>Wagner 153:5,6</p> <p>wait 72:3 287:19</p> <p>waiting 60:12 342:4</p> <p>Waldrop 23:5 29:17 38:22 40:17 48:18 54:12 63:6 68:9 82:16 171:13</p> <p>walk 24:10 261:14</p> <p>walked 121:6 354:6</p> <p>Wall 326:18</p> <p>Walmart 183:18,21 184:19 189:21 190:6 202:19 204:8,13 205:2 215:17,19 216:3,15,16,20,2 1 217:7 218:5,21,22 219:4,11 221:17 222:13,14 223:3 225:9 227:6,22 235:18 240:16 314:2 350:6,9,10</p> <p>Wal-Mart 139:3 156:6</p>
---	---	---	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 92

<p>Walmarts 235:9</p> <p>Walmart's 183:19 200:5 216:9 219:7</p> <p>Wal-Mart's 42:18</p> <p>Wal-Mart's 139:10</p> <p>warehouse 35:11 202:20 203:11 204:8 209:18</p> <p>warehouses 46:17</p> <p>warehousing 65:15</p> <p>warmer 13:3</p> <p>warming 124:17</p> <p>warning 5:5,6 6:3 7:5,17</p> <p>warrant 15:13</p> <p>Warren 79:3</p> <p>wars 122:18</p> <p>Washington 1:16 13:3 20:3 155:6 168:15 175:1,5,13 176:6 180:16 313:8 321:11</p> <p>wasn't 107:12 341:17</p> <p>waste 10:10 219:9</p> <p>watch 138:11 176:10 311:10 332:9</p> <p>watchdogs 342:22</p> <p>watched 240:4 274:7</p> <p>water 143:4 149:19 169:11</p>	<p>176:10,11,18 311:9 332:9 347:12</p> <p>waterbed 222:10 247:2</p> <p>watering 161:18</p> <p>watermark 114:4</p> <p>watermelon 75:11,12</p> <p>Watershed 168:21</p> <p>ways 11:5 77:11 140:1,6,22 142:14 150:1 231:19 237:18 243:15 295:20 307:7 333:7</p> <p>weakening 166:14</p> <p>weakens 149:21</p> <p>wealth 163:9 294:13 330:1,2,3,8,10 344:2</p> <p>wears 149:19</p> <p>weather 135:5</p> <p>Weaver 324:2 327:2</p> <p>website 16:17 172:10</p> <p>we'd 53:16 77:14 87:21 105:1 173:9 273:16 282:7 353:7</p> <p>WEDNESDAY 1:9</p> <p>week 17:9 71:17 72:2 172:15 271:16 286:20 313:15 347:6</p>	<p>weekly 344:11,13</p> <p>weeks 18:13 65:12 271:18,19</p> <p>week-to-week 29:10</p> <p>weigh 266:18</p> <p>weight 75:10 111:11 146:12,13 147:11 282:19 286:22 287:1,6 319:21</p> <p>weighted 65:5 97:3</p> <p>weights 275:13</p> <p>welcome 2:3,8 3:2 11:16,17 21:19 59:3 60:6 175:8 176:8 177:5 178:5 179:2 181:18 253:2 301:16</p> <p>welcoming 12:16</p> <p>welfare 45:11 182:18 188:9,13 193:8 204:17 206:5,8 219:22 221:10 245:10,11 348:20 349:1,2,3</p> <p>we'll 3:10 6:14 7:3 23:16 24:13 37:17 47:5 55:16 59:16 84:13,22 87:17 89:12,13,15 90:1 94:21 100:11 103:4 111:16,19 123:14 128:16,18</p>	<p>130:6,8,21,22 131:2,13 144:20 174:1 178:12 228:3 244:6 257:1 260:22 265:15 287:9 311:3 326:11</p> <p>Wenning 180:9,17 199:1,4 241:12 248:20 250:11</p> <p>Wenonah 176:7,9 177:5,6 189:7,11 193:12,17 194:5,8 197:1 210:19 214:6 244:17</p> <p>we're 10:3,7,9,12 20:20 28:21 29:7 33:12 35:3,16,17 36:20,22 37:3 38:6,7 39:12 47:6,8 51:11 52:18 59:9,20 65:7 69:21 71:6 72:22 80:12,14 82:5,7 83:14,18 84:3 86:1 88:6,7,22 89:22 102:13,21,22 103:5,17 104:5,6 107:9 119:16,17 120:2,22 128:17 131:4,9 135:17,19 137:8,17 140:18 142:2 156:8 160:11 162:21 163:3,11 167:5 168:10 173:19 174:5 175:10 179:2 182:2 195:11</p>
---	--	--	---

