



Department of Justice

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JUSTICE DEPARTMENT REACHES SETTLEMENT WITH THE MATHWORKS INC.

Settlement Restores Competition in Dynamic Control System Software Market

WASHINGTON, D.C. -- The Department of Justice today announced a settlement with The MathWorks, Inc. requiring Massachusetts-based The MathWorks to offer for sale the MATRIXx software it is distributing under an agreement with California-based Wind River Systems Inc. The proposed settlement, if approved by the court, would settle the Department's lawsuit alleging that the companies illegally allocated the markets for software used to design dynamic control systems. The proposed settlement was filed today in U.S. District Court in Alexandria, Virginia.

On June 21, 2002, the Department filed a civil antitrust lawsuit challenging the agreement between The MathWorks and Wind River as a violation of Section 1 of the Sherman Act. 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 gave The MathWorks the exclusive right to sell Wind River's MATRIXx products and required Wind River to stop its own development and marketing.

Along with the complaint, the Department and Wind River filed a proposed consent decree that would settle the case against Wind River on the condition that it fully cooperates with

any court order requiring the divestiture of the MATRIXx product line. The lawsuit, however, continued against The MathWorks. Today's proposed consent decree would resolve the case against The MathWorks.

In its lawsuit against The MathWorks, the Department sought a judicially-enforced sale of the MATRIXx product line. The proposed settlement ensures that an independent trustee will direct the attempted sale under court supervision.

"This settlement is a fair resolution that provides the best opportunity for the MATRIXx assets to restore competition in the market for dynamic control system software," said Charles A. James, Assistant Attorney General of the Department's Antitrust Division.

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

As required by the Tunney Act, the proposed settlement will be published in the Federal Register along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Renata Hesse, Chief, Networks and Technology Litigation Section, Antitrust Division, U.S. Department of Justice, 600 E St., NW, Suite 9500, Washington, DC 20530. At the conclusion of the 60-day comment period, the Court may enter the consent decree upon finding that it serves the public interest.

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