

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff;

v.

BAROID CORPORATION,
BAROID DRILLING FLUIDS, INC.,
DB STRATABIT (USA) INC., and
DRESSER INDUSTRIES, INC.,

Defendants.

Civil Action No. 93-2621

Filed:

Entered: April 12, 1994

FILED

APR 12 1994

CLERK OF DISTRICT COURT
DISTRICT OF COLUMBIA

FINAL JUDGMENT

WHEREAS, plaintiff, United States of America, having filed its Complaint herein on December 23, 1993, and plaintiff and defendants, 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 such issue;

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

AND WHEREAS, prompt and certain divestiture is the essence of this agreement, and defendants have represented to plaintiff that the divestiture required below can and will be made and that defendants will later raise no claims of hardship or

difficulty as grounds for asking the Court to modify any of the divestiture provisions contained below;

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

II.

DEFINITIONS

As used in this Final Judgment:

A. "Baroid" means defendant Baroid Corporation; each division, subsidiary, or affiliate thereof, excluding Dresser, and each officer, director, employee, attorney, agent, or other person acting for or on behalf of any of them.

B. "Baroid Drilling" means defendant Baroid Drilling Fluids, Inc., which is a wholly owned subsidiary of Baroid; each division, subsidiary, or affiliate thereof, excluding Dresser, and each officer, director, employee, attorney, agent

or other person acting for or on behalf of any of them.

C. "DBS" means defendant DB Stratabit (USA) Inc., which is a wholly owned subsidiary of Baroid; each division, subsidiary, or affiliate thereof, excluding Dresser, and each officer, director, employee, attorney, agent or other person acting for or on behalf of any of them.

D. "Dresser" means defendant Dresser Industries, Inc.; each division, subsidiary, or affiliate thereof, excluding Baroid, and each officer, director, employee, attorney, agent, or other person acting for or on behalf of any of them.

E. "Baroid's Diamond Bit Business" means all assets owned or controlled by Baroid, including all assets owned or controlled by DBS, that are or have been used in the United States to research, develop, test, manufacture, service, or market its diamond drill bits. Baroid's diamond bit business includes all real property, material, equipment, supplies, customer lists, contracts and accounts relating to the manufacture and sale of diamond drill bits in the United States. Baroid's diamond bit business includes a nonexclusive license to manufacture and sell matrix diamond bits in the United States and a nonexclusive license to manufacture and sell steel-bodied diamond bits anywhere in the world, except The People's Republic of China, using all intellectual property, including all patents, copyrights, copyright registrations and applications, trademarks, trademark registrations and applications, trade names or commercial

names, know-how, computer software programs, and all other tangible and intangible assets, rights, and other benefits, presently owned, licensed, possessed, or used by Baroid in the research, development, testing, manufacture, servicing, or marketing of matrix or steel-bodied diamond bits. Research and development of diamond drill bits includes, but is not limited to, engineering support relating to the analysis and testing of a diamond drill bit's design, application, and components in order to enhance the bit's performance or to create a new diamond bit. The nonexclusive licenses granted herein need not be transferable (either by assignment or sublicense), except in connection with the sale of all or substantially all of Baroid's diamond bit business. Baroid's diamond bit business also includes all data from research and development projects relating to matrix and/or steel-bodied drill bits undertaken by Baroid at any time up to and including the date of the divestiture required by Section V of this Final Judgment, including the research and development projects currently being conducted by Baroid that relate to new Thermally Stable Polycrystalline diamond bits, new impregnated bits, anti-balling features, air drilling, Polycrystalline Diamond Compact Bit research, surface set bit, LX bits, and BiCenter bits. Baroid's diamond bit business does not include data from the bit dynamics research project Baroid is conducting in conjunction with Royal Dutch Shell. Baroid's diamond bit business also includes equipment owned or controlled by Baroid

