



Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice today announced that it has advised MacAndrews and Forbes Group, Inc., and Lorimar-Telepictures that it intends to file a civil antitrust suit tomorrow in Los Angeles to block MacAndrews and Forbes' proposed acquisition of Metrocolor Laboratories from Lorimar.

MacAndrews and Forbes, which is owned by investor Ronald O. Perelman, currently owns Technicolor, Inc.

Charles F. Rule, Acting Assistant Attorney General in charge of the Antitrust Division, said the lawsuit will be filed in U.S. District Court in Los Angeles, where the three biggest motion picture film laboratories -- Technicolor, Metrocolor, and Deluxe Laboratories -- are located.

The lawsuit will allege that the proposed acquisition would violate Section 7 of the Clayton Act because it may substantially lessen competition in two markets:

- (1) the production of 35 millimeter release prints for motion pictures receiving national distribution (so-called "wide-release" prints) and
- (2) production of 70mm release prints.

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Total sales in 1985 of 35mm wide-release prints for exhibition in the United States were over \$100 million. Total sales in 1985 of 70mm release prints were over \$10 million.

Charles F. Rule, Acting Assistant Attorney general in charge of the Antitrust division, said, "Currently U.S. motion picture studios primarily use three film laboratories for the processing of 35mm and 70mm release prints for major motion pictures. If this acquisition goes forward, that number would be reduced to only two. As a result, studios could well face higher prices for the processing of release prints, and those higher prices could be passed on to moviegoers."

Release prints are the final prints of motion pictures that are distributed to theaters. Most release prints are exhibited on 35mm-wide film. Motion picture studios generally order at least 800 35mm "wide-release" prints of motion pictures that are to be distributed nationally.

A limited number of theatrical release prints (usually fewer than 100) are printed on 70mm film for certain motion pictures. Seventy millimeter release prints produce higher quality images and sound than 35mm release prints, and are exhibited at specially equipped theatres.

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