

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	)	
	)	Criminal No.: 02-733
v.	)	
	)	Violation: 15 U.S.C. § 1
MORGANITE, INC., and	)	18 U.S.C. § 1512(b)(1)
THE MORGAN CRUCIBLE	)	18 U.S.C. § 1512(b)(2)(B)
COMPANY PLC	)	
	)	Filed: 11-04-02
Defendants.	)	

**PLEA AGREEMENT**

The United States of America and Morganite, Inc., a corporation organized and existing under the laws of the State of North Carolina, and The Morgan Crucible Company plc, a corporation organized and existing under the laws of the United Kingdom, hereby enter into the following Plea Agreement pursuant to Rule 11(e)(1)(c) of the Federal Rules of Criminal Procedure ("Fed. R. Crim. P."):

**RIGHTS OF DEFENDANT**

1. The defendants understand their rights:
  - (a) to be represented by an attorney;
  - (b) to be charged by Indictment;
  - (c) as to defendant The Morgan Crucible Company plc, to decline to accept service of the Summons in this case, and to contest the jurisdiction of the United States to prosecute this case against it in the United States District Court for the Eastern District of Pennsylvania;
  - (d) to plead not guilty to any criminal charge brought against them;
  - (e) to have a trial by jury, at which they would be presumed not guilty of the charge and the United States would have to prove every essential element of the charged offense beyond a reasonable doubt for them to be found guilty;

(f) to confront and cross-examine witnesses against them and to subpoena witnesses in their defense at trial;

(g) to appeal their convictions if they are found guilty at trial; and

(h) to appeal the imposition of sentence against them.

**AGREEMENT TO PLEAD GUILTY  
AND WAIVE CERTAIN RIGHTS**

2. The defendants waive the rights set out in Paragraph 1(b)-(g) above, including all jurisdictional defenses to the prosecution of this case, and agree voluntarily to consent to the jurisdiction of the United States to prosecute this case against them in the United States District Court for the Eastern District of Pennsylvania. The defendants also waive the right to appeal the imposition of sentence against them, so long as the sentence imposed is consistent with the recommendation in Paragraph 10 of this Plea Agreement. Further, pursuant to Fed. R. Crim. P. 7(b), defendants will waive indictment and plead guilty at arraignment to a three-count Information to be filed in the United States District Court for the Eastern District of Pennsylvania as follows.

(a) Morganite, Inc. will plead guilty to Count One in the Information charging it with participating in a conspiracy to suppress and eliminate competition by fixing the prices of (1) current collectors sold to certain transit authorities and private customers; (2) carbon brushes sold to certain original equipment manufacturers for automotive applications; (3) carbon brushes sold to certain original equipment manufacturers for battery electric vehicle applications; and (4) carbon brushes sold to certain transit authorities (hereinafter collectively “relevant carbon products”) sold in the United States and elsewhere during the period beginning at least as early as January 1990 and continuing thereafter until at least May 2000, in violation of the Sherman Antitrust Act, 15 U.S.C. § 1. The charged combination and conspiracy was carried out in the United States for periods that varied by product market segment as set forth below:

(i) as to current collectors, the price-fixing conspiracy was carried out in the United States beginning at least as early as January 1990 and continued until at least May 2000;

(ii) as to carbon brushes sold to original equipment manufacturers for automotive applications, the price-fixing conspiracy was carried out in the United States beginning at least as early as December 1993 and continued until at least September 1998;

(iii) as to carbon brushes sold to original equipment manufacturers for battery electric vehicle applications, the price-fixing conspiracy was carried out in the United States beginning at least as early as February 1995 and continued until at least September 1998; and

(iv) as to carbon brushes sold to transit authorities, the price fixing conspiracy was carried out in the United States beginning at least as early as February 1995 and continued until at least September 1998;

(b) The Morgan Crucible Company plc will plead guilty to Count Two in the Information charging it with attempting to influence the testimony of witnesses in an official proceeding, in violation of 18 U.S.C. § 1512(b)(1).

(c) The Morgan Crucible Company plc will plead guilty to Count Three in the Information charging it with corruptly persuading a witness to destroy documents relevant to an official proceeding in violation of 18 U.S.C. §1512(b)(2)(B).