that has been used in the United States to research, develop, and test Baroid's diamond drill bits and materials for those bits. This equipment includes, but is not limited to, each of the following items or the functional equivalent thereof: CAD/CAM System Software; Stereoscope; Optical Microscope; Light Microscope; DEC Station 3100; Stereo Microscope; Rockwell Hardness Testing equipment; and Surface Grinder. In addition, included in Baroid's diamond bit business is the right for two years to have access to, at defendants' variable cost, the following equipment located in Belgium: Coordinate Measurement Machine; Finite Elements Package; Atmospheric Drilling Machine; Single Cutter Tester; Flow Visualization Loop with High Speed Carriers; Lab Furnace under Controlled Atmosphere; and High Speed Data Acquisition System. The defendants shall pay the cost of shipping up to three diamond drill bits per calendar quarter to Belgium. Also included in Baroid's diamond bit business is a hard copy and copy of all computer tapes or discs containing any data in the possession of Baroid at any time up to and including the date of the divestiture required by Section V of this Final Judgment, such as bit records or off-set well information, which record the performance anywhere in the world of any matrix or steel-bodied diamond bits manufactured or sold by Baroid or any other producer of diamond drill bits.

Baroid's diamond bit business includes its diamond drill bit manufacturing facilities in Houston, Texas, and all

equipment, supplies, data, documents and inventories (other than Baroid's inventory of diamonds and diamond drill bits held for sale) contained therein, as well as equipment owned or controlled by Baroid on September 7, 1993 that has been used in the United States by Baroid to manufacture matrix diamond bits. The equipment in the Houston facility includes, but is not limited to, the following: LS Bonding Units, Kuraki CNC Mills, Okuma CNC Lathe, Yuasa Lathe, Axelson Lathe, Timemaster Lathe, and Bryant Grinder. The equipment formerly used by Baroid to manufacture matrix diamond bits includes, but is not limited to, the following: Norton Lathe, 18" Kohema Lathe, 20" Kohema Lathe, Yuasa Lathe, Allain Mill, Bridgeport Mill, Vanier Mill, Cincinnati Mill with 90 degree Volstrohead, Blast-It-All Sandblaster, Kelco Sandblaster, Positioner (welding), Southbend Oven, Lochhead Haggerty Furnace & Control Panel, Sunbeam Furnace & Control Panel, Powermatic Band Saw, Two 360 degree Layout Chucks, Two Surface Table, Matrix Powder Mixer, Micrometers, Height Gauges, Scales, and various measuring equipment and welding equipment. Baroid's diamond bit business shall not include any rights, including trademarks and service marks, associated with the use of the tradenames or commercial names of Stratabit, DB Stratabit Inc., DBS, Diamont Boart, or any derivative thereof; provided, however, that in the marketing of its diamond drill bits the purchaser of Baroid's diamond bit business will possess the right for two years following the date of divestiture to identify its diamond drill

bits as being manufactured pursuant to a license from DBS.

F. "Diamond drill bits" means natural diamond drill bits and polycrystalline diamond compact drill bits. Diamond drill bits do not include coring bits.

G. "Drilling fluid" means a mixture of natural and synthetic chemical compounds used at petrocarbon drilling sites to cool and lubricate the drill bit, clean the hole bottom, carry cuttings to the surface, seal porous well formations, control downhole pressures, and improve the function of the drill string and tools in the hole.

H. "Drilling fluid business" means either one of the following: (1) Dresser's interest in M-I Drilling Fluids Co.; or (2) all assets of Baroid Drilling and any other assets that Baroid owns or has an interest in that are used to research, develop, test, produce, manufacture, service, or market, domestically or internationally, drilling fluids, including, but not limited to, all barite, bentonite, and other mineral mines; chemical plants; mineral grinding and processing plants; other real property; material; equipment; supplies; customer lists; contracts and accounts; patents; copyrights; copyright registrations and applications; trademarks; trademark registrations and applications; trade names or commercial names; know-how; computer software programs; and all other tangible and intangible assets, rights, and other benefits, presently owned, licensed, possessed, or used by Baroid in the research, development, testing, production, manufacture, servicing or marketing of drilling fluids.

I. "Matrix diamond bits" means diamond drill bits comprised of a body made of a tungsten carbide matrix and cutters brazed onto the bit body or cast into or around the cutting element of the matrix material.

