and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission countervailing duty and antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on April 21, 1998, at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC. Parties wishing to participate in the conference should contact Olympia Hand (202–205–3182) not later than April 20, 1998, to arrange for their appearance. Parties in support of the imposition of countervailing or antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before April 24, 1998, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.12 of the Commission's rules.

Issued: April 2, 1998.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 98–9267 Filed 4–8–98; 8:45 am]

BILLING CODE 7020–02–P

JUDICIAL CONFERENCE OF THE UNITED STATES

Meeting of the Judicial Conference Committee on Rules of Practice and Procedure

AGENCY: Judicial Conference of the United States Committee on Rules of Practice and Procedure.

ACTION: Notice of open meeting.

SUMMARY: The Committee on Rules of Practice and Procedure will hold a two-day meeting. The meeting will be open to public observation but not participation.

DATES: June 18–19, 1998.

TIME: 8:30 a.m.–5:00 p.m.

ADDRESSES: Hotel Loretto, 211 Old Santa Fe Trail, Santa Fe, New Mexico.

FOR FURTHER INFORMATION CONTACT: John K. Rabiej, Chief, Rules Committees Support Office, Administrative Office of the United States Courts, Washington, DC 20544, telephone (202) 273–1820.

Dated: April 2, 1998.

John K. Rabiej,

Chief, Rules Committees Support Office.

[FR Doc. 98–9262 Filed 4–8–98; 8:45 am]

BILLING CODE 5000–25–M

DEPARTMENT OF JUSTICE

Antitrust Division

United States of America v. Chancellor Media Company, Inc. and SFX Broadcasting, Inc.; Proposed Final Judgment and Competitive Impact Statement

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h), that a proposed Final Judgment, Stipulation and Order, and Competitive Impact Statement have been filed with the United States District Court for the Eastern District of New York in *United States* v. *Chancellor Media Company, Inc. and SFX Broadcasting, Inc.* Civil Action No. CV97–6497. The proposed Final Judgment is subject to approval by the Court after the expiration of the statutory 60-day public comment period and compliance with the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h).

Plaintiff filed a civil antitrust Complaint on November 6, 1997, alleging that Chancellor Media Corporation's (successor in interest to Chancellor Media Company, Inc.) (''Chancellor'') proposed acquisition of four radio stations in Suffolk County, Long Island, New York owned by SFX Broadcasting, Inc. (''SFX'') would violate Section 7 of the Clayton Act, 15 U.S.C. 18 and Section 1 of the Sherman Act, 15 U.S.C. 1. The Complaint alleges, among other things, that Chancellor and SFX are the number one and number two radio companies on Long Island and that they each own radio stations in Suffolk County, New York. The Complaint also alleges that the proposed acquisition would increase Chancellor's share of the radio advertising market in Suffolk County, New York from 33 percent to over 65 percent. It further alleges that prices for radio advertising for coverage of Suffolk County would likely increase and the quality of promotional services would likely decline—especially to regional and local customers.

The prayer for relief seeks: (a) Adjudication that Chancellor's proposed acquisition would violate Section 7 of the Clayton Act and Section 1 of the Sherman Act; (b) permanent injunctive relief preventing the consummation of the proposed acquisition; (c) a finding that the Local Marketing Agreement (LMA) between Chancellor and SFX regarding SFX's Suffolk County radio stations violates Section 1 of the Sherman Act and an Order terminating the LMA; (d) an award to the United

States of the costs of this action; and (e) such other relief as is proper.

The United States and the defendants in this action have reached a proposed settlement in this proceeding, and a Stipulation and Order, and a proposed Final Judgment embodying the settlement have been filed with the Court. The proposed Final Judgment prohibits Chancellor and SFX from consummating their acquisition and orders them to terminate the LMA as soon as possible, but no later than August 1, 1998. In addition, the proposed Final Judgment would prevent Chancellor, SFX, and any of their successor companies from combining WALK–FM/AM with WBLI–FM and WBAB–FM. The proposed Final Judgment also requires Chancellor to ensure that, until termination of the LMA mandated by the Final Judgment has been accomplished, Chancellor will maintain the SFX radio stations as viable entities, including the obligation that Chancellor work to increase the sale of advertising and maintain promotional and marketing levels for the SFX stations. Further, the proposed Final Judgment requires defendants to give plaintiff prior notice regarding future radio station acquisitions or certain agreements pertaining to the sale of radio advertising time in Suffolk County, New York.

