



February 19, 2015

MADIGAN, FTC & STATES SUE TO BLOCK SYSCO-US FOODS MERGER***Lawsuit Alleges Proposed Merger Will Eliminate Competition Among Food Distributors & Lead to Higher Prices***

Chicago — Attorney General Lisa Madigan today, with the Federal Trade Commission (FTC) and 10 other states, sought to block Sysco Corporation's proposed \$8.2 billion acquisition of its rival, the Rosemont-based US Foods Inc.

Madigan, the FTC and other states today filed a complaint in U.S. District Court for the District of Columbia to stop the acquisition by the Houston, Texas-based Sysco Corporation, alleging the proposed acquisition would violate antitrust laws by eliminating Sysco's closest competitor and its only competitor operating nationwide.

The lawsuit specifically alleges the merger would substantially reduce competition among broadline food distributors in Illinois and across the country, resulting in higher prices and diminished service for restaurants, healthcare facilities, hotels, schools and other institutions that require full-service food distribution services. Broadline food service distribution is distinct from other types of food distribution because it requires timely and frequent delivery and a constant availability of a wide array of food products and supplies.

"The loss of competition between Sysco and US Foods would raise costs for their customers and ultimately for anyone purchasing food served at hospitals, schools, hotels and restaurants," Madigan said.

Because it is difficult for new competitors to enter this market, the complaint alleges the merger would dramatically concentrate business and eliminate price competition and reduce the quality of customer service. Sysco and US Foods are the only broadline food distributors currently with national operations. The complaint alleges the two companies currently represent 75 percent of the national market. In the Chicago area, the lawsuit alleges Sysco and US Foods together control 83 percent of the market for local and regional customers. The Bloomington area is another part of Illinois where the market would be highly concentrated after the merger because the combined companies would control 77 percent of the market.

Joining Madigan and the FTC in filing today's complaint were attorneys general from: California, the District of Columbia, Maryland, Ohio, Pennsylvania, Virginia, Iowa, Minnesota, Nebraska and Tennessee.

Bureau Chief Robert Pratt is handling the case for Madigan's Antitrust Bureau.

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