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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	Civil No. 76-3988-LTL
)	Filed: June 21, 1978
v.)	
)	
COCA-COLA BOTTLING COMPANY)	
OF LOS ANGELES;)	
ARROWHEAD PURITAS WATERS, INC.;)	<u>FINAL JUDGMENT</u>
AQUA MEDIA, LTD.; and)	
A. M. LIQUIDATING CO.,)	
)	
Defendants.)	

Plaintiff, United States of America, having filed its complaint on December 23, 1976, defendants having filed their respective answers thereto, plaintiff's motion for a preliminary injunction having been heard and granted by the Court, the Court having entered findings of fact and conclusions of law, and the parties by their respective attorneys of record, having each consented to the preparation and entry of this Final Judgment, and without this Final Judgment constituting evidence or an admission by any party with respect to any issue consented to;

1 NOW THEREFORE, upon the consent of each of the parties hereto
2 and upon a determination by this Court that entry of this Judgment
3 will be in the public interest, it is hereby

4
5 ORDERED, ADJUDGED AND DECREED as follows:

6
7 I

8 This Court has jurisdiction of the subject matter of this action
9 and of each of the parties hereto. The Complaint states a claim upon
10 which relief may be granted against defendants Coca-Cola Bottling
11 Company of Los Angeles and Arrowhead Puritas Waters, Inc. pursuant
12 to Section 7 of the Clayton Act (15 U.S.C. § 18). Defendants Aqua
13 Media, Ltd. and A. M. Liquidating Co. are proper parties defendant
14 to this action pursuant to the general equity powers of this court.

15
16 II

17 In this Final Judgment the following definitions shall apply:

18
19 A. "Arrowhead" means defendants Arrowhead Puritas
20 Waters, Inc. and Coca-Cola Bottling Company of Los
21 Angeles, and its subsidiaries;

22
23 B. "Aqua Media" means defendant Aqua Media, Ltd.

24
25 C. "Group A Assets" means those properties,
26 equipment, inventory, customer contracts, and other
27 items listed or described in Exhibit A attached hereto;

1 D. "Group B Assets" means those properties,
2 equipment, inventory, customer contracts, and other items
3 listed or described in Exhibit B attached hereto;
4

5 E. "Restrictive Covenants" means those
6 covenants not to compete given by Aqua Media and
7 Jaren F. Leet to Arrowhead pursuant to the Asset
8 Purchase Agreement.
9

10 F. "High purity industrial water service" means the
11 provision of high purity water purification service for
12 commercial and industrial applications and includes the
13 provision and/or sale of certain goods and/or equipment
14 used incident to and in conjunction with such service.
15 High purity industrial water service includes, but is not
16 limited to, bulk water service, deionization exchange tank
17 service, mobile demineralization service, reverse osmosis
18 service, and the provision and/or sale of deionization
19 and/or reverse osmosis equipment used incident to and in
20 conjunction with such service and any combination of the
21 preceding services and equipment. High purity industrial
22 water service is provided to customers which require water
23 purified to a high degree by the total or substantial
24 removal of minerals, organic compounds or other dissolved
25 matter;
26

27 G. "Person" means any individual, partnership, associa-
28 tion, firm, corporation, or other legal or business entity;

1 both Northern California and Southern California.

2
3 V

4 A. Arrowhead is ordered and directed to completely divest
5 itself within one year from the date of this Final Judgment of
6 all of its right, title, interest and obligations in either the
7 Group A or Group B Assets in substantial conformance with the
8 description in Exhibits A and B respectively in this Final Judgment.
9 In the event Arrowhead submits to the plaintiff an executed contract
10 of divestiture with a bona fide purchaser in substantial accord with
11 the provisions of this Final Judgment, which divestiture cannot
12 reasonably be completed within said one year period, then such period
13 shall be extended for a reasonable time not to exceed six (6) months
14 within which to complete said divestiture. The application of the
15 provisions of Paragraphs XII to XIX and XXI of this Final Judgment
16 shall be delayed for a like period. For the purpose of this provision
17 an agreement for divestiture shall be in substantial accord or
18 conformance with the provisions of this Final Judgment if the assets
19 to be sold are at least equal to ninety (90) percent of the assets
20 described in Schedule A.

