



Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice filed two civil antitrust suits today to require Combustion Engineering, Inc., to sell its interest in Wickes Boiler Division and The Bauer Brothers Company.

Attorney General John N. Mitchell said the suits, charging violation of Section 7 of the Clayton Act, were filed in United States District Court in New Haven, Connecticut.

Combustion Engineering, of New York City, ranks 136th in industrial corporation sales in the nation. It acquired the business and assets of Wickes Boiler Division from the Wickes Corporation, of Saginaw, Michigan, on June 20, 1966, and the stock and assets of Bauer, located in Springfield, Ohio, on June 18, 1968.

Combustion Engineering is a leading supplier to all manufacturing industries and the utility industry of conventional and nuclear steam generating equipment; chemical, petrochemical, pulp and paper, and other processing systems; materials handling equipment, and many other products.

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Assistant Attorney General Richard W. McLaren, head of the Antitrust Division, said the suit challenging the Wickes' acquisition charged that it eliminated actual and potential competition between the two firms and that competition generally may have been substantially lessened in the manufacture and sale of industrial boilers.

At the time of the acquisition, the suit said, Combustion Engineering accounted for the second largest share, or about 20 percent, of the sales of industrial boilers, and Wickes accounted for the fourth largest share, or about 8.6 percent.

The acquisition increased the share of the four leading manufacturers' industrial boiler sales from about 74.5 percent to about 82 percent, the suit added.

The suit challenging the Bauer acquisition said it eliminated potential competition between Combustion Engineering and Bauer, that competition generally may have been lessened by entrenching Bauer in its dominant position, and barriers to entry in the manufacture and sale of pulp making equipment and stock preparation equipment substantially increased.

Prior to its acquisition, the suit said, Bauer accounted for about 33 percent of the sales of pulp making equipment and for about 24 percent of sales of stock preparation equipment. The suit further said that Combustion

Engineering is one of two sellers of power boilers and recovery boilers as original equipment for paper making, and is a leading supplier of other products commonly used in the pulp and paper industry.

Prior to its acquisition of Bauer, the suit added, Combustion Engineering had the technological, financial, and marketing ability and incentive to manufacture pulp making equipment and stock preparation equipment in competition with Bauer.

Both suits asked the court to order Combustion Engineering to divest itself of the stock, assets, and businesses acquired from Wickes and from Bauer.

They also asked for injunctions against Combustion Engineering's acquisition of the stock or assets of any other firms engaged in the manufacture and sale of industrial boilers, pulp making equipment, or stock preparation equipment, except upon the prior approval of the Justice Department or the court.

Combustion Engineering had net sales of \$820,634,000 in 1969 and total assets of \$562,411,000 at the end of that year.