3. Morganite, Inc. and The Morgan Crucible Company plc, pursuant to the terms of this Plea Agreement, will plead guilty to the criminal charges described in Paragraph 2 above and will make a factual admission of guilt to the Court in accordance with Fed. R. Crim. P. 11, as set forth in Paragraphs 4, 5, and 6 below.

## **FACTUAL BASIS FOR OFFENSES CHARGED**

4. Had this case gone to trial, the United States would have presented evidence to prove the following facts relating to Count One against Morganite, Inc.:

(a) For purposes of this Plea Agreement, the “relevant period” is that period beginning at least as early as January 1990 and continuing thereafter until at least May 2000. During the relevant period, Morganite, Inc. was a corporation organized and existing under the laws of the State of North Carolina with its principal place of business in Dunn, North Carolina. During the relevant period, Morganite, Inc. was a producer of relevant carbon products and was engaged in the sale of relevant carbon products in the United States and elsewhere. Carbon brushes are used to transfer electrical current in direct current motors by acting as the rubbing contacts for electrical connectors in the motors. Direct current motors are used in a variety of products including automobiles, battery electric vehicles, and public transit vehicles. Carbon current collectors are used to transfer electrical current from wires or rails for use in vehicles that are not independently powered.

(b) During the relevant period, Morganite, Inc., through its officers, agents and employees, participated in a conspiracy among relevant carbon products producers, the primary purpose of which was to fix the price of relevant carbon products sold to certain customers in the United States and elsewhere. In furtherance of the conspiracy, Morganite, Inc., through its officers, agents, and employees, engaged in discussions and attended meetings with representatives of other relevant carbon products producers. During these discussions and meetings, agreements were reached to fix the price of and not to undercut each other’s prices of relevant carbon products to be sold to certain customers in the United States and elsewhere.

(c) During the relevant period, relevant carbon products sold by one or more

of the conspirator firms, and equipment and supplies necessary to the production and distribution of carbon products, as well as payments for relevant carbon products, traveled in interstate and foreign commerce. The business activities of Morganite, Inc. and its co-conspirators in connection with the production and sale of relevant carbon products affected by this conspiracy were within the flow of, and substantially affected, interstate and foreign trade and commerce.

(d) Acts in furtherance of this conspiracy were carried out within the Eastern District of Pennsylvania. Relevant carbon products affected by this conspiracy were sold by one or more of the conspirators to customers in this District.

5. Had this case gone to trial, the United States would have presented evidence to prove the following facts relating to Count Two against The Morgan Crucible Company plc:

(a) In or about April 1999, a federal grand jury sitting in the Eastern District of Pennsylvania and investigating a conspiracy to fix the price of various carbon products sold in the United States and elsewhere issued a subpoena duces tecum to Morganite Industries, Inc., a subsidiary of defendant The Morgan Crucible Company plc.

(b) Beginning in or about November 2000 and continuing thereafter until in or about February 2001, The Morgan Crucible Company plc, acting through its officers, agents, and employees, knowingly attempted to corruptly persuade persons, whose identities are known to the United States Department of Justice, Antitrust Division (“Antitrust Division”), with intent to influence their testimony in official proceedings before the grand jury sitting in the Eastern District of Pennsylvania in that:

(i) In or around November 2000, the defendant met with an officer of a co-conspirator company, whose identity is known to the Antitrust Division, (hereinafter “CC-1”) and discussed, among other things, the grand jury investigation taking place in the United States.

(ii) During that meeting, the defendant disclosed to CC-1 false information the defendant had provided to the authorities conducting the grand jury investigation in order to convince the authorities that the price-fixing meetings between and among the co-conspirators were legitimate business meetings and not conspiratorial meetings.

(iii) During that meeting, the defendant said it would send CC-1 a document containing its statement to the authorities (hereinafter “script”) and instructed him (a) to distribute the script to potential witnesses whom defendant identified as having attended and participated in the conspiratorial meetings and whose names the defendant had already disclosed to the authorities; and (b) to treat the script confidentially and to destroy it after having read and distributed it. The defendant told CC-1 that it would be in their companies’ mutual and beneficial interests if the potential witnesses the defendant identified all gave the same information to the authorities conducting the grand jury investigation as the defendant had given and which was contained in the script.

(iv) Sometime in or around November 2000, the defendant mailed to CC-1 the script containing false statements regarding events that had occurred at certain conspiratorial meetings.

