

AND WHEREAS, prompt and certain divestiture is the essence of this agreement and the defendant has represented to the plaintiff that the divestiture required

below can and will be made and that defendant will later raise no claims of hardship or difficulty as grounds for asking the Court to modify any of the divestiture provisions contained below:

NOW, THEREFORE, before the taking of any testimony and without trial or adjudication of any issue of fact or law herein, and upon consent of the parties hereto, it is hereby

ORDERED, ADJUDGED and DECREED as follows:

I.

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

II.

As used in this Final Judgment:

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

B. "Signal" means The Signal Companies, Inc.; each division, subsidiary, or affiliate thereof; and each officer, director, employee, attorney, agent, or other person acting for or on behalf of any of them. After the merger of Allied and Signal, Signal will continue to comprise all assets used in connection with any of the businesses in which it currently engages as well as each person acting for or on behalf of any of those businesses.

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

D. "Air turbine starter" means a pneumatic motor used to start a gas turbine aircraft engine.

E. "Air turbine starter business" means all tangible and intangible assets (including, but not limited to, exclusive rights to all proprietary technology and other proprietary business information) solely dedicated to Allied's existing business operation of researching, developing, engineering, testing, qualifying, manufacturing, selling, or servicing air turbine starters, which is based at its Fluid Power Division.



F. "Fluid Power Division" means Allied's Fluid Power Division based in Utica, New York.

### III.

A. The provisions of the Final Judgment shall apply to Allied, its successors and assigns, and to all other persons in active concert or participation with any of them who shall have received actual notice of this Final Judgment by personal service or otherwise.

B. Except for Paragraphs IV.C. and V.C. of this Final Judgment, nothing herein contained shall suggest that any portion of this Final Judgment is or has been created for the benefit of any third party and nothing herein shall be construed to provide any rights to any third party.

C. Allied shall require, as a condition of the sale or other disposition of all or substantially all of its assets or stock, that the acquiring party agree to be bound by the provisions of this Final Judgment.

### IV.

A. Allied having committed itself to acquire 22,000,000 shares of Signal pursuant to Allied's tender offer dated May 17, 1985, Allied is hereby ordered and directed, no later than December 31, 1985, to divest to a

purchaser all of its direct and indirect ownership or control of its air turbine starter business. The obligation to divest shall be satisfied if, by December 31, 1985, Allied enters into a binding contract for sale of its air turbine starter business to a purchaser and according to terms approved by plaintiff that is contingent only upon compliance with the terms of this Final Judgment and that specifies a prompt and reasonable closing date, and if the sale is completed pursuant to the contract.

B. Divestiture of Allied's air turbine starter business shall be accomplished in such a way as to ensure that, as of the time of divestiture, it reasonably can be anticipated that its air turbine starter business can and will be operated by the purchaser as a viable, ongoing business engaged in the production and sale of air turbine starters. Divestiture shall be made to a purchaser for whom it is demonstrated to the plaintiff that (i) the purchase is for the purpose of competing effectively in the production and sale of air turbine starters and (ii) the purchaser has the managerial, operational, and financial capability to compete effectively in the manufacture and sale of air turbine starters.

C. In accomplishing the divestiture of its air turbine starter business ordered by this Final Judgment, Allied shall make known in the United States, by usual and customary means, the availability of its air turbine starter business for sale. Allied shall notify any person making an inquiry regarding the possible purchase of its air turbine starter business that the sale is being made pursuant to this Final Judgment and provide such person with a copy of this Final Judgment. Allied also shall furnish, to all bona fide prospective purchasers who so request, and subject to customary confidentiality assurances, all pertinent information regarding its air turbine starter business, including separate lists of (i) all assets solely dedicated to, and (ii) all assets used by Allied but not solely dedicated to, Allied's existing business operation of researching, developing, engineering, testing, qualifying, manufacturing, selling, or servicing air turbine starters. Allied shall provide such information to the plaintiff at the time it furnishes such information to any other person, but no later than September 30, 1985. Allied also shall permit all bona fide prospective purchasers to have access to personnel at Allied's Fluid Power Division who have responsibilities for Allied's air turbine starter business and



to make such inspection of physical facilities and any and all financial, operational, or other documents and information as may be relevant to the sale of its air turbine starter business.

D. Until the divestiture of its air turbine starter business is completed, Allied shall continue to operate its air turbine starter business as a going business, use all reasonable efforts to maintain its air turbine starter business as a competitive entity, and continue to compete actively against Signal in the market for air turbine starters.

