

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,)
)
)
Plaintiff,)
)
v.)
)
ALLIEDSIGNAL INC.)
and HONEYWELL INC.,)
)
Defendants.)

Civil No:

Filed:

99 2959

FILED

MAR 22 2000

Clerk, U.S. District Court
District of Columbia



FINAL JUDGMENT

WHEREAS, plaintiff, the United States of America ("United States"), and defendants AlliedSignal Inc. and Honeywell Inc., by their respective attorneys, having consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law herein, and without this Final Judgment constituting any evidence against or an admission by any party with respect to any issue of law or fact herein;

AND WHEREAS, defendants have agreed to be bound by the provisions of this Final Judgment pending its approval by the Court;

AND WHEREAS, the essence of this Final Judgment is, in the event of a merger between the defendants, the prompt and certain divestiture of the businesses identified below to assure that competition is not substantially lessened;

AND WHEREAS, the United States requires defendants to make the divestitures ordered herein for the purpose of remedying the loss of competition alleged in the Complaint;

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AND WHEREAS, defendants have represented to the United States that the divestitures ordered herein can and will be made promptly and that defendants later will raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the divestiture provisions contained below;

NOW, THEREFORE, before taking any testimony, and without trial or adjudication of any issue of fact or law herein, and upon consent of the parties hereto, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

I. JURISDICTION

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action. The Complaint states a claim upon which relief may be granted against defendants, as hereinafter defined, under Section 7 of the Clayton Act, as amended (15 U.S.C. § 18).

II. DEFINITIONS

As used in this Final Judgment:

A. "AlliedSignal" means defendant AlliedSignal Inc., a Delaware corporation with its headquarters in Morristown, New Jersey, and includes its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships, joint ventures, directors, officers, managers, agents, and employees.

B. "Honeywell" means defendant Honeywell Inc., a Delaware corporation with its headquarters in Minneapolis, Minnesota, and includes its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships, joint ventures, directors, officers, managers, agents, and employees.

C. "DoD" means the United States Department of Defense.

D. "TCAS Business" means the traffic alert and collision avoidance systems ("TCAS") business of Honeywell, which it operates at its Glendale and Phoenix, Arizona facilities. The TCAS Business does not include the building or related fixtures housing the Glendale and Phoenix operations. The TCAS Business includes, but is not limited to, Honeywell's TCAS II computer, TCAS 2000 computer, TCAS 1500 computer (still under development), TCAS directional antenna, dedicated TCAS controller, and the dedicated TCAS display ("TCAS System") and all employees listed in Confidential Attachment A. Also included, as common to the TCAS System and other systems of Honeywell, are the Vertical Speed Indicator/Traffic Resolution Advisory ("VSI/TRA"), pressure transducer and ARINC Diversity/Mode S transponder used with the basic TCAS System, and the following:

- (1) all tangible assets used in the TCAS Business, including, but not limited to, research and development activities; all manufacturing equipment and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property used in the TCAS Business; all licenses, permits and authorizations issued by any governmental organization for the TCAS Business; all contracts, teaming arrangements, agreements, leases, commitments and understandings of the TCAS Business, including supply agreements; all customer lists and credit records; all other records of the TCAS Business; and, at the purchaser's request, a lease to any real property currently utilized for the TCAS business;
- (2) any and all intangible assets used in the TCAS Business, including, but not limited to, (a) all intellectual property rights used exclusively in the TCAS

Business, (b) with respect to all other intellectual property rights used in both the TCAS Business and other Honeywell businesses, a transferable, paid-up license, exclusive in the TCAS Business field of use; (c) all existing licenses and sublicenses relating exclusively to the TCAS Business; and (d) a transferable, paid-up sublicense, exclusive in the TCAS Business field of use, to all other existing licenses and sublicenses relating to the TCAS Business. Intellectual property rights comprise, but are not limited to, patents, copyrights, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, manuals, and all research data concerning historic and current research and development efforts relating to the TCAS Business, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments (Intellectual property does not include the mark HONEYWELL).

