

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	78 Civ. 2491 (P.N.L.)
v.	)	
	)	Filed: July 23, 1981
CBS INC.,	)	
	)	Entered: October 30, 1981
Defendant.	)	
	)	

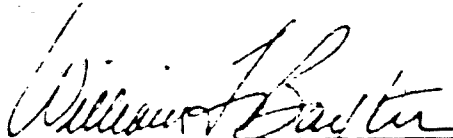
STIPULATION

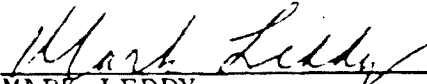
It is stipulated by and between the undersigned parties, by their respective attorneys, that:

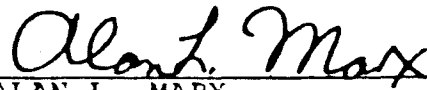
1. A Final Judgment in the form hereto attached may be filed and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16, and without further notice to any party or other proceedings, provided that Plaintiff has not withdrawn its consent, which it may do at any time before the entry of the proposed Final Judgment by serving notice thereof on Defendant and by filing that notice with the Court.

2. In the event Plaintiff withdraws its consent or if the proposed Final Judgment is not entered pursuant to this Stipulation, this Stipulation shall be of no effect whatever and the making of this Stipulation shall be without prejudice to the Plaintiff and Defendant in this or any other proceeding.

For the Plaintiff:

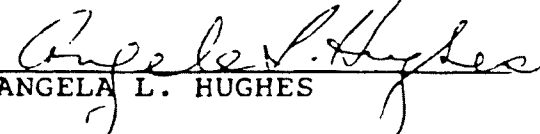
  
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by   
A member of the firm

Attorneys for CBS Inc.

Dated:

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	78 Civ. 2491 (P.N.L.)
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Defendant.	)	
	)	

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on June 1, 1978, and defendant CBS Inc. ("CBS") having appeared, and plaintiff and defendant, by their respective attorneys, having consented to the entry of this Final Judgment, and without this Final Judgment constituting any evidence against, or any admission by, any party with respect to any issue of fact or law herein;

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.

This Court has jurisdiction over the subject matter herein and the parties hereto. The complaint states a claim upon which relief may be granted against CBS under Section 7 of the Clayton Act, 15 U.S.C. § 18, as amended.

II.

As used in this Final Judgment:

(A) "Mass market paperback publisher" means a United States publisher of any imprint or line of paperback books (1) which is predominately rack size (approximately four inches by seven

inches in size) and (2) at least forty percent of the net sales of which imprint or line are to magazine wholesalers (sometimes referred to as independent distributors or ID wholesalers).

(B) "Popular Library" means the Popular Library paperback book imprint of the Fawcett Books Group of the Consumer Publishing Division of CBS.

### III.

The provisions of this Final Judgment shall apply to CBS and to each of its directors, officers, employees, agents, subsidiaries, affiliates, successors and assignees and to all other persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise.

### IV.

(A) CBS is ordered and directed within two years from the date of entry of this Final Judgment to divest Popular Library.

(B) The assets of Popular Library to be divested shall consist of the following:

(1) the exclusive right to use the Popular Library name in the paperback book publishing business;

(2) the assignable publishing rights owned or acquired by CBS for books to be published under the Popular Library imprint which have not yet been published;

(3) the assignable publishing rights to the books which have been published under the Popular Library imprint as of the date of entry of this Final Judgment or thereafter until the time of the divestiture and all inventories relating to such books; and

(4) the assignable rights to contracts with Popular Library authors for the Popular Library imprint;

provided, however, that with the consent of the plaintiff or, if such consent is refused, then upon approval by this Court, CBS may sell less than all of these assets if the buyer agrees.

(C) CBS shall sell or grant to the purchaser of Popular Library all rights owned by CBS for the trademarks and colophons used for Popular Library on or after January 7, 1977, except for any trademark or colophon which includes the words "CBS" or "Fawcett".

(D) At the request of the purchaser of Popular Library, CBS shall enter into a written contract pursuant to which CBS shall provide that purchaser with distribution services, at a reasonable price and upon reasonable terms and conditions, including those concerning the quantity of titles to be distributed, for books published under the Popular Library imprint for a period of up to three years following divestiture, so long as CBS remains in the business of distributing books to magazine wholesalers; provided however, that CBS shall not be obligated to distribute any book which is inconsistent with the standards in fact applied by CBS to books in other book imprints that it distributes to magazine wholesalers.

(E) CBS shall make known the availability of Popular Library for sale by customary and usual means. CBS shall furnish to bona fide prospective purchasers all information regarding Popular Library and its operations which is reasonably necessary to enable a prospective purchaser to determine whether to make an offer for Popular Library.