E. Until the divestiture of its air turbine starter business is completed, and at all times thereafter, Allied shall take all steps necessary to assure that none of its proprietary technology and other proprietary business information specific to air turbine starters is transferred, or otherwise becomes known or available, to Signal, or used by Allied or Signal to compete with the business to be divested.

## V.

In the event the divestiture of Allied's air turbine starter business required by Section IV is not completed within the time period provided for therein, then and in that event:

A. Allied is hereby ordered and directed, no later than three (3) months after December 31, 1985, to divest to a purchaser all of its direct and indirect ownership or control over its Fluid Power Division. The obligation to divest shall be satisfied if, by March 31, 1986, Allied enters into a binding contract for sale of its Fluid Power Division that is contingent only upon compliance with the terms of this Final Judgment and that specifies a prompt and reasonable closing date, and if the sale is completed pursuant to the contract.

B. Divestiture of Allied's Fluid Power Division shall be accomplished in such a way as to ensure that, as of the time of divestiture, it reasonably can be anticipated that its Fluid Power Division can and will be operated by the purchaser as a viable, ongoing business engaged in the production and sale of air turbine starters. Divestiture shall be made to a purchaser for whom it is demonstrated to the plaintiff or, if plaintiff objects, to the Court that (i) the purchase is for the purpose of competing effectively in the production and sale of air turbine starters and (ii) the purchaser has the managerial, operational, and financial capability to compete effectively in the manufacture and sale of air turbine starters.



C. In accomplishing the divestiture of its Fluid Power Division ordered by this Final Judgment, Allied shall make known in the United States, by usual and customary means, the availability of its Fluid Power Division for sale as an ongoing business. Allied shall notify any person making an inquiry regarding the possible purchase of its Fluid Power Division that the sale is being made pursuant to this Final Judgment and provide such person with a copy of this Final Judgment. Allied also shall furnish, to all bona fide prospective purchasers who so request, and subject to customary confidentiality assurances, all pertinent information regarding its Fluid Power Division and shall permit them to have access to Fluid Power Division personnel and to make such inspection of physical facilities and any and all financial, operational, or other documents and information as may be relevant to the sale of the air turbine starter business.

D. Until the divestiture of its Fluid Power Division is completed, Allied shall continue to operate its Fluid Power Division as a going business, use all reasonable efforts to maintain its Fluid Power Division as a competitive entity, and continue to compete actively against Signal in the market for air turbine starters.

E. Until the divestiture of its Fluid Power Division is completed, and at all times thereafter, Allied shall take all steps necessary to assure that none of Fluid Power Division's proprietary technology and other proprietary business information specific to products manufactured at Fluid Power Division is transferred, or otherwise becomes known or available, to Signal, or used by Allied or Signal to compete with the business to be divested.

## VI.

A. If Allied has not accomplished the divestiture required by Section V of this Final Judgment by March 31, 1986, the Court shall, upon application of plaintiff, appoint a trustee to effect the divestiture. Such appointment shall become effective on March 31, 1986 or as soon thereafter as the Court appoints the trustee. After the trustee appointment becomes effective, only the trustee, and not Allied, shall have the right to sell Fluid Power Division. The trustee shall be a nationally recognized member of the investment banking community with experience and expertise in acquisitions and divestitures. The trustee shall have the power and authority to accomplish the divestiture at such price and on such terms as are then obtainable upon a reasonable effort by the trustee, subject to the provisions of Paragraph VII

of this Final Judgment, and shall have such other powers as the Court deems appropriate. Allied shall use all reasonable efforts to assist the trustee in accomplishing the required divestiture. Allied shall not object to a sale by the trustee on any grounds other than malfeasance. Any such objection by Allied must be conveyed in writing to the plaintiff and the trustee within fifteen (15) days after the trustee has notified Allied of the proposed sale.

B. If Allied has not divested its ownership interest in its Fluid Power Division by January 31, 1986, Allied shall notify plaintiff of that fact. If Allied still has not divested all of its ownership interest in its Fluid Power Division within ten (10) days thereafter, the plaintiff shall provide Allied with written notice of the names and qualifications of not more than two (2) nominees for the position of trustee for the required divestiture. Allied will notify plaintiff within eighteen (18) days thereafter whether either or both of such nominees are acceptable. If either or both of such nominees are acceptable to Allied, plaintiff shall notify the Court of the person or persons upon whom the parties have agreed and the Court shall appoint one of the nominees as the trustee. If neither of such nominees is acceptable



to Allied, it shall furnish to the plaintiff, within eighteen (18) days after the plaintiff provides the names of its nominees, written notice of the names and qualifications of not more than two (2) nominees for the position of trustee for the required divestiture. Plaintiff shall furnish the Court the names and qualifications of its proposed nominees and the names and qualifications of the nominees proposed by Allied. The Court may hear the parties as to the qualifications of the nominees and shall appoint one of the nominees as the trustee.

