

## ConAgra jumps into the organic dairy business

*Spokesperson says acquisition not expansion 'signal' to industry*

by *Sustainable Food News*

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Former N.Y. Jets defender, Don Odegard, flies over his organic cow herd of 2,200

ConAgra Foods, Inc. said Wednesday it has made its first foray into the organic dairy business by acquiring the largest organic dairy in Washington, also a major supplier to the nation's largest brand of organic milk, Horizon Organic.

The acquisition of Watts Brothers in Kennewick, Wash., includes a vegetable processing facility, a refrigerated warehouse and a packaging facility. It also includes the organic dairy located in Paterson, Wash., which maintains about 2,200 cows.

Financial terms of the deal were not disclosed.

But the acquisition of Watts Brothers, which posted annual sales of over \$100 million, is not an indication ConAgra, a \$12 billion international packaged foods company, wants to make a big footprint in the industry.

"[The acquisition] is not a signal we are going out and buying a bunch of organic dairies," ConAgra spokesperson Jeff Mochal told **Sustainable Food News**. "That's not why we targeted them."

Watts is also a major conventional and organic vegetable processor with customers such as Safeway and Gerber, as well as ConAgra with which it has a 10-year-old joint venture to supply frozen veggies to the Omaha, Neb.-based food giant's Consumer Foods business.

Mochal said the acquisition strengthens its core potato business operating under the Lamb Weston brand, which is the largest potato company in North America posting annual sales of approximately \$2 billion.

Watts also supplies retail, food service and industrial customers in the United States and abroad, including Mexico, Japan, China and other Pacific Rim countries.

The Watts Brothers entire farming operation consists of about 22,000 acres of land near the Columbia River. Mochal said it is business as usual for 350 or so employees and management team at Watts with no changes to payroll or operations expected.

Watts grows the majority of the organic hay and other dry feed that its cows eat, and its cows produce a lot of the manure that is spread over its organic crops.

Watts Brothers' operations are overseen by president and a minority owner Don Odegard, former defensive back with the New York Jets. A request for comment from Watts was not immediately returned.

Watts' organic dairy started in 2003 and has become one of the largest suppliers to Horizon Organic, owned by Dallas-based Dean Foods Inc.

Horizon announced Wednesday that it expanded its farmer partner network 35 percent in 2007, bringing the total to nearly 450 family farmer partners in 22 states across the country. About 100 more farms are in transition to becoming certified organic, the Boulder-based company said.

Mochal said it was "too early" to gauge reaction from Watts Brothers' customers, but said he "can't imagine there would be any concern. All those [supply] relationships will be sound."

Sara Lovejoy of Horizon Organic concurred. "We have no reason to believe that the arrangement we have [with Watts] will change in

any way," she told **SFN**.

Regarding future plans for the newly-acquired organic dairy assets, Mochal left it open-ended.

"We would not and will not plan to sell it," Mochal said. "We'll just where it goes . What happens five to 10 years down the road is anyone's guess."