Department of Justice

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JUSTICE DEPARTMENT REQUIRES HERAEUS ELECTRO-NITE LLC TO DIVEST ASSETS ACQUIRED FROM MIDWEST INSTRUMENT COMPANY INC. TO KEYSTONE SENSORS LLC

Divestiture Will Promote Competition in the Market for Sensors and Instruments Used by Steel Makers

WASHINGTON – The Department of Justice today announced that it will require Heraeus Electro-Nite LLC to divest certain assets that it acquired from Midwest Instrument Company Inc. (Minco) to Keystone Sensors LLC in order to resolve the department's competitive concerns. The department said that, without the divestiture, Heraeus' acquisition of Minco's assets substantially lessens competition in the market for the development, production, sale and service of single-use sensors and instruments used to measure and monitor the temperature and chemical composition of molten steel in the steel manufacturing process.

The department's Antitrust Division filed a civil antitrust lawsuit today in the U.S. District Court for the District of Columbia challenging the consummated acquisition. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the competitive concerns alleged in the lawsuit.

Heraeus acquired Minco in September 2012. The department learned of the transaction, which was not required to be reported under the premerger notification law, shortly after it was completed. According to the complaint, prior to the acquisition, Heraeus and Minco competed head-to-head on price, service and innovation in supplying sensors and instruments to steel manufacturers, for whom the reliability and precise performance of these products is of critical importance.

"The proposed settlement will benefit consumers in the single-use sensors and instruments market by facilitating the entry of a new competitor into this market," said Deputy Assistant Attorney General Renata B. Hesse of the Department of Justice's Antitrust Division. "Today's enforcement action shows that the department is committed to redressing anticompetitive mergers, including consummated mergers for which reporting is not required under the premerger notification law."

The department required the divestiture of a package of assets to an identified purchaser, Keystone, that had been evaluated and approved by the department. The department said the proposed settlement will ensure that the assets Keystone requires in order to enter the U.S.

market and compete more effectively with Heraeus are readily available to it. In this way, the divestiture to Keystone will promote competition in the sensors and instruments market, which was reduced when Heraeus acquired Minco. Keystone was formed in May 2013 for the purpose of entering the U.S. market for sensors and instruments and to offer customers an additional alternative to Heraeus.

The proposed settlement also requires Heraeus to waive noncompete provisions it had imposed on some former employees. The waiver of these provisions will enable Keystone to hire experienced individuals with expertise in this specialized business. By making experienced individuals available to be hired immediately, Heraeus' agreement to waive these noncompete provisions will also enhance competition in the single-use sensors and instruments market by facilitating the entry or expansion of other new competitors into the market. Heraeus also is required to provide the department with advance notice of any future acquisition in the market for sensors and instruments in the United States that is not subject to the reporting requirements of the premerger notification law.

Heraeus Electro-Nite Co. LLC is a Delaware corporation with its headquarters in Langhorne, Pa.

The acquirer, Keystone Sensors LLC, is a Delaware corporation headquartered in Cranberry Township, Pa. Its principal place of business will be located in Johnson City, Tenn.

The proposed settlement, along with a competitive impact statement, 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, 450 Fifth Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the proposed settlement upon finding that it is in the public interest.

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