C. The trustee shall serve at the cost and expense of Allied, on such terms and conditions as the Court may prescribe, and shall account for all monies derived from a sale of Allied's Fluid Power Division and all costs and expenses so incurred. After approval by the Court of the trustee's accounting, including fees for its services, all remaining monies shall be paid to Allied and the trust shall then be terminated. The compensation of such trustee shall be based on a fee arrangement providing the trustee with an incentive based on the price and terms of the divestiture and the speed with which it is accomplished.

D. The trustee shall have full and complete access to the personnel, books, records and facilities of

the Fluid Power Division, and Allied shall develop such financial or other information relevant to the business or assets to be divested as the trustee may request. Allied shall take no action to interfere with or impede the trustee's accomplishment of the divestiture.

E. After its appointment, the trustee shall file monthly reports with the parties and the Court setting forth the trustee's efforts to accomplish divestiture as contemplated under this Final Judgment. If the trustee has not accomplished such divestiture within six (6) months after its appointment, the trustee shall thereupon promptly file with the Court a report setting forth (i) the trustee's efforts to accomplish the required divestiture, (ii) the reasons, in the trustee's judgment, why the required divestiture has not been accomplished, and (iii) the trustee's recommendations. The trustee shall at the same time furnish such report to the parties, who shall each have the right to be heard and to make additional recommendations consistent with the purpose of the trust. The Court shall thereafter enter such orders as it shall deem appropriate in order to carry out the purpose of the trust, which shall, if necessary, include extending the term of the trust and the term of the trustee's appointment.

F. Until the trustee's divestiture of Fluid Power Division is completed, Allied shall continue to operate its Fluid Power Division as a going business, use all reasonable efforts to maintain its Fluid Power Division as a competitive entity, and continue to compete actively against Signal in the market for air turbine starters.

G. Until the trustee's divestiture of Fluid Power Division is completed, and at all times thereafter, Allied shall take all steps necessary to assure that none of Fluid Power Division's proprietary technology and other proprietary business information specific to products manufactured at Fluid Power Division is transferred, or otherwise becomes known or available, to Signal, or used by Allied or Signal to compete with the business to be divested.

## VII.

At least thirty (30) days prior to the scheduled closing date of the proposed divestiture pursuant to Section IV, V, or VI of this Final Judgment, Allied or the trustee, whichever is then responsible for effecting the divestiture required herein, shall notify the plaintiff of the proposed divestiture. If a trustee is responsible, it shall similarly notify Allied. The notice



shall set forth the details of the proposed transaction and for each person not previously identified who offered or expressed an interest or desire to acquire any ownership interest in Allied's air turbine starter business or in its Fluid Power Division, as the case may be, the name, address and telephone number of that person together with full details of that person's interest or desire to acquire such ownership interest. Within fifteen (15) days after receipt of notice of the proposed divestiture, the plaintiff may request additional information concerning the proposed divestiture. Allied shall furnish the additional information within twenty (20) days of the receipt of the request, unless the parties shall otherwise agree. Within thirty (30) days after receipt of the notice or within fifteen (15) days after receipt of the additional information, whichever is later, the plaintiff shall notify in writing Allied and the trustee, if there is one, if it objects to the proposed divestiture. If the plaintiff fails to object within the period specified, or if the plaintiff notifies in writing Allied and the trustee, if there is one, that it does not object, then the divestiture may be consummated, subject only to Allied's right to object to the sale under the proviso in Section VI.A. Upon objection by the plaintiff, a dives-

titute proposed under Section IV shall not be accomplished, and a divestiture proposed under Section V or Section VI shall not be accomplished unless approved by the Court. Upon objection by Allied under Section VI.A., the proposed divestiture shall not be accomplished unless approved by the Court.