(v) Sometime in or around December 2000, the defendant caused CC-1 to distribute copies of the script to those persons defendant had identified to CC-1 at the November 2000 meeting, telling them that the script was defendant’s version of events and instructing them to destroy the script after reading and noting its contents.

(vi) Sometime in or around February 2001, the defendant met again

with CC-1. At this meeting the defendant again attempted to influence the co-conspirators to give the same false information when questioned by the authorities as the defendant had given, with the intent to convince the authorities to conclude its investigation without bringing formal charges against the defendant or the co-conspirators.

(vii) During the February 2001 meeting with CC-1, the defendant, in order to convince the co-conspirators to repeat the defendant's false statements given to the authorities conducting the grand jury investigation in the United States, told CC-1 that if the United States grand jury were allowed to go forward, the price-fixing investigation would spread to the European Union, which had become more aggressive in its investigations, and where CC-1 was a much larger competitor and would face more serious economic consequences than it would face in the United States.

6. Had this case gone to trial, the United States would have presented evidence to prove the following facts relating to Count Three against The Morgan Crucible Company plc:

(a) In or about April 1999 and in or about August 2001 a federal grand jury sitting in the Eastern District of Pennsylvania and investigating a conspiracy to fix the price of various carbon products sold in the United States and elsewhere issued subpoenas duces tecum to Morganite Industries, Inc., a subsidiary of the defendant, The Morgan Crucible Company plc. The scope of the subpoenas included all divisions and affiliates of Morganite Industries, Inc., that were located in the United States.

(b) Beginning in or about April 1999 and continuing thereafter to in or about August 2001, the defendant, The Morgan Crucible Company plc, acting through its officers, agents, and employees, knowingly corruptly persuaded an employee of one of its United States

subsidiaries, whose identity is known to the Antitrust Division (hereinafter "CC-2"), with intent to cause or induce that employee to destroy or conceal certain documents located within the United States in the custody and control of the defendant's subsidiary and with intent to impair the availability of those documents for use in official proceedings before the grand jury sitting in the Eastern District of Pennsylvania in that:

(i) In or around April 1999, the defendant telephoned CC-2 and instructed CC-2 to remove, conceal or destroy any documents that reflected any contacts with competitors.

(ii) In or around August 1999, the defendant met with CC-2 and discussed, among other things, the grand jury's investigation into price fixing in the carbon industry, and instructed CC-2 to remove, conceal or destroy any documents that reflected any contacts with competitors.

(iii) In or around July 2001, the defendant met with CC-2 and again discussed the grand jury's investigation into price fixing in the carbon industry.

(iv) In or around August 2001, the defendant caused CC-2 to destroy documents relevant to the grand jury's investigation.

#### **POSSIBLE MAXIMUM SENTENCES**

7. Morganite, Inc. understands that the maximum penalty which may be imposed against it upon conviction for a violation of Section One of the Sherman Antitrust Act (Count One of the Information) is a fine in an amount equal to the greatest of:

- (a) \$10 million (15 U.S.C. § 1);
- (b) twice the gross pecuniary gain the conspirators derived from the crime (18 U.S.C. § 3571(c) and (d)); or
- (c) twice the gross pecuniary loss caused to the victims of the crime by the



conspirators (18 U.S.C. § 3571(c) and (d)).

The Morgan Crucible Company plc understands that the maximum penalty which may be imposed against it upon conviction for a violation of 18 U.S.C. § 1512(b)(1) (Count Two of the Information) and for a violation of 18 U.S.C. § 1512(b)(2)(B) (Count Three of the Information) are, for each count, a fine in an amount equal to the greatest of:

- (i) \$500,000 (18 U.S.C. § 3571(c)(3));
- (ii) twice the gross pecuniary gain the defendant derived from the crime (18 U.S.C. § 3571(c) and (d)); or
- (iii) twice the gross pecuniary loss caused to the victims of the crime by the defendant (18 U.S.C. § 3571(c) and (d)).

8. In addition, the defendants understand that:

- (a) pursuant to § 8B1.1 of the United States Sentencing Guidelines ("U.S.S.G."), the Court may order them to pay restitution to the victims of their offenses;
- (b) pursuant to 18 U.S.C. § 3013(a)(2)(B) and U.S.S.G. § 8E1.1, the Court is required to order each defendant to pay a \$400 special assessment upon conviction for each count in which it is charged in the Information; and
- (c) pursuant to 18 U.S.C. § 3561(c)(1), the Court may impose a term of probation of at least one year, but not more than five years.