21
22 VI

23 Arrowhead shall utilize its best efforts to sell the assets and
24 to make known promptly the availability of the assets by the ordinary
25 and usual means. In the event that the divestiture ordered herein
26 has not been completed within sixty (60) days from the entry of this
27 Final Judgment, such best efforts shall include without limitation:
28

1 A. Arrowhead shall prepare a brochure separately
2 describing Group A Assets and Group B Assets, the
3 operations carried on by Arrowhead therewith, and the
4 divestiture ordered and directed by this Final Judgment;

5
6 B. Arrowhead shall forward said brochure to each
7 person requesting same, to each prospective purchaser
8 known to Arrowhead, and to each company listed in
9 Exhibit D attached hereto;

10
11 C. Arrowhead shall employ the services of an
12 investment banker, business opportunity broker or
13 similarly qualified person to assist in the divestiture
14 ordered and directed by this Final Judgment;

15
16 D. Arrowhead shall cause an advertisement offering
17 the assets for sale to be published (1) in the national
18 edition of The Wall Street Journal for at least seven
19 days during each six month period following the entry of
20 this Final Judgment, and (2) for a reasonable period in
21 at least two additional trade or business publications of
22 national circulation, including one circulated to the
23 water treatment trade;

24
25 E. Arrowhead shall direct a person holding a
26 senior management position with Arrowhead or a parent
27 thereof to devote his best efforts and a substantial
28 portion of his time to promote and complete the divestiture

1 directed and ordered by this Final Judgment;
2

3 F. Arrowhead shall furnish to all bona fide prospective
4 purchasers all necessary information regarding the assets and
5 the operations carried on by Arrowhead therewith, including
6 revenue and cost data and other available information similar
7 to that provided to Arrowhead by Aqua Media, Inc. prior to
8 the Asset Purchase Agreement dated July 20, 1976. Arrowhead
9 shall permit prospective purchasers to make such inspection of
10 the assets as may be reasonably necessary for the above-stated
11 purpose. Arrowhead shall not be required to submit any such
12 information or materials to anyone unless the recipient
13 thereof executes an affidavit requiring recipient to keep
14 such information and/or materials confidential, not to
15 reproduce the same, and to return the same to Arrowhead
16 in the event a sale to such recipient is not consummated.
17

18 G. Prior to the twelfth (12) month after entry of this
19 Final Judgment, Arrowhead shall design and successfully test
20 an accounting system capable of producing actual cost data, and
21 shall also provide pro forma income, balance sheet and operat-
22 ing statements addressing the assets to be divested had such
23 assets actually been operated as an independent, going business.
24 After the sixth (6) month following entry of this Final Judgment,
25 the plaintiff may petition the Court for an order that such
26 accounting system be designed and implemented at an earlier date.
27 Upon such petition plaintiff shall have the burden of proving
28 that such accounting system and financial statements would

1 facilitate the sale of such assets.

2
3 VII

4 A. Arrowhead is ordered and directed to the best of its ability
5 to cooperate with each purchaser. Subject to any limitation in a
6 contract of divestiture approved by the plaintiff or the Court,
7 Arrowhead shall make available to each purchaser at such purchaser's
8 option:

9
10 1. Arrowhead's existing engineering, marketing
11 and installation information and assistance sufficient
12 to allow said purchaser effectively to compete in the
13 high purity industrial water service market. Such
14 assistance shall include the provision of engineers and
15 other qualified operating or management employees to assist
16 in the establishment of management, plant operations, and
17 field service engineering systems, and in solving
18 operational problems as they may arise;

19
20 2. Any information utilized by Arrowhead in
21 purchasing raw materials and parts in its high purity
22 industrial water service business sufficient to allow
23 said purchaser to compete effectively in the high purity
24 industrial water service market. For a period of one
25 year after the divestiture, if such raw materials and parts
26 are not available to the purchaser at substantially the same
27 price and terms as to Arrowhead, Arrowhead will sell said
28 raw materials and parts to purchaser at Arrowhead's direct cost.

1 3. A list of all employees of Arrowhead's
2 Industrial Water Division, together with their job
3 description, annual compensation, accrued sick leave
4 and accrued vacation pay. Purchaser shall have the
5 right, but not the obligation, to offer employment
6 to each such employee.

7
8 B. The cost of all information and assistance provided by
9 Arrowhead to the purchaser prior to completion of the divestiture
10 shall be included in the purchase price. If within one year after
11 divestiture Arrowhead, pursuant to this paragraph, provides to the
12 purchaser additional information and/or assistance the cost of which
13 has not been specifically included in the purchase price, such
14 information and/or assistance shall be provided at a price set forth
15 in each contract of divestiture that does not exceed Arrowhead's
16 costs incurred in providing such services.

17
18 C. Arrowhead shall have no obligation hereunder to furnish
19 information or assistance to the purchaser if substantially the
20 same information or assistance is available at a price which does
21 not exceed the price set forth in the contract of divestiture either
22 by employing a consulting firm or the necessary personnel.
23 Arrowhead shall not be obligated to furnish to the purchaser
24 customer information unless the service contract of said customer
25 was acquired by the purchaser. Arrowhead shall not be obligated to
26 hire additional personnel in order to comply with the provisions of
27 this paragraph.