#### VIII.

Forty-five (45) days from the date of filing of the complaint in this civil action and every forty-five (45) days thereafter until the divestiture required by Section IV, V, or VI has been completed, Allied shall submit in writing to the plaintiff a verified written report setting forth in detail the fact and manner of compliance with Section IV, V, or VI, as the case may be, of this Final Judgment. Each such report of compliance with Section IV or V shall include, for each person who, during the preceding forty-five (45) days, made an offer to acquire, expressed an interest or desire to acquire, entered into negotiations to acquire, or made an inquiry about acquiring any ownership interest in the air turbine starter business or the Fluid Power Division, as the case may be, the name, address, and telephone number of that person and a detailed description of each contact with that person during that period. Allied shall maintain

full records of all efforts made to divest the air turbine starter business or the Fluid Power Division. With respect to Sections IV.D., IV.E., V.D., V.E., VI.F., and VI.G., such report of compliance also shall describe the status of Fluid Power Division's efforts during the preceding forty-five (45) days to qualify air turbine starters for use on aircraft and to bid upon, submit unsolicited proposals or quotations for, or otherwise obtain contracts to supply air turbine starters. Allied shall maintain full records for all such efforts.

#### IX.

Allied shall abide by the following hold-separate provisions:

A. In the event that Allied is unable to complete the divestiture required by Section IV within the time period provided for therein and is therefore required to divest Fluid Power Division pursuant to Section V, from January 1, 1986, Allied shall take all steps necessary to assure that none of Fluid Power Division's proprietary technology and other proprietary business information specific to products manufactured at Fluid Power Division is transferred, or otherwise becomes known or available, to Signal, or used by Allied or Signal to compete with the business to be divested. Notwithstand-



ing the foregoing, and notwithstanding Sections V.E. and VI.G., Allied may designate up to five (5) senior Allied executives to provide management assistance and professional guidance to the Fluid Power Division until the divestiture ordered in this Final Judgment occurs, and only these persons can receive such technology and other information as is reasonably necessary to carry out those functions, but they may not disclose any of it to any person other than those persons in the Fluid Power Division, except as provided in Section V.C. of this Final Judgment. Nothing in this paragraph shall prohibit Allied from acquiring technology or other business information from the successor to Fluid Power Division as a result of arm's-length bargaining conducted after the divestiture required by this Final Judgment has been accomplished.

B. From January 1, 1986 until the divestiture required by this Final Judgment has been accomplished, Allied shall:

- (1) Take all steps necessary to assure that Fluid Power Division will be maintained as a separate entity with its assets and operations separate, distinct, and apart from those of Allied or Signal;

- 2) Take no steps with respect to the operation of the Fluid Power Division that negatively would impact its ability to maximize its profits, regardless of any actual or possible negative impact on Signal's or Allied's profits;
- (3) Refrain from terminating or reducing one or more current employment, salary, or benefit agreements for one or more management, engineering, or other technical personnel of Fluid Power Division, except in the ordinary course of business, without prior approval of plaintiff;
- (4) Maintain normal repair and maintenance schedules at Fluid Power Division and at least preserve such schedules as they currently exist;
- (5) Preserve Fluid Power Division as an active competitor against Signal in the market for air turbine starters;
- (6) Refrain from altering or selling any assets of Fluid Power Division, other than in the ordinary course of business, or from taking any action that would have the

effect of reducing the scope of Fluid Power Division's manufacturing or sales operations or reducing the scope or restricting the rate of development of its product line from that existing at the time of the filing of the Complaint in this civil action, without the prior approval of the plaintiff;

- (7) Refrain from taking any action that would jeopardize the sale of Fluid Power Division as a viable competitor in any market in which it participated at the time of the filing of the Complaint in this civil action;
- (8) Refrain from reducing any funding of Fluid Power Division existing at the time of the filing of the Complaint in this civil action, without prior approval of the plaintiff; and
- (9) Grant any reasonable request from Fluid Power Division for additional funding and provide written notice to plaintiff within five (5) days of the denial of any such request for additional funding, including



a statement of the request and Allied's reasons for its denial.

X.

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

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

- (1) Access during office hours of Allied to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Allied, who may have counsel present, relating to any matters contained in this Final Judgment; and
- (2) Subject to the reasonable convenience of Allied and without restraint or interference from it, to interview officers, employees and agents of Allied, who may have

counsel present, regarding any such matters.

B. Upon the written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, made to Allied's principal office, Allied 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 X 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, except in the course of legal proceedings to which the United States is a party (including grand jury proceedings), or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

D. If at the time information or documents are furnished by Allied to plaintiff, Allied 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 Allied marks each pertinent page of such material, "Subject to claim of protection under Rule

26(c)(7) of the Federal Rules of Civil Procedure," then ten (10) days notice shall be given by plaintiff to Allied prior to divulging such material in any legal proceeding (other than a grand jury proceeding).

XI.

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

XII.

This Final Judgment will expire on the third anniversary of the completion of the divestiture required herein.



XIII.

Entry of this Final Judgment is in the public  
interest.

/s/ Thomas F. Hogan  
United States District Judge

Dated: 11/4/85