#### **SENTENCING GUIDELINES**

9. Sentencing for the offenses to be charged will be conducted pursuant to the U.S.S.G. Manual in effect on the day of sentencing. Pursuant to U.S.S.G. § 1B1.8, the United States agrees that self-incriminating information that the defendants provide to the United States pursuant to this Plea Agreement will not be used in determining the defendants' applicable sentencing guideline ranges, except to the extent provided in U.S.S.G. § 1B1.8(b).

## **SENTENCING AGREEMENT**

10. Pursuant to Fed. R. Crim. P. 11(e)(1)(c), the United States and the defendants agree that the appropriate disposition of this case is, and agree to recommend jointly that the Court impose, a sentence requiring that Morganite, Inc. pay to the United States a criminal fine of \$10 million on Count One of the Information and that The Morgan Crucible Company plc pay fines of \$500,000 on Count Two of the Information and \$500,000 on Count Three of the Information, payable as set forth below without interest pursuant to 18 U.S.C. § 3612(f)(3)(A) (“the recommended sentence”).

(a) The United States and defendants agree to recommend, in the interest of justice pursuant to 18 U.S.C. § 3572(d)(1) and U.S.S.G. § 8C3.2(b), that The Morgan Crucible Company plc pay its fines totaling \$1,000,000 within ninety (90) days of imposition of sentence and that Morganite, Inc. pay its fine in the following installments: within ninety (90) days of imposition of sentence – \$1,375,000 ; at the six-month anniversary of imposition of sentence (“anniversary”) – \$375,000; at the nine-month anniversary – \$375,000; at the one-year anniversary – \$375,000; at the 15-month anniversary – \$500,000; at the 18-month anniversary – \$500,000; at the 21-month anniversary – 500,000; at the two-year anniversary – \$500,000; at the 27-month anniversary – \$625,000; at the 30-month anniversary – \$625,000; at the 33-month anniversary – \$625,000; at the three-year anniversary – \$625,000; at the 39-month anniversary – \$750,000; at the 42-month anniversary – \$750,000; at the 45-month anniversary – \$750,000; and at the four-year anniversary – \$750,000; provided, however, that the defendant shall have the option at any time before the four-year anniversary of prepaying the remaining balance then owing on the fine.

(b) Morganite, Inc. understands that the Court will order it to pay a special assessment of \$400 and The Morgan Crucible Corporation plc understands that the Court will

order it to pay special assessments totaling \$800, pursuant to 18 U.S.C. § 3013(a)(2)(B) and U.S.S.G. § 8E1.1, in addition to any fine imposed.

(c) The United States will recommend, and Morganite, Inc. agrees to accept, the imposition of a term of probation that coincides with the fine payment schedule set forth above and expires at the time the last fine payment is made.

(d) The United States and the defendants jointly submit that this Plea Agreement, together with the record that will be created by the United States and the defendants at the plea and sentencing hearings, and the further disclosure described in Paragraph 12, will provide sufficient information concerning the defendants, the crimes charged in this case, and the defendants' roles in the crimes to enable the meaningful exercise of sentencing authority by the Court under 18 U.S.C. § 3553. The United States and the defendants will jointly request that the Court accept the defendants' guilty pleas and immediately impose sentence on the day of arraignment pursuant to the provisions of Fed. R. Crim. P. 32(b)(1) and U.S.S.G. § 6A1.1. The Court's denial of the request to impose sentence immediately will not void this plea agreement.

11. The United States and Morganite, Inc. agree that the applicable sentencing guidelines fine range for Count One exceeds the fine contained in the recommended sentence set out in Paragraph 10 above. The United States and Morganite, Inc. further agree that the recommended fine is appropriate, pursuant to U.S.S.G. § 8C3.3(b), due to the inability of Morganite, Inc. to pay a fine greater than that recommended without substantially jeopardizing its continued viability.

12. Subject to the ongoing, full, and truthful cooperation of the defendants described in Paragraph 15 of this Plea Agreement, and before sentencing in the case, the United States will fully advise the Court and the Probation Office of the fact, manner, and extent of the defendants' cooperation and their commitment to prospective cooperation with the United States'

investigation and prosecutions, all material facts relating to the defendants' involvement in the charged offenses, and all other conduct and facts relevant to sentencing.