E. "SSWR Business" means the search and surveillance weather radar ("SSWR") business of AlliedSignal, which it operates at its Olathe, Kansas facility. The SSWR Business does not include the building or related fixtures housing the Olathe operations. The SSWR Business includes, but is not limited to, AlliedSignal's RDR-1400 and RDR-1500 product lines, all employees listed in Confidential Attachment A, and the following:

- (1) all tangible assets used in the SSWR Business, including, but not limited to, research and development activities; all manufacturing equipment and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property used in the SSWR Business; all licenses, permits and authorizations issued by any governmental organization for the SSWR Business; all contracts, teaming arrangements, agreements, leases, commitments and understandings of the SSWR Business, including supply agreements; all customer lists and credit records; all other records of the SSWR Business; and, at the purchaser's request, a lease to any real property currently utilized for the SSWR Business;
- (2) any and all intangible assets used in the SSWR Business, including, but not limited to, (a) all intellectual property rights used exclusively in the SSWR Business, (b) with respect to all other intellectual property rights used in both the SSWR Business and other AlliedSignal businesses, a transferable, paid-up license, exclusive in the SSWR Business field of use; (c) all existing licenses and sublicenses relating exclusively to the SSWR Business; and (d) a transferable, paid-up sublicense, exclusive in the SSWR Business field of use, to all other existing licenses and sublicenses relating to the SSWR Business. Intellectual property rights comprise, but are not limited to, patents, copyrights, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, parts and devices,

safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, manuals, and all research data concerning historic and current research and development efforts relating to the SSWR Business, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments (Intellectual property does not include the marks AlliedSignal, Bendix King, or Bendix).

F. "Teterboro Space and Navigation Business" means AlliedSignal's entire Space and Navigation Systems business in Teterboro, New Jersey (including an option to buy or lease the facility in which the business is housed or to lease a portion of the facility, including fixtures and improvements). The Teterboro Space and Navigation Business includes, but is not limited to, ring laser gyroscopes ("RLGs"), fiber optic gyroscopes ("FOGs"), inertial measurement units, reaction and momentum wheels, control moment gyroscopes, star sensors, sun shades, navigation and pointing systems and fire control systems. The Teterboro Space and Navigation Business does not include avionics products, avionics test products, the rate grade mechanical inertial measurement units manufactured in Cheshire, or RLV ("reusable launch vehicle") integration systems (X-33 and Kistler). The Teterboro Space and Navigation Business includes all employees listed in Confidential Attachment A, and the following:

- (1) all tangible assets used in the Teterboro Space and Navigation Business, including, but not limited to, research and development activities; all manufacturing equipment and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property used in the

Teterboro Space and Navigation Business; all licenses, permits and authorizations issued by any governmental organization for the Teterboro Space and Navigation Business; all contracts, teaming arrangements, agreements, leases, commitments and understandings of the Teterboro Space and Navigation Business, including supply agreements; all customer lists and credit records; and all other records of the Teterboro Space and Navigation Business;

- (2) any and all intangible assets used in the Teterboro Space and Navigation Business, including, but not limited to, (a) all intellectual property rights used exclusively in the Teterboro Space and Navigation Business, (b) with respect to all other intellectual property rights used in both the Teterboro Space and Navigation Business and other AlliedSignal businesses, a transferable, paid-up license, exclusive in the Teterboro Space and Navigation Business field of use; (c) all existing licenses and sublicenses relating exclusively to the Teterboro Space and Navigation Business; and (d) a transferable, paid-up sublicense, exclusive in the Teterboro Space and Navigation Business field of use, to all other existing licenses and sublicenses relating to the Teterboro Space and Navigation Business. Intellectual property rights comprise, but are not limited to, patents, copyrights, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, parts and devices, safety

procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, manuals, and all research data concerning historic and current research and development efforts relating to the Teterboro Space and Navigation Business, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments (Intellectual property does not include the mark AlliedSignal).