J. "Steel-bodied diamond bits" means diamond drill bits comprised of a body made of steel and cutters attached to the bit body by an interference fit or a braze process.

K. "Person" means any natural person, corporation, association, firm, partnership, or other business or legal entity.

III.

APPLICABILITY

A. The provisions of this Final Judgment shall apply to the defendants, to their successors and assigns, to their subsidiaries, affiliates, directors, officers, managers, agents, and employees, and to 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 or other disposition of all or substantially all of their assets or stock, or of the assets required to be divested herein, that the acquiring party agree to be bound by the provisions of this Final Judgment.

C. Nothing herein shall suggest that any portion of this Final Judgment is or has been created for the benefit of any

third party, and nothing herein shall be construed to provide any rights to any third party.

IV.

DIVESTITURE OF DRILLING FLUID BUSINESS

A. Defendants are hereby ordered and directed to divest all of their direct and indirect ownership and control of the drilling fluid business to a purchaser prior to June 1, 1994.

B. If defendants have not accomplished the required divestiture prior to June 1, 1994, plaintiff may, in its sole discretion, extend this time period for an additional period of time not to exceed one month.

C. Defendants agree to take all reasonable steps to accomplish quickly said divestiture. In carrying out their obligation to divest the drilling fluid business, defendants may divest these operations alone, or may divest along with these operations any other assets of Baroid or Dresser.

D. In accomplishing the divestiture ordered by this Final Judgment, the defendants promptly shall make known in the United States and in other major countries, by usual and customary means, the availability of the drilling fluid business, for sale as an ongoing business. The defendants shall notify any person making an inquiry regarding the possible purchase of this operation that the sale is being made pursuant to this Final Judgment and provide such person with a copy of the Final Judgment. The defendants shall also offer to

furnish to all bona fide prospective purchasers of the drilling fluid business, subject to customary confidentiality assurances, all pertinent information regarding the drilling fluid business, except information subject to attorney-client privilege or attorney work product privilege. Defendants shall make available such information to the plaintiff at the same time that such information is made available to any other person. Defendants shall permit prospective purchasers of the drilling fluid business to have access to personnel at the drilling fluid business and to make such inspection of physical facilities and any and all financial, operational, or other documents and information as may be relevant to the sale of the drilling fluid business. Defendants shall not be required to permit prospective purchasers to have access to any documents or information relevant to the drilling fluid business, except to the extent included in the drilling fluid business.

E. Divestiture required by Section IV of the Final Judgment shall be accomplished in such a way as to satisfy plaintiff, in its sole discretion, that the drilling fluid business can and will be operated by the purchaser as a viable, ongoing business engaged in the manufacture and sale of drilling fluids in the United States. Divestiture shall be made to a purchaser for whom it is demonstrated to plaintiff's satisfaction that (1) the purchase is for the purpose of competing effectively in the manufacture and sale of drilling fluids in the United States, and (2) the purchaser has the

managerial, operational, and financial capability to compete effectively in the manufacture and sale of drilling fluids in the United States.

F. The defendants shall not sell the drilling fluid business to Baker Hughes, Inc., Schlumberger Ltd., or Anchor Drilling Fluids, or any of their affiliates or subsidiaries during the life of this decree. The purchaser of the divested drilling fluid business shall not sell the drilling fluid business to, or combine that business with the drilling fluid operations of, Dresser Industries, Inc., Baker Hughes, Inc., Schlumberger Ltd., or Anchor Drilling Fluids, or any of their affiliates or subsidiaries during the life of this decree.

G. Except to the extent otherwise approved by plaintiff, any assets of the drilling fluid business divested pursuant to this Final Judgment shall be divested free and clear of all mortgages, encumbrances and liens to Baroid or Dresser.

V.

DIVESTITURE OF BAROID'S DIAMOND BIT BUSINESS

A. Defendants are hereby ordered and directed to divest to a purchaser prior to July 1, 1994 all of their direct and indirect ownership and control of Baroid's diamond bit business. The obligation to divest shall be satisfied if, by July 1, 1994, defendants enter into a binding contract for sale of Baroid's diamond bit business to a purchaser according to terms approved by plaintiff that is contingent only upon compliance with the terms of this Final Judgment and that

specifies a prompt and reasonable closing date no later than September 1, 1994, and if sale is completed pursuant to the contract.

