**UNITED STATES DISTRICT COURT**
**FOR THE DISTRICT OF COLUMBIA**

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| UNITED STATES OF AMERICA,<br>Department of Justice<br>Antitrust Division<br>1401 H Street, N.W., Suite 3000<br>Washington, DC 20530,<br><br>Plaintiff,<br><br>v.<br><br>LEHMAN BROTHERS HOLDINGS INC.<br>3 World Financial Center<br>New York, NY 10285,<br><br>and<br><br>L-3 COMMUNICATIONS HOLDINGS, INC.<br>600 Third Avenue<br>New York, NY 10016<br><br>Defendants. | Civil No.: 98 0796<br><br>Filed:<br><br>Entered: July 13, 1998 |

**FINAL JUDGMENT**

WHEREAS, plaintiff, the United States of America, filed its Complaint in this action on March 27, 1998, 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 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, plaintiff intends to require defendants to preserve competition by: (1) preventing employees, officers or directors of Lockheed Martin who serve on the Board of Directors of L-3 Communications, or those nominated by Lockheed Martin to the Board of Directors of L-3 Communications, from influencing, directly or indirectly, the operation of the Ocean Systems and ELAC assets being acquired by L-3 Communications from Allied Signal, and (2) prohibiting the disclosure of non-public information between L-3 Communications and Lockheed Martin relating to the Ocean Systems and ELAC businesses and Lockheed Martin's sonar and mine warfare businesses;

AND WHEREAS, defendants have represented to the plaintiff that they will not enter into any joint bidding or teaming agreements with Lockheed Martin to bid on DoD contracts relating to towed arrays, but that they will be permitted to enter into contracts or subcontracts with Lockheed Martin which relate to towed arrays after DoD has awarded a contract;

AND WHEREAS, defendants have represented to the plaintiff that they can effectuate the preservation of competition by constructing and enforcing a firewall and agreeing not to enter into joint bidding or teaming agreements with Lockheed Martin to bid on DoD contracts relating to towed arrays and that defendants will later raise no claims of hardship or difficulty as grounds for asking the Court to modify any of the 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 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 AlliedSignal, Inc.

B. "L-3 Communications" means L-3 Communications Corporation and L-3 Communications Holdings, Inc., and their directors, employees, agents, representatives, predecessors, successors and assigns.

C. "Lockheed Martin" means Lockheed Martin Corporation, its directors, officers, employees, agents, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by Lockheed Martin Corporation; businesses

Lockheed Martin Corporation acquires or merges with; and the respective directors, officers, employees, agents, predecessors, successors and assigns of each.

D. "Limited Officer or Director" means (1) any employee, officer or director of Lockheed Martin, who is also a member of the Board of Directors of, or an officer of, L-3 Communications, or (2) any member of the Board of Directors of L-3 Communications nominated by Lockheed Martin.

E. "Ocean Systems" means the business units and assets of AlliedSignal to be acquired by L-3 Communications through operation of the Purchase Agreement dated December 22, 1997, including AlliedSignal Ocean Systems business unit and AlliedSignal ELAC Nautik GmbH.

F. (1) "Non-Public Ocean Systems Information" means any information relating to the business of Oceans Systems not in the public domain, including, but not limited to, Ocean Systems' plans concerning current and future DoD contracts.

(2) Non-Public Ocean Systems Information shall not include: (a) information that, subsequent to the time L-3 Communications signs the Stipulation and Order in this matter, falls within the public domain through no violation of this order by L-3 Communications; or (b) information that, subsequent to the time L-3 Communications signs the Stipulation and Order in

this matter, becomes known to Lockheed Martin from a third party not known by L-3 Communications or Lockheed Martin to be in breach of a confidential disclosure agreement.

G. (1) "Non-Public Lockheed Martin Information" means any information not in the public domain relating to sonar and mine warfare products of Lockheed Martin, including, but not limited to, Lockheed Martin's plans concerning current and future DoD contracts.

(2) Non-Public Lockheed Martin Information shall not include: (a) information that, subsequent to the time L-3 Communications signs the Stipulation and Order in this matter, falls within the public domain through no violation of this order by L-3 Communications; or (b) information that, subsequent to the time L-3 Communications signs the Stipulation and Order in this matter, becomes known to L-3 Communications from a third party not known by L-3 Communications to be in breach of a confidential disclosure agreement.