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

Page 93

<p>203:13,17 205:7 207:9 215:4 217:22 218:5 219:10 223:19 231:4 233:9,16 234:5 235:14 236:13 241:5,8,22 242:6 243:14,16,17 248:5 251:6,21 257:8,22 258:2 260:21 269:14 271:20 274:17 275:8,19,22 279:7,9,22 280:1 282:19 285:18 286:10 288:11 290:7,8 293:16 294:13 296:14,19 297:10 301:16,22 310:3 312:18 313:16,22 314:1 322:4 324:8 325:5 326:10 328:13 329:13 333:11,16 335:9,10 338:21 339:1 340:4,22 345:10,11,12 346:9 351:4,10 352:2,18 354:2,6</p> <p>Wes 141:19</p> <p>west 46:15 129:11 253:21 276:3 277:22 319:1 324:4 346:2</p> <p>western 326:3</p> <p>we've 2:14 4:3,22 10:22 14:15 27:20 28:18,22</p>	<p>32:9 35:9 37:1,2,3,19 40:7 42:2 46:21 49:3 50:19 55:5 63:1,5 72:9 84:14 85:21 96:9,11 105:13,22 106:7,13,17 107:8 116:20 125:13 127:7,9 128:18 132:21 133:2,12 172:2,15 189:19 191:5 198:20 199:7,21 205:16 206:4,5 207:18 213:10,11,17 214:12,13 215:15 217:19 218:2,3 219:16 220:9 221:11,22 226:11 229:21 231:2 233:11,13 237:20 241:18 242:8 251:9 256:9 257:19 259:12 264:1,3 265:8 268:14 271:4 276:18 288:3,5 290:2 292:15 295:9 299:10 305:3 309:14 310:1,8 315:8 323:10 325:17 329:16 332:3 342:7,10 343:8,18 346:11 348:21 349:15 350:22 351:13 352:9,21</p> <p>whack 270:21 271:1 295:18</p>	<p>whammy 223:13,17</p> <p>whatever 33:21 68:3 71:6 235:10 243:7 259:8 290:16</p> <p>whatnot 288:6,8</p> <p>wheat 92:6 186:18</p> <p>whenever 110:2 129:19</p> <p>Whereas 263:12</p> <p>Where's 346:10</p> <p>Whereupon 252:13 301:11 355:10</p> <p>whether 63:15 70:16 75:8,9 126:10 158:17 186:9 193:20 199:16 225:3 235:9,12 240:16,17 243:7,10,15 249:17 255:6 280:12 289:15,22 292:14 295:16 299:21 306:15 324:6</p> <p>whipsawed 237:11</p> <p>whispered 348:8</p> <p>white 18:5</p> <p>Whoa 268:3</p> <p>whoever 277:19</p> <p>whole 34:20 48:16 55:19 77:11,22 135:15 146:8 194:18,21 195:4,12 212:3</p>	<p>220:5 231:7 237:18 238:21 239:1 241:17 243:14 258:12,22 261:21 266:1,2,22 269:10 279:15 336:17 347:14 348:22 349:15</p> <p>wholeheartedly 315:1</p> <p>wholesale 65:10 66:4 72:11 97:13 98:16 99:9 109:5,6,14,16,19 110:21 111:1,3 119:1 121:8,9 180:13 187:5,15 269:2 270:14 272:7,22 273:3 295:12</p> <p>wholesaler 60:2 67:9,10 71:5</p> <p>wholesalers 70:16 114:11 242:13 243:12</p> <p>wholly 158:7</p> <p>whom 4:16 148:7 155:22 172:7 356:2</p> <p>whomever 297:5</p> <p>whopping 266:1</p> <p>who's 41:20,21 69:8 112:6</p> <p>whose 306:14 339:22</p> <p>who've 312:6 333:21</p>
--	---	---	--