B. If defendants have not accomplished the required divestiture prior to July 1, 1994, plaintiff may, in its sole discretion, extend this time period for an additional period of time not to exceed three months, if defendants request such an extension and demonstrate to plaintiff's satisfaction that they are then engaged in negotiations with a prospective purchaser that are likely to result in the required divestiture but that the divestiture cannot be completed prior to July 1, 1994.

C. Defendants agree to take all reasonable steps to accomplish quickly said divestiture. In carrying out their obligation to divest Baroid's diamond bit business, defendants may divest these operations alone, or may divest along with these operations any other assets of Baroid or Dresser.

D. In accomplishing the divestiture ordered by this Final Judgment, the defendants promptly shall make known in the United States and in other major countries, by usual and customary means, the availability of Baroid's diamond bit business, for sale as an ongoing business. The defendants shall notify any person making an inquiry regarding the possible purchase of this operation that the sale is being made pursuant to this Final Judgment and provide such person with a copy of the Final Judgment. The defendants shall also offer to furnish to all bona fide prospective purchasers of Baroid's

diamond bit business, subject to customary confidentiality assurances, all pertinent information regarding Baroid's diamond bit business, except information subject to attorney-client privilege or attorney work product privilege. Defendants shall make available such information to the plaintiff at the same time that such information is made available to any other person. Defendants shall permit prospective purchasers of Baroid's diamond bit business to have access to personnel at Baroid's diamond bit business and to make such inspection of physical facilities and any and all financial, operational, or other documents and information as may be relevant to the sale of Baroid's diamond bit business. Defendants shall not be required to permit prospective purchasers to have access to any documents or information relevant to Dresser's diamond bit business, except to the extent included in Baroid's diamond bit business.

E. Divestiture required by Section V of the Final Judgment shall be accomplished in such a way as to satisfy plaintiff, in its sole discretion, that Baroid's diamond bit business can and will be operated by the purchaser as a viable, ongoing business engaged in the manufacture and sale of diamond drill bits in the United States. Divestiture shall be made to a purchaser for whom it is demonstrated to plaintiff's satisfaction that (1) the purchase is for the purpose of competing effectively in the manufacture and sale of diamond drill bits in the United States, including the ability to conduct research, development,

and testing of diamond bits, and (2) the purchaser has the managerial, operational, and financial capability to compete effectively in the manufacture and sale of diamond drill bits in the United States.

F. The defendants shall not sell Baroid's diamond bit business to Baker Hughes, Inc., Camco International, Inc., Smith International, Inc., or any of their affiliates or subsidiaries during the life of this decree. The purchaser of Baroid's diamond bit business shall not sell that business to, or combine that business with the diamond drill bit operations of, Dresser Industries, Inc., Baker Hughes, Inc., Camco, Inc., Smith International, Inc., or any of their affiliates or subsidiaries during the life of this decree.

G. Except to the extent otherwise approved by plaintiff, Baroid's diamond bit business divested pursuant to this Final Judgment shall be divested free and clear of all mortgages, encumbrances and liens to Baroid or Dresser.

VI.

APPOINTMENT OF TRUSTEE FOR THE DRILLING FLUID BUSINESS

A. If defendants have not accomplished the divestiture required by Section IV of the Final Judgment by April 29, 1994, defendants shall notify plaintiff of that fact. Within ten (10) days of that date, or twenty (20) days prior to the expiration of any extension granted pursuant to Section IV(B), whichever is later, plaintiff shall provide defendants with