G. "Cheshire Business" means the entire business of AlliedSignal in Cheshire, Connecticut that produces rate-grade mechanical inertial measurement units and components. The Cheshire Business includes, but is not limited to, AlliedSignal's Newark, Ohio repair and overhaul business, all employees listed in Confidential Attachment A, and the following:

- (1) all tangible assets used in the Cheshire Business, including, but not limited to, research and development activities; all leases for real property housing the Cheshire and Newark operations; all manufacturing equipment and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property or improvements used in the Cheshire Business; all licenses, permits and authorizations issued by any governmental organization for the Cheshire Business; all contracts, teaming arrangements, agreements, leases, commitments and understandings of the Cheshire Business, including supply agreements; all customer lists and credit records; and all other records of the Cheshire Business;
- (2) any and all intangible assets used in the Cheshire Business, including, but

not limited to, (a) all intellectual property rights used exclusively in conducting the Cheshire Business, (b) with respect to all other intellectual property rights used in both the Cheshire Business and other AlliedSignal businesses, a transferable, paid-up license, exclusive in the Cheshire Business field of use; (c) all existing licenses and sublicenses relating exclusively to the Cheshire Business; and (d) a transferable, paid-up sublicense, exclusive in the Cheshire Business field of use, to all other existing licenses and sublicenses relating to the Cheshire Business.

Intellectual property rights comprise, but are not limited to, patents, copyrights, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, manuals, and all research data concerning historic and current research and development efforts relating to the Cheshire Business, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments (Intellectual property does not include the mark AlliedSignal).

H. "AlliedSignal MicroSCIRAS Business" means the MicroSCIRAS business of AlliedSignal, which it operates at its Redmond, Washington facility. The AlliedSignal MicroSCIRAS Business does not include the building or related fixtures housing the Redmond

MicroSCIRAS operations. Subject to AlliedSignal's reasonable continued use of the engineering foundry with respect to its remaining businesses, the AlliedSignal MicroSCIRAS Business includes, but is not limited to, the right to use the existing silicon engineering foundry at the Redmond facility; an option to lease the existing engineering foundry in Redmond, and/or an option to purchase the equipment currently in or authorized for the foundry, on November 1, 2000 or the date that AlliedSignal's separate silicon production foundry is completed, whichever occurs first; all employees listed in Confidential Attachment A; and the following:

- (1) all tangible assets used in the AlliedSignal MicroSCIRAS Business, including, but not limited to, research and development activities; all manufacturing equipment and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property used in the AlliedSignal MicroSCIRAS Business; all licenses, permits and authorizations issued by any governmental organization for the AlliedSignal MicroSCIRAS Business; all contracts, teaming arrangements, agreements, leases, commitments and understandings of the AlliedSignal MicroSCIRAS Business, including supply agreements; all customer lists and credit records; and all other records of the AlliedSignal MicroSCIRAS Business;
- (2) any and all intangible assets used in the AlliedSignal MicroSCIRAS Business, including, but not limited to, (a) all intellectual property rights used exclusively in conducting the AlliedSignal MicroSCIRAS Business, (b) with respect to all other intellectual property rights used in both the AlliedSignal MicroSCIRAS Business and other AlliedSignal businesses, a

transferable, paid-up license, exclusive in the AlliedSignal MicroSCIRAS Business field of use; (c) all existing licenses and sublicenses relating exclusively to the AlliedSignal MicroSCIRAS Business; and (d) a transferable, paid-up sublicense, exclusive in the AlliedSignal MicroSCIRAS Business field of use, to all other existing licenses and sublicenses relating to the AlliedSignal MicroSCIRAS Business.

Intellectual property rights comprise, but are not limited to, patents, copyrights, technical information, maskwork rights, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, manuals, and all research data concerning historic and current research and development efforts relating to the AlliedSignal MicroSCIRAS Business, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments (Intellectual property does not include the mark AlliedSignal).

