



Department of Justice

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JUSTICE DEPARTMENT REACHES SETTLEMENT WITH PARKER-HANNIFIN

Divestiture Will Restore Competition in Markets for Aviation Fuel Filtration Products

WASHINGTON – The Department of Justice announced today that it has reached a settlement with Parker-Hannifin Corporation. The settlement requires Parker-Hannifin to divest the Facet filtration business, including the aviation fuel filtration assets that it acquired from CLARCOR Inc. on Feb. 28, 2017.

The Department’s Antitrust Division filed suit on Sept. 26, 2017, because the acquisition eliminated competition in the development, manufacture, and sale of qualified filtration products necessary for the proper filtration of aviation fuel used in commercial and military aircraft. It has now filed a proposed settlement in U.S. District Court for the District of Delaware that, if approved by the court, would resolve the lawsuit, restore competition in the markets for aviation fuel filtration systems and elements, and address the Department’s competitive concerns.

“This agreement to fully divest the Facet filtration business restores the competition in the aviation fuel filtration markets that the underlying merger eliminated,” said Assistant Attorney General Makan Delrahim of the Department of Justice’s Antitrust Division. “Once the divestiture is completed, the acquirer will be in the same competitive position that CLARCOR enjoyed before the transaction, and the Facet brand of aviation fuel filtration products will be able to once again compete in the free market with Parker-Hannifin. This divestiture avoids the difficulties of a regulatory behavioral decree, relying instead on competition in the free market to protect American consumers and our military.”

Parker-Hannifin and the Antitrust Division agreed to the divestiture as well as provisions designed to promote compliance and make the enforcement of this consent decree as effective as possible on behalf of consumers and the military.

Prior to its delivery into commercial or military aircraft, aviation fuel must be properly filtered at multiple stages to ensure the removal of water droplets and particulate contaminants. Failure to filter aviation fuel properly creates unacceptable safety risks and can result in potentially catastrophic consequences. To address these safety concerns, aviation fuel filtration systems and elements are subject to specific industry standards, mandated by the U.S. airline industry. Only those aviation fuel filtration products qualified by the Energy Institute (EI) may be used to filter aviation fuel for use in U.S. commercial and military planes.

Prior to the acquisition, Parker-Hannifin and CLARCOR were the only two manufacturers of EI-qualified aviation fuel filtration systems and elements in the United States and were engaged in vigorous head-to-head competition, which was eliminated following the transaction. On Sept. 26, 2017, the Department filed an antitrust lawsuit against Parker-Hannifin and its subsidiary, CLARCOR, alleging that Parker-Hannifin's \$4.3 billion acquisition of CLARCOR created an effective monopoly in the markets for EI-qualified aviation fuel filtration systems and elements sold to U.S. customers. The Department alleged in its complaint that Parker-Hannifin's acquisition of CLARCOR's aviation fuel filtration assets would result in increased prices, decreased services and product innovation, and slower delivery of these critical safety products. Shortly after the filing of its complaint, the Division reached an agreement with Parker-Hannifin to preserve and maintain the aviation fuel filtration assets of both Parker-Hannifin and CLARCOR during the pendency of the action.

Parker-Hannifin Corporation is an Ohio corporation headquartered in Cleveland, Ohio. It is a diversified manufacturer of filtration systems, and motion and control technologies for the mobile, industrial and aerospace markets with operations worldwide. In 2017, Parker-Hannifin's sales revenues were approximately \$12 billion. Parker-Hannifin sells its aviation fuel filtration products under the Velcon brand.

CLARCOR Inc. was a Delaware corporation headquartered in Franklin, Tennessee. CLARCOR was a leading provider of filtration systems for diversified industrial markets with net sales of approximately \$1.6 billion in 2016. CLARCOR manufactured and sold aviation fuel filtration products under the Facet brand.

The proposed settlement, along with the Department's competitive impact statement will be published in the Federal Register, as required by the Antitrust Procedures and Penalties Act. Any person may submit written comments regarding the proposed final judgment within 60 days of its publication to Maribeth Petrizzi, Chief, Defense, Industrials, and Aerospace Section, Antitrust Division, U.S. Department of Justice, 450 5th Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the Final Judgment upon a finding that it serves the public interest.

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