written notice of the names and qualifications of not more than two (2) nominees for the position of trustee for the required divestiture. Defendants shall notify plaintiff within ten (10) days thereafter whether either or both of such nominees are acceptable. If either or both of such nominees are acceptable to defendants, plaintiff shall notify the Court of the person upon whom the parties have agreed and the Court shall appoint that person as the trustee. If neither of such nominees is acceptable to defendants, they shall furnish to plaintiff, within ten (10) days after plaintiff provides the names of its nominees, written notice of the names and qualifications of not more than two (2) nominees for the position of trustee for the required divestiture. If either or both of such nominees are acceptable to plaintiff, plaintiff shall notify the Court of the person upon whom the parties have agreed and the Court shall appoint that person as the trustee. If neither of such nominees is acceptable to plaintiff, it shall furnish the Court the names and qualifications of its proposed nominees and the names and qualifications of the nominees proposed by defendants. The Court may hear the parties as to the qualifications of the nominees and shall appoint one of the nominees as the trustee.

B. If defendants have not accomplished the divestiture required by Section IV of this Final Judgment at the expiration of the time period specified in Section IV(A) and IV(B) of this Final Judgment, as applicable, the appointment by the Court of

the trustee shall become effective. The trustee shall then take steps to effect divestiture of the drilling fluid business.

C. After the trustee's appointment has become effective, only the trustee shall have the right to sell the drilling fluid business. The trustee shall have the power and authority to accomplish the divestiture to a purchaser acceptable to plaintiff at such price and on such terms as are then obtainable upon a reasonable effort by the trustee, subject to the provisions of Section VIII of this Final Judgment, and shall have such other powers as this Court shall deem appropriate. Defendants shall not object to a sale of the drilling fluids business by the trustee on any grounds other than the trustee's malfeasance. Any such objection by defendants must be conveyed in writing to plaintiff and the trustee within fifteen (15) days after the trustee has notified defendants of the proposed sale in accordance with Section VIII of this Final Judgment.

D. The trustee shall serve at the cost and expense of defendants, shall receive compensation based on a fee arrangement providing an incentive based on the price and terms of the divestiture and the speed with which it is accomplished, and shall serve on such other terms and conditions as the Court may prescribe; provided, however, that the trustee shall receive no compensation, nor incur any costs or expenses, prior to the effective date of his or her appointment. The trustee

shall account for all monies derived from a sale of the drilling fluid business and all costs and expenses incurred in connection therewith. After approval by the Court of the trustee's accounting, including fees for its services, all remaining monies shall be paid to defendants and the trust shall then be terminated.

E. Defendants shall take no action to interfere with or impede the trustee's accomplishment of the divestiture of the drilling fluid business and shall use their best efforts to assist the trustee in accomplishing the required divestiture. The trustee shall have full and complete access to the personnel, books, records, and facilities of the drilling fluid business, and defendants shall develop such financial or other information relevant to the drilling fluid business.

F. After its appointment becomes effective, the trustee shall file monthly reports with the parties and the Court setting forth the trustee's efforts to accomplish divestiture of the drilling fluid business as contemplated under this Final Judgment; 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. Such reports shall include the name, address, and telephone number of each person who, during the preceding thirty (30) days, 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 ownership

interest in the drilling fluid business, 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 these operations.

G. Within six months after its appointment has become effective, if the trustee has not accomplished the divestiture required by Section VI of this Final Judgment, the trustee shall promptly file with the Court a report setting forth (1) the trustee's efforts to accomplish the required divestiture, (2) the reasons, in the trustee's judgment, why the required divestiture 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 thereafter enter such orders as it shall deem appropriate in order to carry out the purpose of the trust, which shall, if necessary, include extending the trust and the term of the trustee's appointment.

VII.