I. "Honeywell MEMS Business" means the entire micro-electro-mechanical systems ("MEMS") inertial sensor business of Honeywell, located in Minneapolis and Plymouth, Minnesota. The Honeywell MEMS Business does not include the buildings or related fixtures housing the Minneapolis and Plymouth operations. The Honeywell MEMS Business includes, but is not limited to, all employees listed in Confidential Attachment A and the following:

- (1) all tangible assets used in the Honeywell MEMS Business, including, but not limited to, research and development activities; all manufacturing equipment and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property used in the Honeywell MEMS; all licenses, permits and authorizations issued by any governmental organization for the Honeywell MEMS Business; all contracts, teaming arrangements, agreements, leases, commitments and understandings of the Honeywell MEMS Business, including supply agreements; all customer lists and credit records; all other records of the Honeywell MEMS Business; and, at the purchaser's request, a lease to any real property currently utilized for the Honeywell MEMS Business;
- (2) any and all intangible assets used in the Honeywell MEMS Business, including, but not limited to, (a) all intellectual property rights used exclusively in conducting the Honeywell MEMS Business, (b) with respect to all other intellectual property rights used in both the Honeywell MEMS Business and other Honeywell businesses, a transferable, paid-up license, exclusive in the Honeywell MEMS Business field of use; (c) all existing licenses and sublicenses relating exclusively to the Honeywell MEMS Business; and (d) a transferable, paid-up sublicense, exclusive in the Honeywell MEMS Business field of use, to all other existing licenses and sublicenses relating to the Honeywell MEMS Business. Intellectual property rights comprise, but are not limited to, patents, copyrights,

technical information, maskwork rights, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, manuals, and all research data concerning historic and current research and development efforts relating to the Honeywell MEMS Business, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments (Intellectual property does not include the mark HONEYWELL).

J. "AlliedSignal MSA and MAG Technology Business" means AlliedSignal's business relating directly to the "Micromachined Silicon Accelerometer ("MSA") and the "Micromachined Accelerometer Gyroscope ("MAG") as defined in the agreements listed below:

Sales and License Agreement For MSA Technology Between Northrop Grumman Precision Products Plant and Endevco Corporation, dated August 4, 1994, as amended; and

Sales and License Agreement for MAG Technology Between Northrop Grumman Precision Products - Norwood and Endevco Corporation, dated April 12, 1995, as amended.

The business includes an assignment of AlliedSignal's interest in all intellectual property identified in one or more of these agreements, as well as the agreements themselves.

K. "Divested Businesses" mean the Teterboro Space and Navigation Business, the

Cheshire Business, the TCAS Business, the SSWR Business, the AlliedSignal MicroSCIRAS Business (or as described below in Section VI, the Honeywell MEMS business), and the AlliedSignal MSA and MAG Technology Business. To the extent that employees of any of the Divested Businesses are still employed by defendants, the sale of each of the Divested Businesses shall include the purchaser's right to reasonable access to the technical, sales, production and administrative employees of the defendants for a period not to exceed eighteen months from the date of the purchase. The services furnished to each Divested Business will be provided free by defendants for the first six months following the respective closing date applicable to the sale of each of the Divested Businesses. Thereafter, the charges for such services will be set by the defendants at a rate sufficient to cover the service provider's reasonable estimate of its actual costs for providing the services and, if applicable, consistent with the prices the service provider would charge to an affiliate.

III. APPLICABILITY

A. The provisions of this Final Judgment apply to the defendants, their successors and assigns, their subsidiaries, directors, officers, managers, agents, and employees, and all other persons in active concert or participation with any of them who shall have received actual notice of this Final Judgment by personal service or otherwise.

B. Defendants shall require, as a condition of the sale of all or substantially all of their assets, or of lesser business units including AlliedSignal or Honeywell's business of developing and producing traffic alert and collision avoidance systems and Mode S transponders, search and surveillance weather radar systems, reaction and momentum wheels, or inertial system products or assets, that the purchaser or purchasers agree to be bound by the provisions of this Final

Judgment.