VIII

1
2 The divestiture ordered and directed by this Final Judgment shall
3 be made in good faith and shall be absolute and unqualified, and
4 except upon written approval by the plaintiff or the Court, Arrowhead
5 shall accept no lien, mortgage, deed of trust or other form of
6 security on or interest in any portion of the assets sold. Arrowhead
7 shall take no action which will impair or impede the divestiture
8 ordered by this Final Judgment.

9
10 IX

11 Any contract of sale pursuant to this Final Judgment shall
12 require the purchaser to file with this Court its representation
13 that it intends to continue the business of high purity water
14 purification service in Northern California and Southern California,
15 if assets are there acquired, and agree to submit to the jurisdiction
16 of this Court for that limited purpose.

17
18 X

19 Each sixty (60) days following the entry of this Final Judgment
20 until divestiture has been completed, or until the end of twelve (12)
21 months from the date of entry of this Final Judgment, whichever first
22 occurs, Arrowhead shall file with this Court and serve upon plaintiff
23 and Aqua Media an affidavit describing in detail the fact and manner
24 of its efforts to accomplish the divestiture ordered by this Final
25 Judgment. Such reports shall be supplemented by such additional
26 information as the plaintiff may reasonably request.

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XI

At least thirty (30) days in advance of the anticipated closing date of each contract of divestiture pursuant to this Final Judgment, Arrowhead shall submit to plaintiff and Aqua Media the name of the proposed purchaser and all pertinent information respecting the proposed divestiture together with such additional information as plaintiff may reasonably request in writing. Within twenty (20) days after Arrowhead has supplied all the requested information, plaintiff will advise Arrowhead and Aqua Media in writing of plaintiff's approval or objections to the proposed divestiture. If plaintiff objects to the proposed divestiture, then such contract(s) of divestiture shall not be consummated unless (1) plaintiff notifies Arrowhead in writing of any subsequent approval or unless (2) the Court approves after a hearing at which Arrowhead shall have the burden of proving that the proposed divestiture will effectively restore competition to the high purity industrial water service markets in Northern California and Southern California, if assets are there acquired.

XII

If Arrowhead has not notified the plaintiff and Aqua Media within nine (9) months following the date of entry of this Final Judgment that it has entered into a contract of divestiture, each party shall notify the other in writing of the name and description of not more than three persons it wishes to nominate as a possible trustee. The parties shall seek to agree upon one of the nominees to serve as a trustee for the divestiture ordered by this Final Judgment, and if they are unable to agree, the Court may select a

1 trustee from said nominees after hearing the parties as to the
2 qualifications of the candidates.

3
4 XIII

5 If Arrowhead is unable to complete the divestiture required
6 by this Final Judgment within the period prescribed in Paragraph V
7 above, the Court shall appoint a trustee to serve for a maximum
8 period of fifteen (15) months except as hereinafter provided.

9
10 XIV

11 The trustee's main endeavor shall be to accomplish prompt and
12 full divestiture of the assets described in Paragraph XVI of this
13 Final Judgment, as one or more going businesses in accordance with
14 the provisions of Paragraph IV of this Final Judgment in order
15 effectively to restore competition to the high purity industrial
16 water service market in both Northern California and Southern
17 California and to further the public interest.

18
19 XV

20 The trustee shall perform at the expense of Arrowhead under a
21 schedule of court-approved fees, incentive compensation and costs to
22 be fixed at the time of the trustee's appointment. The trustee
23 shall have the right at any time to petition the Court, with prior
24 written notice thereof to all parties, for further fees and/or
25 incentive compensation for prompt accomplishment of the purposes of
26 the Trust.

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XVI

After consulting with the parties, the trustee shall select assets consistent with the description of assets in Exhibit C together with such other assets as the trustee may deem necessary to enable the trustee to sell one or more going high purity industrial water service businesses and thereby effectively restore competition to the high purity industrial water service market in Northern California and Southern California. Should the trustee select assets in excess of, or inconsistent with, the description of assets in Exhibit C, any party may petition the Court. Upon such petition the moving party shall have the burden of proving that the trustee's selection of assets is contrary to the purposes of the Trust.

XVII

A. The trustee shall have all such powers as are necessary and proper to accomplish divestiture in accordance with the provisions of this Final Judgment. Subject to the provisions of this paragraph, the trustee shall have authority to manage, control, operate and sell by any reasonable means the assets selected for divestiture. Subject to the provisions of this paragraph, the trustee may require Arrowhead to convey all rights, titles, interests and obligations in the selected assets or any portion thereof to any purchaser. Such conveyance shall be absolute and unqualified.

