



Department of Justice

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The Department of Justice today filed a civil antitrust suit challenging the acquisition on January 21, 1980 of Fiberite Corporation of Winona, Minnesota by Beatrice Foods Co. of Chicago, Illinois.

Attorney General Benjamin R. Civiletti said the suit was filed in U.S. District Court in St. Paul, Minnesota.

The suit alleges that the acquisition violated Section 7 of the Clayton Act because it may substantially lessen competition in the market for custom compounded reinforced thermoplastics molding compounds.

Section 7 prohibits anticompetitive mergers or acquisitions.

Thermoplastics are plastic resins that may be repeatedly softened and hardened by heating and cooling. Some are reinforced by addition of other material, such as glass fiber. They are sold as raw material to be molded or fabricated into such products as tennis racquet frames and gears for auto windshield wipers.

Custom compounded reinforced thermoplastics are designed and manufactured for individual customers, usually in very low volume. Custom compounders have special know-how and technical expertise in meeting special needs which cannot be met by the high-volume compounders of commodity reinforced thermoplastics.

The suit names Fiberite and Beatrice as defendants and asks that Beatrice be ordered to divest itself of Fiberite.

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Beatrice is a major producer and distributor of food products which has diversified into a number of non-food products and services.

Sanford M. Litvack, Assistant Attorney General in charge of the Antitrust Division, said that the complaint alleges that before the acquisition of Fiberite, Beatrice, through its LNP Division headquartered at Malvern, Pennsylvania, was the leading manufacturer of custom compounded reinforced thermoplastics and Fiberite was the fourth largest manufacturer in that market.

The suit charges that as a result of the acquisition, competition between Fiberite and LNP will be eliminated and concentration in the manufacture and sale of custom compounded reinforced thermoplastics will be increased.

The complaint states that the market for custom compounded reinforced thermoplastics is highly concentrated and that the barriers to new firm entry are high.

In 1979 total sales of custom compounded reinforced thermoplastics in the United States were approximately \$40 million and the four largest manufacturers accounted for about 89 percent of these sales. LNP's and Fiberite's market shares in 1979 in the custom compounded reinforced thermoplastics markets were about 50 percent and 8 percent respectively.

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