IV. DIVESTITURE

A. Defendants are hereby ordered and directed in accordance with the terms of this Final Judgment, by February 29, 2000, or within five (5) days of the approval of the proposed merger between defendants by the European Commission, or within five (5) days after notice of the entry of this Final Judgment by the Court, whichever is later, to sell the Divested Businesses as viable ongoing businesses to one or more purchasers acceptable to the United States and DoD in their sole discretion.

B. Defendants shall use their best efforts to accomplish the divestitures ordered by this Final Judgment as expeditiously and timely as possible. The United States, in its sole discretion in consultation with DoD, may extend the time period for any divestiture for an additional period of time not to exceed sixty (60) days.

C. In accomplishing the divestitures ordered by this Final Judgment, defendants shall make known promptly, by usual and customary means, the availability of the businesses to be divested pursuant to this Final Judgment. Defendants shall inform all persons making an inquiry regarding a possible purchase that the sale is being made pursuant to this Final Judgment and provide such person with a copy of this Final Judgment. Defendants also shall offer to furnish to all prospective purchasers, subject to Section IV(I) and customary confidentiality assurances, all information regarding any business to be divested customarily provided in a due diligence process except such information subject to attorney-client privilege or attorney work-product privilege. Defendants shall make available such information to the United States and DoD at the same time that such information is made available to any other person.

D. Subject to Section IV(I), defendants shall permit all prospective purchasers of any business to be divested pursuant to this Final Judgment to have reasonable access to personnel relating to that business and to make such inspection of the physical facilities of that business and all financial, operational, or other documents and information customarily provided as part of a due diligence process.

E. For a period of two years from the filing of the Complaint in this matter, defendants shall not solicit to hire, or hire, any individual listed in Confidential Attachment A who, within six (6) months of the date of sale of the Divested Business that employs the individual, receives a reasonable offer of employment from the approved purchaser of the Divested Business, unless such employee is terminated or laid off by the purchaser. Defendants shall not interfere with any negotiations by the purchaser of a Divested Business to employ an AlliedSignal or Honeywell employee of that Business listed in Confidential Attachment A, including, but not limited to, offering to increase in any way the employee's salary or other benefits (other than company-wide increases in salary or other benefits). In order to foster the employment and retention of employees by the purchasers, AlliedSignal or Honeywell, as the case may be, shall, for each employee of the TCAS Business, the SSWR Business and the AlliedSignal MicroSCIRAS Business (or, as described below in Section VI, the Honeywell MEMS Business) who elects to be employed by the purchaser of the Divested Business, vest all unvested pension and other equity rights of that employee. For each such employee, AlliedSignal or Honeywell shall also provide all benefits to which the employee would have been entitled if terminated without cause, provided the employee is still employed by the purchaser at the end of the time period covered by such benefits.

F. Defendants shall take no action, direct or indirect, to impede in any way the operation of one or more of the businesses to be divested.

G. Defendants shall warrant to each purchaser of a business to be divested that the existing business will be operational on the date of sale.

H. Unless both the United States and DoD consent in writing, the divestiture of each business to be divested pursuant to Section IV of this Final Judgment, whether by defendants or by a trustee appointed pursuant to Section VI of this Final Judgment, shall include the entire business as defined in Section II. Prior to divestiture, each of the Divested Businesses shall be operated in place pursuant to the Hold Separate Stipulation and Order entered by this Court. Each such divestiture shall be accomplished by selling or otherwise conveying the business to be divested to a purchaser in such a way as to satisfy the United States and DoD, in their sole discretion, that the business to be divested can and will be used by the purchaser of the business as part of a viable ongoing business. Each divestiture, whether pursuant to Section IV or Section VI of this Final Judgment shall be made to a purchaser that has satisfied the United States and DoD, in their sole discretion, that it: (1) has the capability and intent of competing effectively in the development, production and sale of the relevant products; (2) has the managerial, operational, and financial capability to compete effectively in the development, production and sale of the relevant products; (3) is eligible to receive applicable DoD security clearances; and (4) is not hindered by the terms of any agreement between the purchaser and defendants that gives either defendant the ability unreasonably to raise the purchaser's costs, to lower the purchaser's efficiency, or otherwise to interfere with the ability of the purchaser to compete effectively.