B. The trustee shall have the power to manage the assets selected for divestiture only after the conclusion of the sixth month of the term of the Trust. If the trustee elects at any time to manage such assets, the trustee shall notify Arrowhead thereof in

1 writing. Should Arrowhead object to the exercise of the trustee's
2 management powers, it shall have ten (10) days from receipt of such
3 notice within which to petition the Court. Upon such petition,
4 Arrowhead shall have the burden of proving that management by the
5 trustee will not facilitate the sale of such assets. Once the trustee
6 assumes such management powers, the trustee may require Arrowhead to
7 convey all rights, title, interests and obligations in the selected
8 assets or any portion thereof to the trustee. Such conveyance shall
9 be absolute and unqualified.

10
11 C. The trustee shall have the power to conduct a sale of the
12 assets selected for divestiture upon sealed or public bids after
13 reasonable notice to the parties describing the method of sale.
14 Such sale shall convey the assets so as to be operated as one or
15 more going businesses and shall be subject to the provisions of
16 paragraph XIX of this Final Judgment. Aqua Media shall have the
17 right to bid at any such sale.

18
19 D. The trustee's authority shall include without limitation:

20
21 1. The right of access to Arrowhead's financial,
22 accounting, production, customer and other records
23 related to any asset owned or in the possession or
24 control of Arrowhead which the trustee may deem
25 necessary to assist in the selection of assets or
26 otherwise;

1
2 Arrowhead shall provide such reasonable assistance as the
3 trustee may request to enable him to sell selected assets. Such
4 assistance shall include, but shall not be limited to:

5
6 A. Furnishing, without cost, all information
7 regarding selected assets and the operations conducted
8 by Arrowhead or Aqua Media, Inc. therewith, including,
9 without limitation, revenue data, cost data, and such
10 other information as shall be requested by the trustee;
11

12 B. Permitting the trustee or his agents to make
13 any inspection of any assets and operations of Arrowhead
14 utilized in its high purity industrial water service
15 business;
16

17 C. Providing a list of all present and former
18 employees employed by Arrowhead or Aqua Media, Inc. in
19 the industrial high purity water service business,
20 together with last known residence addresses, job
21 descriptions, and annual compensation, to the extent
22 known to Arrowhead. The trustee shall have the right,
23 but not the obligation, to interview privately and offer
24 employment to any such employee;
25
26
27
28

1 XXII

2 Aqua Media is ordered and directed to:

3
4 A. Convey to each purchaser a covenant not to compete
5 in the high purity industrial water service business in
6 California for a period of twelve (12) months following the
7 closing of each contract of divestiture. Such covenant(s)
8 shall not apply to the sale or provision of equipment to
9 customer accounts other than those customer accounts
10 acquired by the purchaser(s) pursuant to this Final
11 Judgment. Such covenant(s) shall be enforceable only by the
12 purchaser(s) of assets pursuant to this Final Judgment.

13
14 B. Offer to the trustee and to the purchaser
15 distributorship agreements for the sale of high purity
16 industrial water purification equipment manufactured
17 by Aqua Media, the terms of which agreements are to be
18 equally or more favorable to the trustee or the purchaser
19 than those contained in the distributorship agreement dated
20 August 2, 1976 between Arrowhead and Aqua Media, Inc.,
21 provided that Aqua Media shall not be obligated hereunder
22 to offer a distributorship agreement to any person that
23 is engaged in the business of selling high purity
24 industrial water purification equipment not manufactured
25 by Aqua Media;

26
27 C. Cooperate with the purchaser or trustee in
28 respect to such offers of distributorship agreements

1 and to make available to such purchaser or trustee upon
2 request existing engineering and marketing information with
3 respect to the equipment to be distributed sufficient to
4 allow said purchaser or trustee to compete effectively for
5 the sale of such equipment;

6
7 D. Not less than thirty (30) days prior to the
8 closing date of any distributorship agreement or contract
9 of divestiture pursuant to this Final Judgment, Aqua Media
10 shall file with this Court and serve upon plaintiff,
11 copies of the proposed covenant and/or distributorship
12 agreement and an affidavit describing in detail the
13 fact and manner of its compliance with this paragraph.
14 Such report(s) shall be supplemented by such additional
15 information as the plaintiff may reasonably request.

16
17 XXIII

18 A. In the event the trustee is unable to accomplish or
19 complete the divestiture required by this Final Judgment during the
20 term of the Trust, such term shall be extended pending further
21 orders of the Court. Should the trustee have assumed management or
22 control of, or taken title to the assets selected for divestiture,
23 he shall continue to manage, operate and preserve such assets
24 pending further order of the Court.

