

Agway, H.P. Hood deal stalled by Justice Dept.

BY CURT HARLER
 SYRACUSE, N.Y. — On Tuesday the board of directors of Agway Cooperative agreed to make a tender offer for about 70 percent of the shares of H.P. Hood common stock.

But the expected sale of Hood assets to the new Agri-Mark Co-op was stalled Thursday pending resolution of financial and contractual questions, according to Hood Vice President Robert Cushman.

Also delaying proceedings is word that the U.S. Justice Department plans to bring legal action against the formation of the proposed giant New England dairy co-op.

None of the parties had received a copy of the Justice Department complaint as of Friday.

An Agri-Mark-Yankee spokesman said everything is in a holding pattern. The targeted date for completion of the package deal was to be July 1.

The Agway stock purchase will give Agway controlling interest of the voting shares of the Hood company.

Purchase of the Hood stock by Agway also is pending positive conclusion of studies presently being conducted by the U.S. Department of Justice.

The general plan for formation of the new marketing co-op, Agri-Mark, is to have Agway buy Hood's voting stock.

Meanwhile, the current Yankee Co-op stock is turned over to the newly formed Agri-Mark Co-op. Yankee goes out of existence.

Agri-Mark, in turn, buys

the fixed assets of the Agri-Mark then will lease the plants and equipment back to Hood. Hood agrees to buy all of its milk from Agri-Mark. Hood continues to sell under its own name.

Agway will have little involvement with Agri-Mark except for owning controlling interest in Hood. But farmers would have control of Agri-Mark both through the Agri-Mark Co-op itself and through Agway's board voting the Hood stock.

The price Agway will pay for the Hood stock is about \$43 per share.

Agway said the recent suspension of patronage dividends to all of its members has nothing to do with the current dairy dealings in New England.

Agway said the dividend was suspended to allow the

Co-op to build reserves in the present inflationary period. Agway said it expects to borrow all the funds for the purchase of Hood stock, probably through the Bank for Cooperatives.

The purchase of the Hood stock is pending, subject to positive conclusion of studies being conducted by the U.S. Department of Justice.

In the meantime, Agri-Mark, Inc. has been actively engaged for several weeks in signing up New England farmers to join the new cooperative.

The Agri-Mark shippers will pay 94 cents per hundredweight to buy the physical assets of H.P. Hood.

Agway said it was notified by Agri-Mark on Tuesday, June 24, that the amount of milk in pounds of annual production committed to Agri-Mark is approaching the previously reported goal of three billion pounds.

R.N. Goddard, executive vice president and chief executive officer of Agway, said contingencies to the Agway offer to purchase H.P. Hood included the need for a sufficient amount of milk to assure successful operation of the system, as

well as the commitment of New England Farmers. "We believe these contingencies have been met,

due in part to the outstanding job done by the field teams," Goddard concluded.

Poultry improvement meeting scheduled for July 7-10

WASHINGTON, D.C. — The General Conference Committee of the national poultry improvement plan will meet July 7 to 10 at the Fairmont Hotel in New Orleans, La., to consider 32 proposals affecting poultry producers, a coordinating official with the U.S. Department of Agriculture said today.

Ray Schar, senior national poultry improvement plan coordinator with USDA's Animal and Plant Health Inspection Service, said the committee meeting will be an integral part of the 25th biennial NPIP conference. The seven-member committee is elected by the NPIP conference delegates, who represent poultry industry participants in each state.

The NPIP conference and the committee have provided significant advice to USDA on the procedures, policies and regulations needed to implement the

national poultry improvement plan ever since its inception in 1935," Schar said.

The 32 proposals to be considered at this year's meeting range from procedural matters to changes in laboratory testing requirements and regulations for the shipment of hatching eggs and baby poultry. There will also be a program proposed for control of Mycoplasma meleagridis, an egg-transmitted disease of turkeys, Schar said.

Proposals will be discussed in general session, reviewed by subcommittees, and voted on by the full conference. The general conference committee will then review the conference recommendations, iron out discrepancies, and make final recommendations to USDA.

Conference delegates represent four major poultry breeding groups — egg-type chickens (layers); meat-type chickens (broilers), turkeys, and waterfowl.

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