A Competitive Impact Statement filed by the United States describes the Complaint, the proposed Final Judgment, and remedies available to private litigants.

Public comment is invited within the statutory 60-day comment period. Such comments, and the responses thereto, will be published in the **Federal Register** and filed with the Court. Written comments should be directed to Craig W. Conrath, Chief, Merger Task Force, Antitrust Division, 1401 H Street, N.W., Suite 4000, Washington, D.C. 20530 (telephone: (202) 307–0001). Copies of the Complaint, Stipulation and Order, proposed Final Judgment and Competitive Impact Statement are available for inspection in Room 215 of the U.S. Department of Justice, Antitrust Division, 325 7th Street, N.W., Washington, D.C. 20530 (telephone: (202) 514–2481) and at the office of the Clerk of the United States District Court for the Eastern District of New York, United States Courthouse, 2 Uniondale Avenue, Uniondale, New York 11553.

Copies of any of these materials may be obtained upon request and payment of a copying fee.

Constance K. Robinson,

Director of Operations & Merger Enforcement, Antitrust Division.

Stipulation and Order

Whereas, plaintiff, the United States of America, and defendants, Chancellor Media Corporation (successor in interest to Chancellor Media Company, Inc.) (''Chancellor'') and SFX Boardcasting, Inc. (''SFX''), acknowledge that this stipulation and order, wherein defendants consent to the entry of a Final Judgment trial, (i): Is made without there having been a trail or adjudication of any issue of fact or law and without the Final Judgment constituting any evidence against or an admission by any party with respect to any issue of law or fact, and (ii) is not intended to expand the effect of the Final Judgment before or after its entry,

Now, Therefore, it is stipulated by and between plaintiff and defendants, Chancellor and SFX, as follows:

(1) The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue of this action is proper in the United States District Court for the Eastern District of New York.

(2) Plaintiff and defendants stipulate that a Final Judgment in the form hereto attached may be filed and entered by the Court, upon the motion of plaintiff 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.

(3) Each defendant shall abide by and comply with the provisions of the proposed Final Judgment pending entry of the Final Judgment by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation by plaintiff and defendants, comply with all the terms and provisions of the proposed Final Judgment as though the same were in full force and effect as an Order of the Court.

(4) This Stipulation shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by plaintiff and defendants and submitted to the Court.

(5) In the event plaintiff withdraws its consent, as provided in paragraph 2 above, or in the event the proposed Final Judgment is not entered pursuant to this Stipulation, the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then plaintiff and defendants are released from all further obligations under this Stipulation, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.

(6) Each defendant represents that the obligations ordered in the proposed Final Judgment can and will be fulfilled, and that defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the obligations contained therein.

Dated: March 30, 1998.

For Plaintiff United States of America:

Allee A. Ramadhan, Esq., (AR–0142).

Theresa H. Cooney, (TC–4933).

U.S. Department of Justice, Antitrust Division, Merger Task Force, 1401 H Street, NW., Suite 4000, Washington, D.C. 20530, (202) 307–0001.

For Defendant Chancellor Media Corporation:

Edward P. Henneberry, Esq.,

(EP–9043).

Howrey & Simon, 1299 Pennsylvania Avenue, NW., Washington, D.C. 20004, (202) 783–0800.

For Defendant SFX Broadcasting, Inc.:

David A. Clanton,

(DC–2683).

Howard Adler, Jr.,

(HA–0425).

David J. Laing,

(DL–2400).

Baker & McKenzie, 815 Connecticut Avenue, NW., Washington, D.C. 20006, (202) 452–7000

and

Michael Burrows,

(MB–2863).

Vincent A. Sama,

(VS–9027).

Baker & McKenzie, 805 Third Avenue, New York, New York 10022, (212) 751–5700.