25
26 B. The trustee may at any time petition the Court for further
27 instructions . Subsequent to exhausting efforts to sell in the manner
28 provided in Paragraph XVII-C or upon further instruction from the

1 Court, such petition may include a request that the Court hold a
2 further hearing for the purpose of determining such other and
3 further relief as may be required. At any such hearing Aqua Media
4 shall not assert that this Court is without power to order such
5 further relief as to Aqua Media as may be just. At such hearing
6 Arrowhead and the plaintiff shall not assert that the Court is
7 without power to order the trustee to convey to Aqua Media such
8 assets as will accomplish or complete the divestiture ordered by
9 this Final Judgment and effectively restore competition to the high
10 purity industrial water service market in California.

11
12 C. To effect any conveyance pursuant to Section B of this
13 paragraph, the trustee shall submit to the Court and the parties
14 a description of the terms of the conveyance to Aqua Media including
15 but not limited to any consideration or restitution to be paid by
16 Aqua Media to Arrowhead for the assets conveyed. Within thirty (30)
17 days thereafter all parties will advise the trustee of their
18 objections, if any, to the proposed conveyance.

19
20 D. Any conveyance made pursuant to this paragraph shall be
21 absolute and unqualified, and Arrowhead shall take no action which
22 will impair or impede such conveyance.

23
24 XXIV

25 Aqua Media and Arrowhead are directed and ordered to terminate
26 upon the entry of this Final Judgment, the Restrictive Covenants
27 and the same shall no longer be enforceable thereafter.

1 XXV

2 At any time during the period of ten (10) years from the
3 effective date of this Final Consent Judgment, without prior written
4 approval of the plaintiff, Arrowhead is enjoined and restrained from
5 acquiring:

6
7 A. Any capital stock of any person engaged in
8 the high purity industrial water service or equipment
9 sales business in California;

10
11 B. All or any part of the assets (except for the
12 purchase of products, inventory, or equipment in the
13 normal course of business) of a person engaged in the
14 high purity industrial water service or equipment sales
15 business in California.

16
17 XXVI

18 Except upon prior written approval of the plaintiff, for a
19 period of not less than two (2) years from the closing date of the
20 last contract of divestiture as provided for herein:

21
22 A. Arrowhead shall continue to operate as a going
23 business in both Northern California and Southern
24 California that portion of its high purity industrial
25 water service business not divested as a result of this
26 Final Judgment;

1 B. Arrowhead is enjoined and restrained from selling
2 or disposing of any asset, or taking any other action that
3 would substantially impair or diminish its ability to
4 compete effectively in both Northern California and
5 Southern California in the provision of all different
6 sizes of mobile demineralizers, standard deionization
7 systems and associated service, engineered reverse
8 osmosis - deionization systems and associated service,
9 and the delivery of high purity water in tanker trucks;
10

11 C. Arrowhead shall continue to employ personnel and
12 maintain a fleet of vehicles in both Northern California
13 and Southern California. These personnel and this fleet
14 shall be sufficient to allow Arrowhead to continue in the
15 business of providing to customers in both geographic
16 areas all the different sizes of mobile demineralizers,
17 standard deionization systems and associated service,
18 engineered reverse osmosis - deionization systems
19 and associated service, and the delivery of high purity
20 water in tanker trucks;
21

22 D. Arrowhead shall operate an ion exchange resin
23 regeneration facility in Southern California with capacity
24 for resin regeneration of both mobile units and of stationary
25 canisters substantially similar to its capacity as of
26 August 2, 1976 of Arrowhead's Washington Boulevard resin
27 regeneration facility or Arrowhead's Signal Hill resin
28 regeneration facility.

1 Should divestiture under this Final Judgment result in the transfer
2 to the trustee or the sale of Arrowhead's Sunnyvale resin regenera-
3 tion facility, Arrowhead shall, within eighteen (18) months after
4 such transfer or sale, establish and commence operation of an ion
5 exchange resin regeneration facility in Northern California with
6 capacity for resin regeneration of both mobile units and of
7 stationary canisters sufficient to service the remaining service
8 accounts in Northern California plus an allowance for reasonable
9 business growth. Thereafter Arrowhead shall operate such facility
10 for at least eighteen (18) months.
11