H. DoD means U.S. Department of Defense.

## III. FIREWALL

A. L-3 Communications shall not discuss, provide, disclose, or otherwise make available, directly or indirectly, to any Limited Officer or Director any Non-Public Ocean Systems Information.

B. L-3 Communications shall require each Limited Officer or Director to refrain from discussing, providing, disclosing or otherwise making available, directly or indirectly, any Non-Public Lockheed Martin Information to any employee or officer of L-3 Communications or to any member of the Board of Directors of L-3 Communications, except any other Limited Officer or Director.

C. The restrictions set forth in Paragraphs III.A and III.B of this Order shall not prohibit the otherwise lawful exchange by L-3 Communications and Lockheed Martin of such Non-Public Ocean Systems Information or such Non-Public Lockheed Martin Information that may be necessary (1) to obtain or perform any contract or subcontract between L-3 Communications and Lockheed Martin, with the exception of the prohibitions set forth in Section IV, or (2) to obtain or perform any related contracts or subcontracts between or among L-3 Communications, Lockheed Martin and any third party (including any governmental agency).

D. L-3 Communications shall conduct all business relating to Ocean Systems without the vote, concurrence, attendance or other participation of any kind whatsoever of any Limited Officer or Director.

E. Limited Officers or Directors shall not be counted for purposes of establishing a quorum in connection with any matter relating to Ocean Systems.

F. L-3 Communications shall not provide any Limited Officer or Director with any type of compensation that is based in whole or in part on the profitability or performance of Ocean Systems; provided, however, that any Limited Officer or Director may receive as compensation for his or her serving on the L-3 Communications Board of Directors such compensation as is provided generally to other members of the L-3 Communications Board of Directors in accordance with L-3 Communications' ordinary practice, or compensation that is based on the overall profitability or performance of L-3 Communications.

## IV. PROHIBITIONS ON CERTAIN JOINT BIDDING AND TEAMING AGREEMENTS

A. L-3 Communications shall not enter into any joint bidding or teaming agreements with Lockheed Martin to bid on DoD contracts relating to towed arrays. L-3 Communications shall not provide any Non-Public Ocean Systems Information nor receive any Non-Public Lockheed Martin Information for the purpose of entering into any joint bidding or teaming agreements with Lockheed Martin for the purpose of bidding on DoD contracts relating to towed arrays. These prohibitions do not restrict L-3 Communications from entering into any contract or subcontract with Lockheed Martin which relates to towed arrays, after DoD has awarded a contract.

## V. AFFIDAVITS

A. Within sixty (60) calendar days after the filing of the Complaint in this matter, L-3 Communications, shall certify to the Plaintiff whether it has complied with Sections III and IV above.

B. For each year during the term of this Final Judgment, L-3 Communications shall file with the Plaintiff, on or before the anniversary date of the filing of the Complaint, an affidavit as to the fact and manner of its compliance with the provisions of Sections III and IV above.

C. Until such time that this Final Judgment shall expire, L-3 Communications shall preserve all records of all efforts to comply with the Final Judgment.

## VI. COMPLIANCE INSPECTION

For 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 United States Department of Justice ("DOJ"), upon written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to L-3 Communications made to its principal offices, shall be permitted:

1. Access during office hours of L-3 Communications to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of L-3 Communications, who may have counsel present, relating to the matters contained in this Final Judgment; and

2. Subject to the reasonable convenience of L-3 Communications and without restraint or interference from it, to interview, either informally or on the record, its 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 L-3 Communication's principal offices, L-3 Communications shall submit written reports, under oath if requested, with respect to any matter relating to the Final Judgment.

C. No information or documents obtained by the means provided in Section V of this Final Judgment shall be divulged by a representative of the plaintiff 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 L-3 Communications to DOJ, L-3 Communications 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 L-3 Communications 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) calendar days notice shall be given by DOJ to L-3 Communications prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which L-3 Communications is not a party.

## VII. APPLICABILITY

This Final Judgment applies to defendants; to each of their officers, directors, agents, employees, successors, assigns, subsidiaries, divisions, and any other organizational units of any kind; 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.

## VIII. 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.

## IX. TERMINATION

This Final Judgment shall continue in force until such time as Lockheed Martin owns less than five percent of the voting securities of L-3 Communications and there are no Limited Officers or Directors on the L-3 Communications Board of Directors.

## IX. PUBLIC INTEREST

Entry of this Final Judgment is in the public interest.

Dated July 13, 1998.

/s/
United States District Judge