13. The United States and the defendants understand that the Court retains complete discretion to accept or reject the recommended sentences provided for in Paragraph 10 of this Plea Agreement.

(a) If the Court does not accept the recommended sentences as to both defendants, the United States and the defendants agree that this Plea Agreement, except for Paragraph 13(b) below, shall be rendered void as to both defendants.

(b) If the Court does not accept the recommended sentences, the defendants will be free to withdraw their guilty pleas (Fed. R. Crim. P. 11(e)(4)). If either defendant withdraws its guilty plea, this Plea Agreement, the guilty pleas, and any statement made in the course of any proceedings under Fed. R. Crim. P. 11 regarding the guilty plea or this Plea Agreement or made in the course of plea discussions with an attorney for the government shall not be admissible against the defendants in any criminal or civil proceeding, except as otherwise provided in Fed. R. Crim. P. 11(e)(6). In addition, the defendants agree that, if they withdraw their guilty pleas pursuant to this subparagraph of the Plea Agreement, the statute of limitations period for any offense referred to in Paragraph 17 of this Plea Agreement will be tolled for the period between the date of the signing of the Plea Agreement and the date the defendants withdrew their guilty pleas or for a period of sixty (60) days after the date of the signing of the Plea Agreement, whichever period is greater.

14. In light of the availability of civil causes of actions, which potentially provide for a recovery of a multiple of actual damages, the United States agrees that it will not seek a restitution order for the price-fixing offense charged in Count One of the Information.

#### **DEFENDANTS' COOPERATION**

15. The defendants and their subsidiaries engaged in the production or sale of electrical carbon products or mechanical carbon products (collectively, "related entities") will cooperate fully and truthfully with the United States in the prosecution of this case, the conduct of the current federal investigation of violations of federal antitrust and related criminal laws involving the manufacture or sale of electrical carbon products or mechanical carbon products, any related witness tampering and obstruction investigation, any other federal investigation resulting therefrom, and any litigation or other proceedings arising or resulting from any such investigation to which the United States is a party ("Federal Proceeding"). The ongoing, full, and truthful cooperation of the defendants shall include, but not be limited to:

(a) producing to the United States all documents, information, and other materials, not privileged, wherever located, in the possession, custody, or control of the defendants or any of their related entities, requested by the United States in connection with any Federal Proceeding;

(b) securing the ongoing, full, and truthful cooperation, as defined in Paragraph 16 of this Plea Agreement, of Melvin Perkins, Laurence Bryce, and Edouard Thein, including making such persons available in the United States and at other mutually agreed-upon locations, at the defendants' expense, for interviews and the provision of testimony in grand jury, trial, and other judicial proceedings in connection with any Federal Proceeding; and

(c) using their best efforts to secure the ongoing, full, and truthful cooperation, as defined in Paragraph 16 of this Plea Agreement, of the current and former directors, officers, and employees of the defendants or any of their related entities, in addition to those specified in subparagraph (b) above, as may be requested by the United States, but excluding Ian Norris, Jacobus Kroef, Robin Emerson, and F. Scott Brown, including making these persons available in the United States and at other mutually agreed-upon locations, at the defendants' expense, for

interviews and the provision of testimony in grand jury, trial, and other judicial proceedings in connection with any Federal Proceeding.

16. The ongoing, full, and truthful cooperation of each person described in either Paragraph 15(b) or 15(c) above will be subject to the procedures and protections of this paragraph, and shall include, but not be limited to:

(a) producing in the United States and at other mutually agreed-upon locations all non-privileged documents, including claimed personal documents, and other non-privileged materials, wherever located, requested by attorneys and agents of the United States;

(b) making himself or herself available for interviews in the United States and at other mutually agreed-upon locations, not at the expense of the United States, upon the request of attorneys and agents of the United States;

(c) responding fully and truthfully to all inquiries of the United States in connection with any Federal Proceeding, without falsely implicating any person or intentionally withholding any information, subject to the penalties of making false statements (18 U.S.C. § 1001) and obstruction of justice (18 U.S.C. § 1503);

(d) otherwise voluntarily providing the United States with any non-privileged material or information not requested in (a) - (c) of this paragraph that he or she may have that is related to any Federal Proceeding;

(e) when called upon to do so by the United States in connection with any Federal Proceeding, testifying in grand jury, trial, and other judicial proceedings in the United States fully, truthfully, and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), making false statements or declarations in grand jury or court proceedings (18 U.S.C. § 1623), contempt (18 U.S.C. §§ 401-402), and obstruction of justice (18 U.S.C. § 1503); and

(f) agreeing that, if the agreement not to prosecute him or her in this Plea

Agreement is rendered void under Paragraph 18(c), the statute of limitations period for any Relevant Offense as defined in Paragraph 17(a) will be tolled as to him or her for the period between the date of the signing of this Plea Agreement and six (6) months after the date that the United States gave notice of its intent to void its obligations to that person under the Plea Agreement.