12 XXVII

13 For ten (10) years from the date of entry of this Final Judgment,
14 sixty (60) days prior to conveying, directly or indirectly, to
15 any person engaged in the high purity industrial water service or
16 equipment business in California (1) any assets employed by Arrowhead
17 in the high purity industrial water service or equipment business in
18 California, other than in the ordinary course of business, or (2) any
19 voting securities of Arrowhead's, Arrowhead shall provide the
20 plaintiff in writing with (1) the name and address of the purchaser,
21 and (2) a description of the assets to be sold, together with the
22 purchase price. Thereafter, Arrowhead shall provide the plaintiff
23 with such other information and documents regarding the transaction
24 as may be requested.
25

26 XXVIII

27 A. For the purpose of determining or securing compliance with
28 this Final Judgment, any defendant shall permit any duly authorized

1 representative of the Department of Justice, upon written request
2 of the Attorney General or Assistant Attorney General in charge of
3 the Antitrust Division, and on reasonable notice to any defendant
4 at its principal office, subject to any legally recognized privilege:
5

6 1. Access, during the office hours of such
7 defendant, which may have counsel present, to
8 inspect and copy all books, ledgers, accounts,
9 correspondence, memoranda and other records
10 and documents in the possession or under the control
11 of such defendant relating to any matters contained
12 in this Final Judgment; and
13

14 2. Subject to the reasonable convenience of
15 such defendant and without restraint or interference
16 from it, to interview officers, directors, agents,
17 partners or employees of such defendant, who may have
18 counsel present, regarding any such matters.
19

20 B. A defendant, upon the written request of the Attorney
21 General or of the Assistant Attorney General in charge of the
22 Antitrust Division, shall submit such reports in writing, under
23 oath if requested, with respect to any of the matters contained in
24 this Final Judgment as may from time to time be requested.
25

26 C. No information or documents obtained by the means provided
27 in this Section shall be divulged by any representative of the
28 Department of Justice to any person other than a duly authorized

1 representative of the Executive Branch of the United States, except
2 in the course of legal proceedings to which the United States is a
3 party, or for the purpose of securing compliance with this Final
4 Judgment, or as otherwise required by law.

5
6 D. If at the time information or documents are furnished by
7 a defendant to plaintiff, such defendant represents and identifies
8 in writing the material in any such information or documents to
9 which a claim of protection may be asserted under Rule 26(c)(7) of
10 the Federal Rules of Civil Procedure, and said defendant marks each
11 pertinent page of such material, "Subject to claim of protection
12 under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then
13 ten (10) days notice shall be given by plaintiff to such defendant
14 prior to divulging such material in any legal proceeding (other than
15 a Grand Jury proceeding) to which the defendant is not a party.

16
17 XXIX

18 Jurisdiction is retained by this Court for the purpose of
19 enabling any of the parties to this Final Judgment to apply to this
20 Court at any time for such further orders and directions as may be
21 necessary or appropriate for the construction or carrying out of
22 this Final Judgment, for the modification of any of the provisions
23 herein, for the enforcement or compliance herewith, and for the
24 punishment of the violation of any of the provisions contained
25 herein.

1 XXX

2 The Preliminary Injunction entered in this matter on April 28,
3 1977, is hereby dissolved, and defendant A. M. Liquidating Co. is
4 hereby dismissed.

5
6 XXXI

7 Entry of this Final Judgment is in the public interest.

8
9 Dated: 4/18/78

10
11 St. Lawrence J. Lipchik
12 UNITED STATES DISTRICT JUDGE
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SCHEDULE A

I. PLANT AND OFFICES

A. The Signal Hill, California regeneration facility and all associated real and personal property leasehold interests, offices and equipment, including substantially all equipment listed on Schedule 1.1C-2 to the Asset Purchase Agreement dated July 20, 1976.

B. Such facility, offices and equipment shall be in the same condition, normal wear and tear excepted, as acquired from Aqua Media, Inc., except as improved, altered or replaced pursuant to the Stipulation and Order To Identify Assets And Maintain The Status Quo entered by this Court on March 9, 1977.

II. SERVICE FLEET

A. Service vehicles fully adequate to service the customer accounts and regeneration facilities divested, including approximately thirty-one (31) service trucks, three (3) bulk water trucks or semi-tankers, two (2) tractors and trailers, fifteen (15) automobiles and two (2) forklifts and including all two-way radio equipment utilized with such vehicles and no less than three base communications units.

B. Mobile demineralizers fully adequate to service the acquired customer accounts and a reasonable reserve capacity, including (1) approximately thirty-two (32) mobile demineralizers with a resin capacity less than 150 cubic feet of which at least twelve (12) shall have mixed bed polishers, and (2) approximately five (5) mobile demineralizers with a resin capacity greater than 150 cubic feet.