APPOINTMENT OF TRUSTEE FOR BAROID'S DIAMOND BIT BUSINESS

A. If defendants have not accomplished the divestiture

required by Section V of the Final Judgment by May 30, 1994, defendants shall notify plaintiff of that fact. Within ten (10) days of that date, or twenty (20) days prior to the expiration of any extension granted pursuant to Section V(B), whichever is later, plaintiff shall provide defendants with written notice of the names and qualifications of not more than two (2) nominees for the position of trustee for the required divestiture. Defendants shall notify plaintiff within ten (10) days thereafter whether either or both of such nominees are acceptable. If either or both of such nominees are acceptable to defendants, plaintiff shall notify the Court of the person upon whom the parties have agreed and the Court shall appoint that person as the trustee. If neither of such nominees is acceptable to defendants, they shall furnish to plaintiff, within ten (10) days after plaintiff provides the names of its nominees, written notice of the names and qualifications of not more than two (2) nominees for the position of trustee for the required divestiture. If either or both of such nominees are acceptable to plaintiff, plaintiff shall notify the Court of the person upon whom the parties have agreed and the Court shall appoint that person as the trustee. If neither of such nominees is acceptable to plaintiff, it shall furnish the Court the names and qualifications of its proposed nominees and the names and qualifications of the nominees proposed by defendants. The Court may hear the parties as to the qualifications of the nominees and shall appoint one of the nominees as the trustee.

B. If defendants have not accomplished the divestiture required by Section V of this Final Judgment at the expiration of the time period specified in Section V(A) and V(B) of this Final Judgment, as applicable, the appointment by the Court of the trustee shall become effective. The trustee shall then take steps to effect divestiture of Baroid's diamond bit business; provided, however, that the appointment of the trustee shall not become effective if, prior to expiration of the applicable time period, defendants have notified plaintiff pursuant to Section VIII of this Final Judgment of a proposed divestiture of Baroid's diamond bit business and plaintiff has not filed a written notice that it objects to said proposed divestiture. When the appointment of the trustee becomes effective, Baroid's diamond bit business will include a nonexclusive license to manufacture and sell steel-bodied bits anywhere in the world, including The People's Republic of China.

C. After the trustee's appointment has become effective, only the trustee shall have the right to sell Baroid's diamond bit business. The trustee shall have the power and authority to accomplish the divestiture to a purchaser acceptable to plaintiff at such price and on such terms as are then obtainable upon a reasonable effort by the trustee, subject to the provisions of Section VIII of this Final Judgment, and shall have such other powers as this Court shall deem appropriate. Defendants shall not object to a sale of Baroid's diamond bit business by the trustee on any grounds other than

the trustee's malfeasance. Any such objection by defendants must be conveyed in writing to plaintiff and the trustee within fifteen (15) days after the trustee has notified defendants of the proposed sale in accordance with Section VIII of this Final Judgment.

D. The trustee shall serve at the cost and expense of defendants, shall receive compensation based on a fee arrangement providing an incentive based on the price and terms of the divestiture and the speed with which it is accomplished, and shall serve on such other terms and conditions as the Court may prescribe; provided, however, that the trustee shall receive no compensation, nor incur any costs or expenses, prior to the effective date of his or her appointment. The trustee shall account for all monies derived from a sale of Baroid's diamond bit business and all costs and expenses incurred in connection therewith. After approval by the Court of the trustee's accounting, including fees for its services, all remaining monies shall be paid to defendants and the trust shall then be terminated.

E. Defendants shall take no action to interfere with or impede the trustee's accomplishment of the divestiture and shall use their best efforts to assist the trustee in accomplishing the required divestiture. The trustee shall have full and complete access to the personnel, books, records, and facilities of Baroid's diamond bit business, and defendants shall develop such financial or other information relevant to Baroid's diamond bit business.

F. After its appointment becomes effective, the trustee shall file monthly reports with the parties and the Court setting forth the trustee's efforts to accomplish divestiture of Baroid's diamond bit business as contemplated under this Final Judgment; 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. Such reports shall include the name, address, and telephone number of each person who, during the preceding thirty (30) days, 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 ownership interest in Baroid's diamond bit business, 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 these operations.

G. Within six months after its appointment has become effective, if the trustee has not accomplished the divestiture required by Section VII of this Final Judgment, the trustee shall promptly file with the Court a report setting forth (1) the trustee's efforts to accomplish the required divestiture, (2) the reasons, in the trustee's judgment, why any required divestiture 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 thereafter enter such orders as it shall deem appropriate in order to carry out the purpose of the trust, which shall, if necessary, include extending the trust and the term of the trustee's appointment.

VIII.