### **GOVERNMENT'S AGREEMENT**

17. Upon acceptance of the guilty pleas called for by this Plea Agreement and the imposition of the recommended sentences, and subject to the cooperation requirements of Paragraph 15 of this Plea Agreement, the United States agrees that it will not bring further criminal charges against the defendants or any of their related entities for any act or offense committed before the date of this Plea Agreement (a) that was undertaken in furtherance of an antitrust conspiracy involving the manufacture or sale of electrical carbon products or mechanical carbon products or (b) involving contempt, obstruction, false statement, witness tampering, document destruction or perjury (including, but not limited to, any violations of 18 U.S.C. §§ 401, 402, 1001, 1503, 1505, 1512, 1621, 1622 or 1623) committed in connection with any criminal antitrust investigation of electrical carbon product or mechanical carbon product markets ("Relevant Offenses"). The non-prosecution terms of this paragraph do not apply to civil matters of any kind, to any violation of the federal tax or securities laws, or to any crime of violence.

18. The United States agrees to the following:

(a) Upon the Court's acceptance of the guilty pleas called for by this Plea Agreement and the imposition of the recommended sentences and subject to the exceptions noted in Paragraph 18(c), the United States will not bring criminal charges against any current or former director, officer, or employee of the defendants or their related entities (excluding Ian Norris, Jacobus Kroef, Robin Emerson, and F. Scott Brown) for any act or offense committed before the

date of this Plea Agreement and while that person was acting as a director, officer, or employee of the defendants or their related entities that was undertaken in furtherance of a Relevant Offense;

(b) Should the United States determine that any current or former director, officer, or employee of the defendants or their related entities may have information relevant to any Federal Proceeding, the United States may request that person's cooperation under the terms of this Plea Agreement by written request delivered to counsel for the individual (with a copy to the undersigned counsel for the defendants) or, if the individual is not known by the United States to be represented, to the undersigned counsel for the defendants;

(c) If any person requested to provide cooperation under Paragraph 18(b) fails to comply with his or her obligations under Paragraph 16, then the terms of this Plea Agreement as they pertain to that person, and the agreement not to prosecute that person granted in this Plea Agreement, shall be rendered void;

(d) Except as provided in Paragraph 18(e), information provided by a person described in Paragraph 18(b) to the United States under the terms of this Plea Agreement pertaining to any Relevant Offense, or any information directly or indirectly derived from that information, may not be used against that person in a criminal case, except in a prosecution for perjury (18 U.S.C. § 1621), making a false statement or declaration (18 U.S.C. §§ 1001, 1623), or obstruction of justice (18 U.S.C. § 1503) committed subsequent to the date of this Plea Agreement;

(e) If any person who provides information to the United States under this Plea Agreement fails to comply fully with his or her obligations under Paragraph 16 of this Plea Agreement, the agreement in Paragraph 18(d) not to use that information or any information directly or indirectly derived from it against that person in a criminal case shall be rendered void;

(f) The non-prosecution terms of this paragraph do not apply to civil matters



of any kind, to any violation of the federal tax or securities laws, or to any crime of violence; and

(g) Documents provided under Paragraphs 15(a) and 16(a) shall be deemed responsive to outstanding grand jury subpoenas issued to Morganite Industries, Inc. or any of its related entities.

19. The United States agrees that when any person travels to the United States for interviews, grand jury appearances, or court appearances pursuant to this Plea Agreement, or for meetings with counsel in preparation therefor, the United States will take no action, based upon any Relevant Offense, to subject such person to arrest, detention, or service of process, or to prevent such person from departing the United States. This paragraph does not apply to an individual's commission of perjury (18 U.S.C. § 1621), making false statements (18 U.S.C. § 1001), making false statements or declarations in grand jury or court proceedings (18 U.S.C. § 1623), obstruction of justice (18 U.S.C. § 1503), or contempt (18 U.S.C. §§ 401-402) in connection with any testimony or information provided or requested in any Federal Proceeding.