III. INVENTORIES

Forty-five (45) percent by fair market value of each of the inventories owned by Arrowhead as of December 31, 1977 of ion exchange columns and resins, raw materials and work-in-progress (including all items similar to those described in Schedule 1.1K to the Asset Purchase Agreement dated July 20, 1976) and other miscellaneous materials and equipment utilized by Arrowhead in the provision of high purity industrial water service.

IV. CUSTOMER ACCOUNTS

A. Customer accounts which generated revenues and gross margins to Arrowhead in calendar year 1977 in the product categories and geographic markets listed below. Such accounts shall represent an even geographical distribution of accounts within each geographic market listed.

<u>PRODUCT CATEGORY</u>	<u>REVENUES (In \$000's)</u>		<u>GROSS MARGINS %</u>	
	<u>Northern California</u>	<u>Southern California</u>	<u>Northern California</u>	<u>Southern California</u>
Standard D.I. Service	588	950	60	67
Special Systems	1,503	350	42	48
Mobile Demineralizers	250	606	59	57
Bulk Water	238	193	44	56

B. Customer accounts shall include all of Arrowhead's interest in columns, resin, and standard and non-standard service equipment at customer locations, including without limitation storage tanks, control and switchover panels, pumps, lights, meters, filters, filter housings, degasifiers reverse osmosis units and similar equipment.

SCHEDULE B

I. PLANTS AND OFFICES

A. The Signal Hill, California and Sunnyvale, California regeneration facilities, the Gregg Building plant, and all associated real and personal property leasehold interests, offices and equipment, including substantially all equipment listed on Schedules 1.1C-1, 1.1C-2, and 1.1C-3 to the Asset Purchase Agreement dated July 20, 1976.

B. Such facilities, offices and equipment shall be in the same condition, normal wear and tear excepted, as acquired from Aqua Media, Inc., except as improved, altered or replaced pursuant to the Stipulation and Order To Identify Assets And Maintain The Status Quo entered by this Court on March 9, 1977.

II. SERVICE FLEET

A. Service vehicles fully adequate to service the customer accounts and regeneration facilities divested, including approximately forty-four (44) service trucks, four (4) bulk water trucks or semi-tankers, three (3) tractors and trailers, twenty-two (22) automobiles and three (3) forklifts and including all two-way radio equipment utilized with such vehicles and no less than four base communications units.

B. Mobile demineralizers fully adequate to service the acquired customer accounts and a reasonable reserve capacity, including (1) approximately forty-six (46) mobile demineralizers with a resin capacity less than 150 cubic feet of which at least sixteen (16) shall have mixed bed polishers, and (2) approximately eight (8) mobile demineralizers with a resin capacity greater than 150 cubic feet.

III. INVENTORIES

Sixty-five (65) percent by fair market value of each of the inventories owned by Arrowhead as of December 31, 1977 of ion exchange columns and resins, raw materials and work-in-progress (including all items similar to those described in Schedule 1.1K to the Asset Purchase Agreement dated July 20, 1976) and other miscellaneous materials and equipment utilized by Arrowhead in the provision of high purity industrial water service.

SCHEDULE B

IV. CUSTOMER ACCOUNTS

A. Customer accounts which generated revenues and gross margins to Arrowhead in calendar year 1977 in the product categories and geographic markets listed below. Such accounts shall represent an even geographical distribution of accounts within each geographic market listed.

<u>PRODUCT CATEGORY</u>	<u>REVENUES (In \$000's)</u>		<u>GROSS MARGINS %</u>	
	<u>Northern California</u>	<u>Southern California</u>	<u>Northern California</u>	<u>Southern California</u>
Standard D.I. Service	850	1,372	60	67
Special Systems	1,480	627	42	48
Mobile Demineralizers	1,161	687	59	57
Bulk Water	235	345	44	56

B. Customer accounts shall include all of Arrowhead's interest in columns, resin, and standard and non-standard service equipment at customer locations, including without limitation storage tanks, control and switchover panels, pumps, lights, meters, filters, filter housings, degasifiers reverse osmosis units and similar equipment used by Arrowhead in servicing customer accounts.

SCHEDULE C

I. PLANTS AND OFFICES

A. The Signal Hill, California and/or Sunnyvale, California regeneration facilities, and/or the Gregg Building plant and all associated real and personal property leasehold interests, offices and equipment, including substantially all equipment listed on Schedule 1.1C-2 and/or 1.1C-1, and/or 1.1c-3 to the Asset Purchase Agreement dated July 20, 1976.

B. Such facilities offices and equipment shall be in the same condition, normal wear and tear excepted, as acquired from Aqua Media, Inc., except as improved, altered or replaced pursuant to the Stipulation and Order To Identify Assets And Maintain The Status Quo entered by this Court on March 9, 1977.

