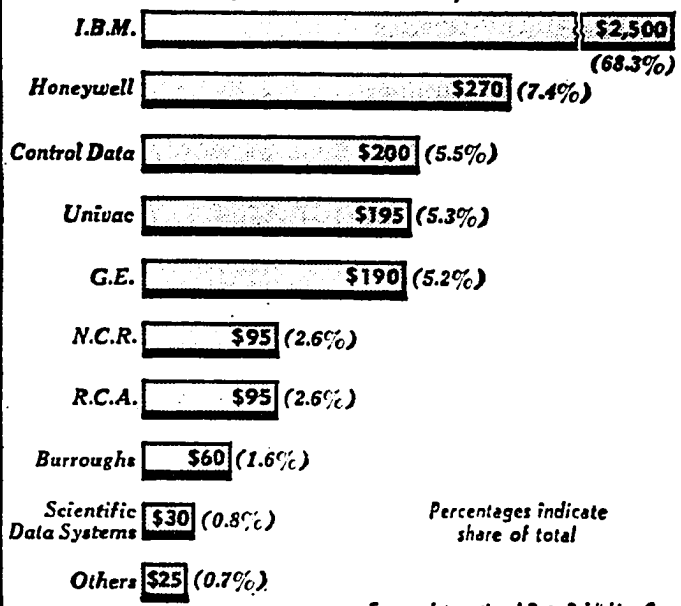


I.B.M. Confirms Antitrust Unit Is Studying Computer Industry

NEW COMPUTER SHIPMENTS

Worldwide 1966 total: \$3,660,000,000

(In millions of dollars)



Percentages indicate share of total

Source: International Data Publishing Co.

The New York Times

Feb. 1, 1967

By WILLIAM D. SMITH

Antitrust, a specter that has presumably haunted executives of the International Business Machines Corporation through the years, became a reality yesterday.

I.B.M. confirmed for the first time recent reports that the Antitrust Division of the Justice Department was investigating the computer industry. Since the company has about 70 per cent of the industry's sales, any general investigation would necessarily concentrate on I.B.M.

In an announcement to its employees, the company said: "Dur-

ing the past several weeks reports have appeared in the press that I.B.M. is being investigated by the Antitrust Division of the Department of Justice.

In view of these reports, counsel for I.B.M. arranged to meet with an official of the Antitrust Division of the Department of Justice. I.B.M.'s counsel was informed that the department has been conducting a preliminary investigation of the computer industry and depending on the facts, a more compre-

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prehensive investigation may follow in the future."

Donald F. Turner, head of the Justice Department's Antitrust Division, said yesterday that he had "nothing to add to the I.B.M. statement."

Sources close to the Justice Department said the investigation would be broad. They added that preliminary work had been going on for a few months and that it would be several more months before initial investigational efforts were complete.

It could take many months, possible years, before the Justice Department decides whether or not to bring suit, according to corporate law sources.

Reliable Washington sources said that complaints had been made to the Justice Department by some of I.B.M.'s eight major competitors. "An investigation of the computer industry, however, has been kicking around in the Justice Department for a long while now," one informed source commented.

I.B.M.'s major competitors, Honeywell, Inc., the Sperry Rand Corporation, the Radio Corporation of America, the General Electric Company, the Burroughs Corporation, the National Cash Register Company, the Control Data Corporation and Scientific Data Systems, Inc., have all denied making any official complaint to the

Justice Department concerning I.B.M.

Dr. Louis T. Rader, a vice president of G.E., commented while he was an executive of the Univac division of Sperry Rand, "The rules of the computer business have been set up by I.B.M. and everyone has to play according to them."

I.B.M. has been circumspect about the antitrust problem. Its chairman, Thomas J. Watson Jr., said recently, "We spend millions to get the antitrust law across to our people."

I.B.M.'s official statements have always been worded with an eye on the Justice Department, and several times the company has stayed clear of mergers and acquisitions that might have caught the eye of the trust busters.

This awareness of the antitrust situation, however, has not prevented I.B.M. from being one of the most aggressive marketing companies in the history of world business.

The combination of good product and aggressive marketing has given I.B.M. a dominance in its industry that no other corporate giant enjoys over its market. I.B.M. has installed about 78 per cent of all the computer equipment in the United States. The General Motors Corporation has only little over 50 per cent of the automobile business, while U. S. Steel has only about 25 per cent of the domestic steel market.