



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN ORDER FOR L.B. FOSTER CO. TO PROCEED WITH ITS ACQUISITION OF PORTEC RAIL PRODUCTS INC

Divestiture of West Virginia Plant Will Preserve Competition for Certain Types of Railroad Joints

WASHINGTON — The Department of Justice announced today that it has reached a settlement that will require Pittsburgh-based L.B. Foster Company to divest a West Virginia plant used in the development, manufacture and sale of certain railroad joints to Koppers Inc., in order to proceed with Foster's acquisition of Portec Rail Products Inc. The department said that the acquisition as originally proposed would combine the two primary U.S. manufacturers of bonded insulated rail joints and two of only three U.S. manufacturers of polyurethane-coated insulated rail joints. Without the divestiture, the department said the acquisition would lead to higher prices, lower quality, less customer service and less innovation.

The Department of Justice's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court for the District of Columbia to block the proposed 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.

Rail joints are steel bars that are bolted onto the ends of two pieces of rail and used to connect the abutting ends of the rails. Insulated rail joints are rail joints that are used to break the electric current flowing through the rail, using a material placed on the steel bars and between the two abutting pieces of rail. Bonded joints use epoxy in addition to bolts to bind the steel bars to the rails. The epoxy makes the joints stronger and, as a result, able to withstand the heaviest loads for extended periods of time. Because of their strength, bonded joints are necessary for the main track lines on the largest U.S. railroads, called Class 1 railroads, which handle most of the heavy freight rail traffic in the United States. Polyurethane-coated insulated rail joints provide electrical insulation through a polyurethane-covered bar that is bolted to the rail. Poly joints are generally used in areas where the weight and traffic is less than on the Class 1 railroads' main track lines.

The department's complaint alleges that the proposed acquisition would eliminate the significant competition between L.B. Foster and Portec in the already highly concentrated U.S. markets for bonded insulated rail joints and polyurethane-coated insulated rail joints.

The proposed settlement requires the companies to divest Portec's Huntington, W.Va., plant, which manufactures all of Portec's bonded insulated rail joints and polyurethane-coated insulated rail joints. The department has concluded that Koppers will integrate the divestiture assets into its current operations to create a viable business involved in the development, manufacture and sale of bonded insulated rail joints and polyurethane-coated insulated rail joints and that the divestiture to Koppers will remedy the competitive concerns alleged in the lawsuit.

Foster is a Pittsburgh-based company that manufactures and distributes products and services for the rail, construction, energy and utility industries. Foster had total revenues of approximately \$382 million in 2009.

Portec is a Pittsburgh-based company that manufactures and distributes products and services for the rail industry and other industries. Portec had total revenues of approximately \$92.2 million in 2009.

Koppers is a Pittsburgh-based company that produces carbon compounds and wood products and services for use in a variety of markets, including the rail industry. Koppers had total revenues of approximately \$1.12 billion in 2009.

As required by the Tunney Act, 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, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may approve the proposed settlement upon finding it is in the public interest.

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