I. Defendants shall comply with all agreements with DoD and all applicable United

States laws and regulations, including those regarding the protection of classified information and export controls.

J. Defendants shall not charge to DoD any costs directly or indirectly incurred in complying with this Final Judgment.

V. NOTICE OF PROPOSED DIVESTITURES

A. Within two (2) business days following execution of a definitive agreement, contingent upon compliance with the terms of this Final Judgment, to effect, in whole or in part, any proposed divestitures pursuant to Sections IV or VI of this Final Judgment, defendants or the trustee, whichever is then responsible for effecting the divestitures, shall notify the United States and DoD of the proposed divestitures. If the trustee is responsible, it shall similarly notify defendants. The notice shall set forth the details of the proposed transaction and list the name, address, and telephone number of each person not previously identified who offered to, or expressed an interest in or a desire to, acquire any ownership interest in the business to be divested that is the subject of the binding contract, together with full details of same. Within fifteen (15) calendar days of receipt by the United States and DoD of such divestiture notice, the United States, in consultation with DoD, may request from defendants, the proposed purchaser, or any other third party additional information concerning the proposed divestiture and the proposed purchaser. Defendants and the trustee shall furnish any additional information requested from them within fifteen (15) calendar days of the receipt of the request, unless the parties shall otherwise agree. Within thirty (30) calendar days, after receipt of the notice or within twenty (20) calendar days after the United States and DoD have been provided the additional information requested from the defendants, the proposed purchaser, and any third party, whichever is later,

the United States and DoD shall each provide written notice to defendants and the trustee, if there is one, stating whether or not it objects to the proposed divestiture. If the United States and DoD provide written notice to defendants (and the trustee if applicable) that they do not object, then the divestiture may be consummated, subject only to defendants' limited right to object to the sale under Section VI(B) of this Final Judgment. Absent written notice that the United States and DoD do not object to the proposed purchaser or upon objection by the United States or DoD, a divestiture proposed under Section IV or Section VI may not be consummated. Upon objection by defendants under the provision in Section VI(B), a divestiture proposed under Section VI shall not be consummated unless approved by the Court.

B. Purchasers of the Teterboro Space and Navigation Business and the AlliedSignal MicroSCIRAS Business (or, as described below in Section VI, the Honeywell MEMS Business) must be identified simultaneously by defendants, or by the applicable trustee, in order that the proposed divestitures may be reviewed jointly and approved together by the United States and DoD in accordance with the terms and conditions of the Final Judgment.

VI. APPOINTMENT OF TRUSTEES

A. Immediately upon the filing of this Final Judgment, the United States may, in its sole discretion, nominate no more than two trustees, which the Court shall appoint. If two trustees are appointed, one trustee shall monitor the divestiture by defendants of the TCAS Business and the SSWR Business, and the other trustee shall monitor the divestiture by the defendants of the Teterboro Space and Navigation Business, the Cheshire Business, the AlliedSignal MicroSCIRAS Business, and the AlliedSignal MSA and MAG Technology Business. This procedure will enable each trustee to be familiar with all applicable divestiture issues in the

event the trustee becomes responsible, pursuant to this Final Judgment, to divest all non-divested businesses the trustee is monitoring.