20. The defendants understand that they may be subject to administrative action by federal or state agencies other than the United States Department of Justice, Antitrust Division, based upon the convictions resulting from this Plea Agreement, and that this Plea Agreement in no way controls whatever action, if any, other agencies may take. However, the United States agrees that, if requested, it will advise the appropriate officials of any governmental agency considering such administrative action of the fact, manner, and extent of the cooperation of the defendants and their related entities as a matter for that agency to consider before determining what administrative action, if any, to take.

### **REPRESENTATION BY COUNSEL**

21. The defendants have been represented by counsel and are fully satisfied that their attorneys have provided competent legal representation. The defendants have thoroughly reviewed this Plea Agreement and acknowledge that counsel has advised them of the nature of the charges, any possible defenses to the charges, and the nature and range of possible sentences.

### **VOLUNTARY PLEA**

22. The defendants' decisions to enter into this Plea Agreement and to tender pleas of guilty are freely and voluntarily made and are not the result of force, threats, assurances, promises, or representations other than the representations contained in this Plea Agreement. The United States has made no promises or representations to the defendants as to whether the Court will accept or reject the recommendations contained within this Plea Agreement.

### **VIOLATION OF PLEA AGREEMENT**

23. The defendants agree that, should the United States determine in good faith, during the period that any Federal Proceeding is pending, that either defendant or any of their related entities have failed to provide full and truthful cooperation, as described in Paragraph 15 of this Plea Agreement, or has otherwise violated any provision of this Plea Agreement, the United States will notify counsel for the defendants in writing by personal or overnight delivery or facsimile transmission and may also notify counsel by telephone of its intention to void any of its obligations under this Plea Agreement (except its obligations under this paragraph), and the defendants and their related entities shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, the substantive offenses relating to the investigation resulting in this Plea Agreement. The defendants may seek court review of any such determination made by the United States. The defendants and their related entities agree that, in the event that the United States is released from its obligations under this Plea Agreement

and brings criminal charges against the defendants or their related entities for any offense referred to in Paragraph 17 of this Plea Agreement, the statute of limitations period for such offense will be tolled for the period between the date of the signing of this Plea Agreement and six (6) months after the date the United States gave notice of its intent to void its obligations under this Plea Agreement.

24. The defendants understand and agree that in any further prosecution of them or their related entities resulting from the release of the United States from its obligations under this Plea Agreement, because of the defendants' or their related entities' violation of the Plea Agreement, any documents, statements, information, testimony, or evidence provided by them, their related entities, or current or former directors, officers, or employees of them or their related entities to attorneys or agents of the United States, federal grand juries, or courts, and any leads derived therefrom, may be used against them or their related entities in any such further prosecution. In addition, the defendants unconditionally waive their right to challenge the use of such evidence in any such further prosecution, notwithstanding the protections of Fed. R. Crim. P. 11(e)(6) and Fed. R. Evid. 410.

#### **ENTIRETY OF AGREEMENT**

25. This Plea Agreement constitutes the entire agreement between the United States and the defendants concerning the disposition of the criminal charges in this case. This Plea Agreement cannot be modified except in writing, signed by the United States and the defendants.

26. The undersigned are authorized to enter this Plea Agreement on behalf of the defendants as evidenced by the Resolution of the Board of Directors of the defendants attached to, and incorporated by reference in, this Plea Agreement.

27. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

28. A facsimile signature shall be deemed an original signature for the purpose of executing this Plea Agreement. Multiple signature pages are authorized for the purpose of executing this Plea Agreement.

Dated:

Respectfully submitted,

/s/  
BY: \_\_\_\_\_  
DAVID J. COKER  
Director,  
Morganite, Inc.

/s/  
BY: \_\_\_\_\_  
DAVID J. COKER  
Company Secretary  
The Morgan Crucible Company plc

/s/  
BY: \_\_\_\_\_  
ROBERT M. OSGOOD  
SAMUEL W. SEYMOUR  
ROBERT J. WIERENGA  
Counsel for Morganite, Inc.  
and Morgan Crucible Company plc

/s/  
BY: \_\_\_\_\_  
LUCY P. MCCLAIN  
RICHARD S. ROSENBERG  
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