



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN CAMERON INTERNATIONAL CORP.'S ACQUISITION OF NATCO GROUP INC.

Divestitures Will Preserve Competition for Refinery Desalters in the United States

WASHINGTON — The Department of Justice announced today that it will require Cameron International Corp. to divest certain assets used in the production and sale of desalters for use in the oil refining industry in order to proceed with its acquisition of NATCO Group Inc., currently valued at approximately \$980 million. The Department said that the deal as originally proposed would substantially lessen competition in the manufacture of refinery desalters in the United States, resulting in higher prices and reduced quality, service and innovation. The Department said that the divestitures also remedy the harm to competition caused by Cameron's 2005 acquisition of certain assets from Howe Baker Engineers Ltd.

The Department's Antitrust Division filed a civil lawsuit today in U.S. District Court for the District of Columbia to block the proposed acquisition of NATCO by Cameron and to remedy the loss to competition created by Cameron's 2005 acquisition of certain assets of Howe Baker. At the same time, the Department filed a proposed settlement that, if approved by the court, would resolve the competitive concern alleged in the lawsuit.

Refinery desalters are used to remove salt from crude oil at the oil refining stage of production. Desalting is a critical initial stage of the refining process. Currently, Cameron and NATCO, a recent entrant, are each other's closest competitor for a significant set of refinery customers in the United States.

According to the complaint, Cameron's \$8.25 million acquisition of the Howe Baker assets in 2005 reduced from two to one the number of sellers of refinery desalters in the United States. Under the proposed settlement, Cameron will divest the desalter and dehydrator assets purchased from Howe Baker (the EDGE business), and all related tangible and intangible assets. It will also divest a non-exclusive license to certain NATCO technology related to refinery desalters, which utilizes dual frequency transformers. This dual frequency license may be used worldwide for the development, production, sale, and service of refinery desalters using this technology.

"These divestitures are necessary to preserve the benefits of competition for refinery customers in the United States," said Christine A. Varney, Assistant Attorney General in charge of the Department's Antitrust Division.

Cameron is incorporated in Delaware with its principal place of business in Houston. Cameron is a worldwide provider of products, systems and services used to the oil, gas and process industries. Cameron is the leading U.S. supplier of customized refinery desalters. Cameron had U.S. sales of approximately \$10 million for desalters in 2008.

NATCO is also incorporated in Delaware with its principal place of business in Houston. NATCO is a worldwide provider of equipment, systems and services used to separate oil, gas and water in oil and gas production and refinery facilities around the world. After Cameron, NATCO is currently the most significant U.S. supplier of refinery desalters. NATCO had U.S. sales of approximately \$10.5 million for desalters in 2008.

As required by the Tunney Act, the proposed settlement will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed Final Judgment upon finding that it is in the public interest.

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