



Department of Justice

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**DEPARTMENT OF JUSTICE FILES SUIT TO STOP SGL CARBON
FROM ACQUIRING CARBIDE/GRAPHITE GROUP'S
GRAPHITE ELECTRODE ASSETS**

Deal Would Result in Higher Prices for Large Graphite Electrodes

WASHINGTON, D.C.— The Department of Justice today filed a civil antitrust lawsuit to block SGL Carbon AG and its United States subsidiary, SGL Carbon L.L.C., from acquiring certain assets of Carbide/Graphite Group in a bankruptcy court auction. The Department said that the acquisition would facilitate coordination among the three remaining producers of large graphite electrodes for sale in the United States, and would substantially reduce competition in the production of large graphite electrodes.

SGL Carbon and Carbide/Graphite are two of the only four producers capable of manufacturing quality 18" diameter and larger graphite electrodes for sale in the United States. Graphite electrodes are a critical input into electric arc furnace steel production, in which scrap metal is melted and refined into steel.

According to the complaint, filed in U.S. District Court in Pittsburgh, the potential for coordination among competitors following the acquisition is enhanced because of the recent history of collusion among graphite electrode producers. With the assistance of the office of the United States Attorney for the Western District of Pennsylvania, the Department filed the complaint so as to ensure it could seek to enjoin closing of the acquisition by SGL in the event it

prevailed in the auction process. The Department worked closely in its investigation with antitrust enforcers in the office of the Pennsylvania Attorney General.

“Unless this transaction is blocked, the result will be increased prices for large graphite electrodes,” said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Department’s Antitrust Division. “This market is one in which competitors have a history of colluding rather than competing. This acquisition would increase the incentive and ability of the remaining producers to revert to collusive behavior.”

Carbide/Graphite Group is a Delaware corporation headquartered in Pittsburgh. It produces graphite electrodes and generated \$64.5 million in sales in 2001. The company filed for voluntary Chapter 11 Bankruptcy in September 2001, in the bankruptcy court for the Western District of Pennsylvania.

SGL AG is headquartered in Wiesbaden, Germany, and is organized under the laws of Germany. It has sales and manufacturing facilities in Europe, North America, Asia, and South America. SGL Carbon L.L.C. is headquartered in Charlotte, North Carolina. SGL AG reported \$546.6 million in worldwide graphite electrode sales in 2001.

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