B. In the event that defendants have not divested all of the businesses required to be divested pursuant to this Final Judgment within the time specified in Section IV of this Final Judgment, only the trustee monitoring defendants' attempts to divest the non-divested business shall have the power and authority to accomplish the divestiture of the non-divested businesses. If the AlliedSignal MicroSCIRAS Business has not been divested, the trustee responsible for divesting that business may, in its sole discretion, divest the Honeywell MEMS Business instead. For each non-divested business, the trustee shall seek to attain the best price then obtainable for the non-divested business upon a reasonable effort by the trustee, subject to the provisions of Sections IV and VI of this Final Judgment, and shall have such other powers as the Court shall deem appropriate. Subject to Section VI(C) of this Final Judgment, each trustee shall have the power and authority to hire, after the time period described in section IV(A) and at the cost and expense of the defendants, any investment bankers, attorneys, or other agents reasonably necessary in the judgment of the trustee to assist in the divestitures, and such professionals and agents shall be accountable solely to the trustee. The trustees shall have the power and authority to accomplish the divestitures at the earliest possible time to a purchaser acceptable to the United States and DoD and shall have such other powers as this Court shall deem appropriate. Defendants shall not object to a divestiture by a trustee on any ground other than the trustee's malfeasance. Any such objections by defendants must be conveyed in writing to the United States and the appropriate trustee within ten (10) calendar days after the trustee has provided the notice required under Section V of this Final Judgment.

C. The trustees shall serve at the cost and expense of defendants, on customary and reasonable terms and conditions agreed to by the trustees and the United States, unless modified by the Court. Each trustee shall account for all monies derived from the sale of each asset sold by the trustee and all costs and expenses so incurred. After approval by the Court of the trustee's accounting, including fees for its services and those of any professionals and agents retained by the trustee, all remaining money shall be paid to defendants and the trust shall then be terminated. The compensation of the trustees and of any professionals and agents retained by any trustee shall be reasonable in light of the value of the divested businesses and based on a fee arrangement providing the trustees with an incentive based on the price and terms of the divestitures and the speed with which they are accomplished.

D. Defendants shall use their best efforts to assist the trustees to monitor carefully defendants' attempts to divest the businesses to be divested pursuant to the Final Judgment and, if necessary, to accomplish the required divestitures, including their best efforts to effect all necessary consents and regulatory approvals. Each trustee and any consultants, accountants, attorneys, and other persons retained by the trustee shall have, to the extent permitted by law, full and complete access to the personnel, books, records, and facilities of the businesses to be divested by the trustee, and defendants shall develop financial or other information relevant to the businesses to be divested customarily provided in a due diligence process as the trustee may reasonably request, subject to customary confidentiality assurances.

E. After its appointment, each trustee shall file monthly reports with the parties and the Court setting forth either the defendants' or the trustee's efforts, whichever is applicable, to accomplish the divestitures ordered under this Final Judgment; provided, however, that to the

extent such reports contain information that the trustee or the defendants deem confidential, such reports shall not be filed in the public docket of the Court. After the time period described in Section IV(A), such reports shall include the name, address and telephone number of each person who, during the preceding month, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the businesses to be divested, and shall describe in detail each contact with any such person during that period. The trustee shall maintain full records of all efforts made to divest the businesses to be divested.

F. If a trustee has not accomplished the divestiture of all non-divested businesses within six (6) months after it became responsible for selling the non-divested businesses, the trustee thereupon shall file promptly with the Court a report setting forth (1) the trustee's efforts to accomplish the required divestitures, (2) the reasons, in the trustee's judgment, why the required divestitures have not been accomplished, and (3) the trustee's recommendations; provided, however, that to the extent such reports contain information that the trustee deems confidential, such reports shall not be filed in the public docket of the Court. The trustee shall at the same time furnish such report to the parties, who shall each have the right to be heard and to make additional recommendations consistent with the purpose of the trust. The Court shall enter thereafter such orders as it shall deem appropriate in order to carry out the purpose of the trust which may, if necessary, include extending the trust and the term of the trustee's appointment by a period requested by the United States.

