



Department of Justice

FOR IMMEDIATE RELEASE
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AT
(202) 633-2014

The Department of Justice today filed a civil antitrust suit challenging the proposed acquisition of Pullman Inc. of Chicago, Illinois, by Wheelabrator-Frye Inc. of Hampton, New Hampshire. Both companies are major competitors in the design, engineering and construction of tall industrial and power plant chimneys and in the design, engineering and sale of electric arc furnaces. The Department of Justice also filed a proposed consent decree that would terminate the suit.

Attorney General Benjamin R. Civiletti said the suit and proposed consent decree were filed simultaneously in U.S. District Court in Washington, D. C. and that the proposed decree will become final upon approval by the court.

The complaint charges that the proposed transaction would violate Section 7 of the Clayton Act. It asks the court to order the divestiture of either Wheelabrator-Frye's or Pullman's chimney business and the divestiture of either Wheelabrator-Frye's or Pullman's electric arc furnace business.

Sanford M. Litvack, Assistant Attorney General in charge of the Antitrust Division, said the markets for tall chimneys and electric arc furnaces are highly concentrated and that in each market the top four firms control more than 90 percent of total domestic sales. In tall chimneys, Pullman ranked first and Wheelabrator ranked fourth based on the dollar value of contracts awarded in 1979.

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In electric arc furnaces, Pullman ranked second and Wheelabrator ranked third based on sales in the period 1972-1977.

Electric arc furnaces are used to melt scrap steel in integrated steel mills, "mini" or "midi" mills and steel foundries. There is no alternative to an electric arc furnace in a mini or midi steel mill.

Tall industrial and power plant chimneys are made of reinforced concrete and can range in size from 250 to over 1,000 feet, and cost between \$0.5 million and \$7 million each.

The complaint alleges that the proposed acquisition will eliminate competition between Wheelabrator and Pullman in the design, engineering and construction of tall chimneys and in the design, engineering and sale of electric arc furnaces. The complaint also alleges that the proposed acquisition will increase concentration in the design, engineering and construction of tall chimneys and the design, engineering and sale of electric arc furnaces in the United States.

The proposed decree requires Wheelabrator to divest the Rust Chimney Division of Rust Engineering, a Wheelabrator subsidiary, within 12 months from the date of the acquisition. The proposed decree also requires Wheelabrator to divest either the Metallurgical Division of Whiting Corporation, a subsidiary of Wheelabrator, or the Industrial Furnace Group of Pullman-Swindell, a subsidiary of Pullman, at Wheelabrator's option, within 12 months from the date of the acquisition.

In accordance with the Antitrust Procedures and Penalties Act of 1974, a competitive impact statement regarding the decree has been filed with the court. Copies of this statement and of the proposed decree are available on request in the Legal Procedure Unit, Room 7416, Department of Justice, Washington, D.C. 20530. They are also available for inspection in the Office of the Clerk of the United States District Court in Washington, D.C.

Comments to the Department and to the Court regarding the decree are invited from members of the public within the next 60 days. They should be directed to Anthony V. Nanni, Chief, Trial Section, Antitrust Division, Department of Justice, Room 3266, Washington, D.C. 20530.

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