NOTIFICATION

Immediately following entry of a binding contract, contingent upon compliance with the terms of this Final Judgment, to effect any proposed divestiture pursuant to Sections IV, V, VI, or VII of this Final Judgment, defendants or the trustee, whichever is then responsible for effecting the divestiture, shall notify plaintiff of the proposed divestiture. 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 desire to, acquire any ownership interest in the business that is the subject of the binding contract, together with full details of same. Within fifteen (15) days of receipt by plaintiff of such notice, plaintiff may request additional information concerning

the proposed divestiture and the proposed purchaser. Defendants and/or the trustee shall furnish any additional information requested within twenty (20) days of the receipt of the request, unless the parties shall otherwise agree. Within thirty (30) days after receipt of the notice or within twenty (20) days after plaintiff has been provided the additional information requested (including any additional information requested of persons other than defendants or the trustee), whichever is later, plaintiff shall provide written notice to defendants and the trustee, if there is one, stating whether or not it objects to the proposed divestiture. If plaintiff provides written notice to defendants and/or the trustee that it does not object, then the divestiture may be consummated, subject only to defendants' limited right to object to the sale under the provisions in Sections VI(C) and VII(C). Absent written notice that the plaintiff does not object to the proposed purchaser, a divestiture proposed under Section IV shall not be consummated. Upon objection by plaintiff, a divestiture proposed under Section V shall not be consummated. Upon objection by plaintiff, or by defendants under the proviso in Sections VI(C) and VII(C), a divestiture proposed under Section VI or VII shall not be consummated unless approved by the Court.

IX.

AFFIDAVITS

Upon filing of this Final Judgment and every thirty (30) days thereafter until the divestitures have been completed or authority to effect divestiture passes to the trustee pursuant to Section VI or Section VII of this Final Judgment, defendants shall deliver to plaintiff an affidavit as to the fact and manner of compliance with Sections IV and V of this Final Judgment. Each such affidavit shall include 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 ownership interest in Baroid's diamond bit business or the drilling fluid business, and shall describe in detail each contact with any such person during that period. Defendants shall maintain full records of all efforts made to divest these operations.

X.

FINANCING

With prior consent of the plaintiff, defendants may finance all or any part of any purchase made pursuant to Sections IV, V, VI, or VII of this Final Judgment.

XI.

PRESERVATION OF ASSETS

Until the divestitures required by the Final Judgment have been accomplished:

A. The defendants shall take all steps necessary to assure that DBS and Baroid Drilling will be maintained as separate and independent, economically viable, ongoing businesses with their assets (including proprietary technology, management, operations, and books and records) separate, distinct and apart from those of Dresser. The defendants shall use all reasonable efforts on behalf of DBS to maintain and increase sales of diamond drill bits, continue its current plans for research, development, and testing of diamond drill bits, and otherwise maintain the business as a viable and active competitor in the United States. The defendants shall use all reasonable efforts on behalf of Baroid Drilling and M-I Drilling Fluids Co. to maintain and increase sales of drilling fluids, continue current plans for research, development, and testing of drilling fluids, and otherwise maintain the businesses as viable and active competitors in the United States.

B. The defendants shall not sell, lease, assign, transfer or otherwise dispose of, or pledge as collateral for loans (except such loans as are currently outstanding or replacements of substitutes therefore), assets required to be divested pursuant to Sections IV, V, VI, or VII except that any component of such assets as is replaced in the ordinary course

of business with a newly purchased component may be sold or otherwise disposed of, provided the newly purchased component is so identified as a replacement component for one to be divested.

C. The defendants shall provide capital and provide and maintain sufficient working capital to maintain DBS, including Baroid's diamond bit business; Baroid Drilling; and M-I Drilling Fluids Co. as viable, ongoing businesses consistent with the requirements of Section XI(A).

D. The defendants shall preserve the assets required to be divested pursuant to Section IV, V, VI, and VII, except those replaced with newly acquired assets in the ordinary course of business, in a state or repair equal to their state of repair as of the date of this Final Judgment, ordinary wear and tear excepted. Defendants shall preserve the documents, books and records of DBS and Baroid's diamond bit business until the date of divestiture of Baroid's diamond bit business, and shall preserve the documents, books and records of Baroid Drilling and M-I Drilling Fluids Co. until the date of divestiture of the drilling fluids business.

