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**COMP/M.6348 - ARLA FOODS / ALLGAULAND**

**SECTION 1.2**

**Description of the concentration**

Arla Foods a.m.b.a ("Arla") is a dairy cooperative owned by 7,178 Danish and Swedish dairy farmers (as per 31 December 2010) and with effect from January 1 2011 also indirectly by approximately 600 active German dairy farmers. Arla is active in the production and sale of a variety of dairy products. Arla is based in Denmark but has activities worldwide including in Germany.

The Allgäuland Group consists of the German companies Allgäuland-Käsereien GmbH and AL Dienstleistungs-GmbH and a number of subsidiaries directly or indirectly controlled by these two companies ("Allgäuland").

The share capital of Allgäuland is owned by a number of German cooperative societies ("the Dairy Cooperatives") who on the basis of milk supply contracts supply Allgäuland with the milk of its members.

Subject among others to clearance by the competition authorities, Arla and the Dairy Cooperatives have signed an agreement according to which Arla, through its German subsidiary Hansa-Milch AG, will acquire sole control of Allgäuland.

Among other things Allgäuland produces a variety of quality cheeses in Germany. Arla has activities worldwide, and is selling fresh products, butter and cheese on the German market. Arla does not produce cheese in Germany. The merger will only give rise to modest overlaps.