VII. AFFIDAVITS

A. Within twenty (20) calendar days of the filing of the Complaint in this matter and

every thirty (30) calendar days thereafter until the divestitures have been completed, whether pursuant to Section IV or Section VI of this Final Judgment, defendants shall deliver to the United States and DoD an affidavit as to the fact and manner of compliance with Sections IV or VI of this Final Judgment. Each such affidavit shall include, *inter alia*, the name, address, and telephone number of each person who, at any time after the period covered by the last such report, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the businesses to be divested, and shall describe in detail each contact with any such person during that period. Each such affidavit shall also include a description of the efforts that defendants have taken to solicit potential purchasers for the businesses to be divested and to provide required information to potential purchasers, including the limitations, if any, on such information. Assuming the information set forth in the affidavit is true and complete, any objection by the United States to information provided by defendants, including limitations on information, shall be made within fourteen (14) days of receipt of such affidavit.

B. Within twenty (20) calendar days of the filing of the Complaint in this matter, defendants shall deliver to the United States and DoD an affidavit which describes in detail all actions defendants have taken and all steps defendants have implemented on an on-going basis to preserve the businesses to be divested pursuant to Section VIII of this Final Judgment and the Hold Separate Stipulation and Order entered by the Court. The affidavit also shall describe, but not be limited to, defendants' efforts to maintain and operate each business to be divested as an active competitor, maintain the management, staffing, research and development activities, sales, marketing and pricing of each business to be divested and maintain each such business in operable

condition at current capacity configurations. Defendants shall deliver to the United States and DoD an affidavit describing any changes to the efforts and actions outlined in defendants' earlier affidavit(s) filed pursuant to this Section within fifteen (15) calendar days after the change is implemented.

C. Until one year after each such divestiture has been completed, defendants shall preserve all records of all efforts made to preserve the business to be divested and to effect the ordered divestiture.

VIII. HOLD SEPARATE ORDER

Until the divestitures required by the Final Judgment have been accomplished, defendants shall take all steps necessary to comply with the Hold Separate Stipulation and Order entered by this Court. Defendants shall take no action that would jeopardize the divestitures ordered by this Court.

IX. FINANCING

Defendants are ordered and directed not to finance all or any part of any purchase made pursuant to Sections IV or VI of this Final Judgment.

X. COMPLIANCE INSPECTION

For the purposes of determining or securing compliance with this Final Judgment or of determining whether the Final Judgment should be modified or vacated, and subject to any legally recognized privilege, from time to time:

A. Duly authorized representatives of the United States Department of Justice, upon written request, of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to defendants made to their principal offices, shall be

permitted:

1. Access during office hours of defendants to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of defendants, who may have counsel present, relating to the matters contained in this Final Judgment and the Hold Separate Stipulation and Order; and
2. Subject to the reasonable convenience of defendants and without restraint or interference from them, to interview, either informally or on the record, their officers, employees, and agents, who may have counsel present, regarding any such matters.

B. Upon the written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, made to defendants' principal offices, defendants shall submit such written reports, under oath if requested, with respect to any matter contained in the Final Judgment and the Hold Separate Stipulation and Order.

C. No information or documents obtained by the means provided in Sections VII or X of this Final Judgment shall be divulged by a representative of the United States to any person other than a duly authorized representative of the Executive Branch of the United States, except in the course of legal proceedings to which the United States is a party (including grand jury proceedings), or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

D. If at the time information or documents are furnished by defendants to the United States or DoD, defendants represent and identify in writing the material in any such information or

documents to which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and defendants mark each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then ten (10) calendar days notice shall be given to defendants by the United States or DoD prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which defendants are not a party.

XI. RETENTION OF JURISDICTION

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of any violations hereof.


XII. TERMINATION

Unless this Court grants an extension, this Final Judgment will expire upon the tenth anniversary of the date of its entry.

XIII. PUBLIC INTEREST

Entry of this Final Judgment is in the public interest.

Dated: ~~March 21,~~ January _____, 2000


United States District Judge

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

_____)	
UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	Civil No:
)	
v.)	Filed:
)	
ALLIEDSIGNAL INC. and)	
HONEYWELL INC.,)	
)	
Defendants.)	
_____)	

CONFIDENTIAL ATTACHMENT A TO FINAL JUDGMENT

To be filed under seal