E. Except in the ordinary course of business, or as is otherwise consistent with the requirements of Section XII, the defendants shall refrain from terminating or altering one or more current employment, salary, or benefit agreements for one or more executive, managerial, sales, marketing, engineering, or other technical personnel of DBS, Baroid Drilling or M-I

Drilling Fluids Co., and shall refrain from transferring any employee so employed without the prior approval of plaintiff.

F. Defendants shall refrain from taking any action that would jeopardize the sale of Baroid's diamond bit business or the drilling fluid business.

XII.

EMPLOYMENT OFFERS

A. Defendants are hereby enjoined and restrained until one year following the date of divestiture from employment of, or making offers of employment to, any person, who currently is an executive, managerial, sales, marketing, engineering, research and development, or other technical employee of Baroid in the United States, the preponderance of whose duties relate to Baroid's diamond bit business ("Baroid diamond bit employees".) This provision, however, does not apply to any employee who is terminated or not hired by the purchaser of Baroid's diamond bit business. Defendants shall encourage and facilitate employment of such employees by the purchaser, and shall remove any impediments that exist which may deter such employees from accepting employment with the purchaser of Baroid's diamond bit business, including, but not limited to, the payment of all bonuses to which such employees would otherwise have been entitled had they remained in the employment of Baroid until the end of fiscal year 1994.

B. The purchaser of Baroid's diamond bit business shall

also have the right to hire any person who is currently a sales, marketing or research and development employee of Baroid, the preponderance of whose duties do not relate to Baroid's diamond bit business. Such offers of employment and acceptances thereof, contingent upon the consumation of the purchase of Baroid's diamond bit business, may be made prior to the consumation of the divestiture. Defendants shall provide any prospective purchaser with cooperation and assistance in its efforts to determine which, if any, such Baroid employees it seeks to hire. Such cooperation and assistance shall include making available for consultation purposes to any prospective purchasers of Baroid's diamond bit business all Baroid diamond bit employees, and providing information sufficient to enable a prospective purchaser to assess the relative performance of all Baroid sales, marketing and research and development employees. The defendants may, prior to the time the appointment of the trustee becomes effective pursuant to Section VII, take any lawful steps they deem appropriate to retain the services of any Baroid employees the preponderance of whose duties do not relate to Baroid's diamond bit business.

XIII.

COMPLIANCE INSPECTION

For the purposes of determining or securing compliance with the Final Judgment and subject to any legally recognized privilege, from time to time:

A. Duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to any defendant made to its principal office, be permitted:

1. access during office hours of such defendant to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of such defendant, who may have counsel present, relating to any matters contained in this Final Judgment; and

2. subject to the reasonable convenience of such defendant and without restraint or interference from it, to interview officers, employees, and agents of such defendant, 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 any defendant's principal office, such defendant shall submit such written reports, under oath if requested, with respect to any of the matters contained in this Final Judgment as may be requested.

C. No information or documents obtained by the means provided in this Section XIII shall be divulged by a representative of the Department of Justice 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 any defendant to plaintiff, such defendant represents and identifies 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 such defendant marks 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) days notice shall be given by plaintiff to defendants prior to divulging such material in any legal proceeding (other than a grand jury proceeding).

XIV.

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.

XV.

TERMINATION

This Final Judgment will expire on the tenth anniversary of the date of its entry.

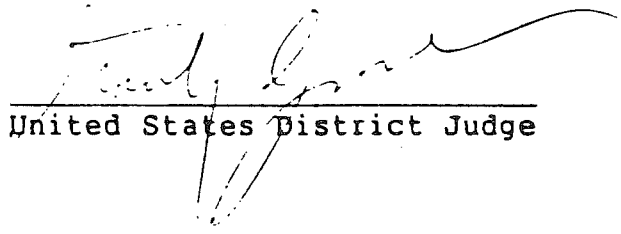
XVI.

PUBLIC INTEREST

Entry of this Final Judgment is in the public interest.

Dated:

7/12/94


United States District Judge