(F) If Popular Library has not been divested within one year following the date of entry of this Final Judgment, CBS shall employ one or more investment banking firms or business finders to assist in selling Popular Library and shall compensate such investment banking firm(s) or business finder(s) based at least in significant part on a commission arrangement which shall be contingent upon its or their causing the sale of the assets.

(G) While the divestiture is pending, CBS shall continue to operate Popular Library as an active paperback imprint and shall use its best efforts to maintain Popular Library as a competitive entity.

(H) Divestiture hereunder shall be complete and final, provided that CBS may retain a security interest to secure performance of any unpaid portion of the purchase price or to secure performance of the contract of sale. If CBS reacquires control of Popular Library pursuant to the exercise of such a security interest, it shall divest its control within one year thereafter.

V.

(A) CBS is ordered and directed to compile a record of its efforts to divest Popular Library, including identification of any person or persons to whom Popular Library is or has been offered, the terms and conditions of each offer to sell, the identification of any person or persons expressing an interest directly or indirectly to any officer of CBS or the Consumer Publishing Division of CBS in acquiring the business, and the terms and conditions of each offer to purchase. Plaintiff shall have the right to receive this information upon request and shall receive a copy of this record every 60 days for a period of two years following entry of this decree, or until divestiture, whichever occurs first.

(B) CBS shall promptly report the complete details of any proposed plan of divestiture to plaintiff and shall simultaneously provide plaintiff a copy of the record provided for in subsection (A).

(C) Following the receipt of any plan of divestiture, plaintiff shall have 30 days in which to object to the proposed divestiture by written notice to CBS, unless within 10 days plaintiff requests additional information regarding the proposed divestiture, in which case plaintiff shall have 30 days to object following the receipt of the information requested. If plaintiff does not object to the proposed divestiture, it may be consummated. If plaintiff does object, the proposed divestiture shall not be consummated until CBS obtains the Court's approval of the proposed plan of divestiture or until plaintiff withdraws its objection.

(D) CBS shall notify plaintiff in writing within ten days of any offer to purchase. If CBS rejects any offer to purchase, it shall so notify the plaintiff in writing and fully describe the reasons therefore within 10 days of such rejection.

#### VI.

At any time during or within 45 days after the end of the period specified in Section IV(A) or IV(H) of this Final Judgment, plaintiff may petition the Court for an order under this Section. The Court, in response to such a petition and upon a showing by plaintiff that divestiture has not been accomplished because of an inadequate effort to sell or the rejection of a reasonable offer to buy, shall order additional efforts by CBS for the sale of Popular Library, which may include an order to accept a specific reasonable offer to buy. CBS shall have the right to be heard by the Court on the issue of whether divestiture has not been accomplished because of an inadequate effort to sell or the rejection of a reasonable offer to buy and, if so, on the nature, scope and extent of any further Court order. The obligation of CBS under Section IV(A) or IV(H) of this Final Judgment shall terminate at the end of the period specified therein unless otherwise provided by further order of the Court under this Section.

#### VII.

CBS is enjoined and restrained for a period of ten years from the date of entry of this Final Judgment or until it ceases owning a mass market paperback publisher, whichever occurs first, from acquiring all or any part of the stock or book publishing assets, other than books or publication rights in the normal course of business, of any mass market paperback publisher, except with the prior written consent of the plaintiff, or if such consent is refused, then upon approval by this Court. This Final Judgment shall not, however, prohibit

CBS from acquiring in good faith the stock or book publishing assets of any mass market paperback publisher in the exercise of any security or debt or liability enforcement process, whether provided by law or bona fide agreement, so long as CBS shall dispose of such stock or assets within two years after they are acquired.

#### VIII.

(A) For the purpose of determining or securing compliance with this Final Judgment, and subject to any legally recognized privilege, duly authorized representatives of the Department of Justice, upon written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to CBS made to its principal office, shall be permitted:

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

(2) subject to the reasonable convenience of CBS and without restraint or interference from it, to interview the officers, directors, employees, and agents of CBS, who may have counsel present, regarding any matters contained in this Final Judgment.

(B) CBS, upon the written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, 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 shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the executive branch



of the United States Government, except in the course of legal proceedings to which the United States is a party, 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 CBS to plaintiff, CBS 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 CBS 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 10 days notice shall be given by plaintiff to CBS prior to divulging such material in any legal proceeding (other than a Grand Jury proceeding) to which CBS is not a party.

IX.

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

X.

This Final Judgment will expire ten years from its date of entry.

XI.

Entry of this Final Judgment is in the public interest.

/s/ Judge Leval  
UNITED STATES DISTRICT JUDGE

Dated: October 30, 1981