(866) 448 - DEPO

www.CapitalReportingCompany.com

© 2011

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>WhyHunger 311:18</p> <p>WIC 249:17</p> <p>wide 2:15 20:9 141:7 278:10,11 303:15</p> <p>widely 178:19</p> <p>widening 64:17 114:4 116:10</p> <p>widerswings 287:9</p> <p>wielding 216:8,9</p> <p>wields 219:11</p> <p>wife 5:13 22:10 92:4 101:9 151:13 194:20 258:13 312:14 314:11 315:4 329:8</p> <p>Wilkins 329:19 331:11</p> <p>Williams 175:4</p> <p>willing 44:11,16 70:14 144:20 259:14,15</p> <p>willingness 11:8 12:12</p> <p>wine 210:13</p> <p>winner 230:22 231:1</p> <p>Winona 91:15</p> <p>winter 322:4 348:3</p> <p>Wisconsin 4:9 9:17 88:12 89:1 134:10,11 135:4 145:4 178:18 204:10 247:18 304:6 316:13</p>	<p>wisdom 334:18</p> <p>wise 339:7</p> <p>wish 250:11</p> <p>withstand 310:7</p> <p>witness 353:2</p> <p>witnessed 27:17,18 351:14</p> <p>witnesses 250:14</p> <p>woes 306:2</p> <p>Wohlgenant 254:9 255:12 256:21 257:3 261:12,17 262:12 272:2,6,16 273:10 286:15 298:7,9 299:1</p> <p>woman 293:4 309:1 347:21 348:17</p> <p>women 211:4,5</p> <p>won 93:12 231:1</p> <p>wondered 298:16 345:22</p> <p>wonderful 173:11</p> <p>wondering 287:16 304:22</p> <p>wonk 231:22</p> <p>wonks 231:20</p> <p>Wood 313:7</p> <p>work 5:19 10:21 12:12 14:11 15:21 24:8 29:10 36:22 47:15 59:8,11,14,17 60:13 61:3 83:5 99:7 115:6 119:11 123:16</p>	<p>125:2 129:6 135:21 137:19 145:9 156:22 160:13 161:5 167:1,6 178:9 182:1 215:8 217:10 228:18,19 229:7 231:11 234:7 239:9 240:12,14 250:7,12,20,21,2 2 254:3 276:22 282:11,12 284:8 300:12 302:12 307:22 308:6 311:4 312:9 313:20 314:6,12 318:14 321:10 322:19 324:15 327:11 329:20 332:9,10 334:1 339:8 342:8 343:6 344:7,8</p> <p>workable 9:3 81:6</p> <p>worked 10:1 12:4 90:20 91:1 94:3 127:9 161:12 162:19 176:10,20 199:7 274:8 303:5 311:19 329:9</p> <p>worker 293:5</p> <p>workers 148:5 150:7,13 155:1 158:16 159:8,9 170:20,21 179:8 206:14 207:3 225:18 226:8,16 233:10 349:22</p> <p>workforce 217:18</p> <p>working 10:7</p>	<p>15:22 17:2 19:18 21:15 26:16 29:19 70:14 71:10 82:8 104:6 136:16 140:3 148:5 170:15,22 193:11 199:2 206:18 224:7 232:15 243:17 299:17 309:3,18 310:3,7 314:9 323:1,2 332:12 340:5 350:17</p> <p>workload 61:2</p> <p>works 43:4 47:18 70:5 71:19 76:5 82:3 226:11 240:12 281:3 310:22</p> <p>workshop 1:3 3:3 4:5 5:9 6:13 8:8 9:1,11,17 11:1,9 14:2,7,11,13,18 15:18 16:10 18:16 19:17,18 88:11 89:1 125:3 130:8 148:8 182:8 302:6 306:8 309:5 319:4 324:13 350:2 355:6</p> <p>workshops 2:4,14 3:13 4:1,3,12 5:1 8:10 10:20 11:10,13 12:11 17:21 18:14 19:9 87:6,8 162:10 171:9 182:12 302:9,11,15 303:9,11,16 304:18,21 305:4,5,7 324:5</p>
--	---	--	---

Capital Reporting Company
Agriculture & Antitrust Enforcement Issues 12-08-2010

<p>346:21 349:13 350:1 355:1 world 78:6 79:14 83:7 85:14 100:16 103:2 153:15 162:6 165:13 171:16 232:11 245:20 266:17 323:16 328:16,17 world's 135:17 323:17 worldwide 266:16 worried 173:22 228:21,22 worry 107:13 221:15 worrying 125:6 worst 322:5 354:14 worth 88:14 223:15 267:21 268:1,8,9 288:18 314:15 324:7 327:4 worthless 331:14 wrap 99:1 299:11 wrap-up 76:6 write 111:18 296:18 written 89:19,21,22 90:2 111:18 148:7 277:3 wrong 102:19 328:19 353:14</p> <hr/> <p style="text-align: center;">Y</p> <hr/>	<p>Yale 180:6 212:12 y'all 342:18 yard 134:20 yards 313:20 yearly 277:13 year-to-year 62:18 73:21 74:21 Yep 199:3 yesterday 243:8 316:14 yet 120:4 147:3 163:22 274:12,18 282:20 301:4 313:7 328:17 347:14 yield 162:6 yolk 166:12,13 York 13:15 110:3 123:6,7,16,17 124:6,10 125:20 129:13 131:18 133:4,8,11 164:19 171:8 179:16 323:6 335:18 336:9,13,14,16,17 you'll 47:9 104:19 291:10 345:17 young 7:15 104:12 135:7 181:1,6 193:15,19 239:12 250:16,20 257:15 263:22 339:20 340:1,6,8,19 yours 85:18</p>	<p>105:20 yourself--the 291:6 you've 36:9,10 76:7 100:12 112:2 140:6 193:16 226:10,12 228:16 229:14 231:1 234:6 235:17 239:21 265:9 303:7 309:6 324:6,9 333:2 339:14 343:15</p> <hr/> <p style="text-align: center;">Z</p> <hr/> <p>zero 233:2 238:11 260:18 265:8 zoning 230:16 Zwick 93:6</p>	
--	---	--	--