II. SERVICE FLEET

A. Service vehicles fully adequate to service the customer accounts and regeneration facilities divested, including approximately thirty-eight (38) service trucks, four (4) bulk water trucks or semi-tankers, three (3) tractors and trailers, nineteen (19) automobiles and two (2) forklifts and including all two-way radio equipment utilized with such vehicles and no less than three base communications units.

B. Mobile demineralizers fully adequate to service the acquired customer accounts and a reasonable reserve capacity, including (1) approximately thirty-nine (39) mobile demineralizers with a resin capacity less than 150 cubic feet of which at least fourteen (14) shall have mixed bed polishers, and (2) approximately seven (7) mobile demineralizers with a resin capacity greater than 150 cubic feet.

III. INVENTORIES

Fifty-five (55) percent by fair market value of each the inventories owned by Arrowhead as of December 31, 1977 of ion exchange columns and resins, raw materials and work-in-progress (including all items similar to those described in Schedule 1.1K to the Asset Purchase Agreement dated July 20, 1976) and other miscellaneous materials and equipment utilized by Arrowhead in the provision of high purity industrial water service.

SCHEDULE C

IV. CUSTOMER ACCOUNTS

A. Customer accounts which generated revenues and gross margins to Arrowhead in calendar year 1977 in the product categories and geographic markets listed below. Such accounts shall represent an even geographical distribution of accounts within each geographic market listed.

<u>PRODUCT CATEGORY</u>	<u>REVENUES (In \$000's)</u>		<u>GROSS MARGINS %</u>	
	<u>Northern California</u>	<u>Southern California</u>	<u>Northern California</u>	<u>Southern California</u>
Standard D.I. Service	719	1,161	60	67
Special Systems	1,098	475	42	48
Mobile Demineralizers	1,161	668	59	57
Bulk Water	174	261	44	56

B. Customer accounts shall include all of Arrowhead's interest in columns, resin, and standard and non-standard service equipment at customer locations, including without limitation storage tanks, control and switchover panels, pumps, lights, meters, filters, filter housings, degasifiers reverse osmosis units and similar equipment used by Arrowhead in servicing customer accounts.

EXHIBIT D

Ajax International Corp.
American Chemical & Refining Co. Inc.
American Protection Industries
AMF Cuno Div., AMF, Inc.
Apollo Cleaning Systems
Applied Filtration
Aqua-Con
Aquadene, Inc.
Aqua Fine Corp.
Atlantic Richfield Corp.
Atomics International
Automation Industries
Balston, Inc.
Barclay & Co., Inc.
Baker Filtration Co.
Barnstead Co., Div. of Sybron Corp.
BETZ
Bomar Instrument Corp.
Bio-RAD Labs
Calgon Corp.
California Environmental Controls
Calfico Water Treating Equipment
Carborundum Corp.
CFS Continental
Chemical Engineering Corp.
Circle Seal Corp.
Colony Company
Compagnie General Des Eaux
Crane Co., Cochrane Environmental Div.
DEFCo
Desalination Systems, Inc.
Diamond Shamrock
Dorr-Oliver, Inc.
Dow Chemical
DuPont
Ecoodyne Corp. Graver Division
Electro-Filter Systems
El Paso Enviro
Envirex Div., Rexnord Co.
Envirodyne, Inc.
Envirotech Corp.
Filterchem
Fluidsystems
FMC Corporation
Foremost-McKesson, Inc.

Fram Corporation
Garehem
GAF Corporation
Gulf Environmental Systems
Hayward Filter Co.
Hydrolon, Inc.
Hydranautics
Illinois Water Treatment Co.
Incon
Industrial Water Conditioning
Infilco Degremont, Inc.
Ionics, Inc.
IA Water Treatment Div., Chromally American
Mark Controls Corp.
Millipore Corp.
Nate Weinhausen
Osmonics, Inc.
Pall Corporation
Penfield
Permutit Co., Div. of Sybron Corp.
Polymetrics
Pure Aire Corp.
Rayne Salt Water Conditioning
Rev-O-Pak, Inc.
Rheem Mfg. Co.
R. M. Thomas
Robbins Aviation, Inc.
Softwater Utilities, Inc.
Stauffer Chemical
Sweco, Inc.
Triton Water Systems, Inc.
Tosco Corp.
Ultradynamics Corp.
Ultra Pure Systems
U.S. Filter Corp., Fluid Systems Div.
Union Carbide
Universal Oil Products, ROGA Div.
Universal Water Corp.
Vaporics, Inc.
Water Care Corp.
Water Purification Systems
Water Refining Co.
Western Water Engineering
Westinghouse Electric Inc.
Wheelabrator-Frye, Inc.

EXHIBIT D