



Department of Justice

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JUSTICE DEPARTMENT FILES SUIT AGAINST THE MATHWORKS INC. AND WIND RIVER SYSTEMS INC. TO CHALLENGE ILLEGAL AGREEMENT

Agreement Allocating Customers for Design Software Eliminates Competition and Price Reductions for Consumers

WASHINGTON, D.C. - The Department of Justice today filed a civil antitrust lawsuit against The MathWorks Inc. and Wind River Systems Inc. to stop the companies from illegally allocating the markets for software used to design dynamic control systems. The Department said that an agreement between the two companies eliminates important competition that has driven significant technical improvements and price reductions for consumers.

The Department's lawsuit, filed today in U.S. District Court for the Eastern District of Virginia in Alexandria, Virginia, challenges the agreement between The MathWorks and Wind River as a violation of Section 1 of the Sherman Act.

At the same time, the Department and Wind River filed a proposed consent decree that would settle the lawsuit against Wind River. In the event the Department obtains a final judgment requiring a divestiture of the dynamic control systems design software at issue, Wind River will cooperate fully to effect the divestiture. Thus, while Wind River is named as a defendant, it remains a party to the lawsuit for the sole purpose of effectuating any final judgment against The MathWorks. The consent decree requires Wind River to cooperate with any discovery in the case.

Dynamic control system design software enables engineers to develop the computerized control systems of sophisticated devices, such as anti-lock brake systems for automobiles, guidance and

navigation control systems for unmanned spacecraft, and flight control systems for aircraft. By automating the steps of modeling, analyzing, simulating, testing, and generating software code for these types of control systems, engineers can develop them in a shorter time at less cost. The MathWorks' dynamic control system software is the Simulink product group. Wind River's competing product is MATRIXx.

"High-technology products like these work behind the scenes to help build some of the most sophisticated products in our economy," said Charles A. James, Assistant Attorney General of the Department's Antitrust Division. "This agreement eliminates important competition that has driven significant technical improvements and price reductions for consumers, including major aerospace and automotive companies, engineering firms, and governmental entities."

According to the complaint, in February 2001, The MathWorks and Wind River, which were head-to-head competitors for the development and sale of dynamic control system design software tools, entered into an agreement that ended competition between the two firms. The agreement gave The MathWorks the exclusive right to sell Wind River's MATRIXx products and required Wind River to stop its own development and marketing.

The Department's lawsuit alleges that the agreement with Wind River gave The MathWorks control over the prices, marketing, support, and future development of the Wind River dynamic control system design tools. The MathWorks has announced its intention to undertake no further development of the Wind River MATRIXx products. For more than 10 years before the agreement, MATRIXx and the Simulink products competed on the basis of price, customer support and improved features.

The MathWorks is a Delaware corporation with its principal place of business in Natick, Massachusetts. The MathWorks posted revenues of approximately \$200 million in 2001, on sales of a range of mathematical-based software products for numeric computation, visualization and simulation used in the design of sophisticated products. In 2001, sales of The MathWorks' dynamic control system design tools were over \$100 million.

Wind River is a Delaware corporation with its principal place of business in Alameda, California. Wind River's principal products are embedded operating systems and integrated development environments. For the year ended January 2001, Wind River reported worldwide revenues of \$438 million. Included in this total are approximately \$13 million in sales of Wind River's dynamic control system design tools.

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