SO ORDERED.

Dated, _____, New York, 1998.

_____

United States District Judge

Certificate of Service

I hereby certify that, on March 31, 1998, I caused the foregoing Stipulation and Order to be served by having a copy hand delivered to:

Edward P. Henneberry, Esq., Howrey & Simon, 1299 Pennsylvania Avenue,

N.W., Washington, D.C. 20004, Counsel for Defendant, Chancellor Media Corporation

and

Howard Adler, Jr., Baker & McKenzie, 815 Connecticut Avenue, N.W., Washington, D.C. 20006, Counsel for Defendant, SFX Broadcasting, Inc.

Seth E. Bloom.

United States District Court for the Eastern District of New York

Whereas, plaintiff, the United States of America, filed its Complaint in this action on November 6, 1997, and plaintiff and defendants, Chancellor Media Corporation (successor in interest to Chancellor Media Company, Inc.) (''Chancellor'') and SFX Broadcasting, Inc. (''SFX'') by their respective attorneys, having consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law herein, and without this Final Judgment constituting any evidence against or an admission by any party with respect to any issue of law or fact herein;

And Whereas, defendants have agreed to be bound by the provisions of this Final Judgment pending its approval by the Court;

And Whereas, defendants have represented that the obligations ordered in this Final Judgment can and will be fulfilled, and that defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the obligations contained 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. Jurisdiction

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action. The Complaint states a claim upon which relief may be granted against defendants, as hereinafter defined, under Section 7 of the Clayton Act, as amended (15 U.S.C. 18) and Section 1 of the Sherman Act, 15 U.S.C. 1.

II. Definitions

As used in this Final Judgment:

A. ''Chancellor'' means defendant Chancellor Media Corporation (successor in interest to Chancellor Media Company, Inc.), a Delaware corporation with its headquarters in Irving, Texas, and includes its predecessors, successors and assigns, divisions, subsidiaries, companies, groups, partnerships and joint ventures that Chancellor controls, directly or indirectly, and their directors, officers, managers, agents and representatives, and their respective successors and assigns.

B. ''SFX'' means defendant SFX Broadcasting, Inc., a Delaware corporation with its headquarters in New York, New York, and includes its predecessors, successors and assigns, divisions, subsidiaries, companies, groups, partnerships and joint ventures that SFX controls, directly or indirectly, and their directors, officers, managers, agents and representatives, and their respective successors and assigns.

C. ''SFX Long Island Assets'' means all of the assets, tangible or intangible, used in the operations of the WBLI 106.1 FM radio station in Patchogue, Long Island, New York, the WBAB 102.3 FM radio station in Babylon, Long Island, New York, the WHFM 95.3 FM radio station in Southampton, New York, and the WGBB 1240 AM radio station in Freeport, New York including but not limited to: all real property (owned or leased) used in the operation of these stations; all broadcast equipment, personal property, inventory, office furniture, fixed assets and fixtures, materials, supplies and other tangible property used in the operations of these stations; all licenses, permits, authorizations, and applications therefor issued by the Federal Communications Commission (''FCC'') and other governmental agencies related to these stations; all contracts, agreements, leases and commitments of defendants pertaining to these stations and their operation; all trademarks, service marks, trade names, copyrights, patents, slogans, programming material and promotional materials relating to these stations; and all logs and other records maintained by defendants or these stations in connection with their business.

D. ''WALK Assets'' means all of the assets, tangible or intangible, used in the operation of the WALK 97.5 FM and WALK 1370 AM radio stations in Patchogue, New York, including but not limited to: all real property (owned or leased) used in the operation of these stations; all broadcast equipment, personal property, inventory, office furniture, fixed assets and fixtures, materials, supplies and other tangible property used in the operation of these stations; all licenses, permits, authorizations, and applications therefor issued by the FCC and other governmental agencies related to these stations; all contracts, agreements, leases and commitments of defendant pertaining to these station and their operation; all trademarks, service marks, trade names, copyrights, patents, slogans, programming materials and promotional materials relating to these stations; and all logs and other records maintained by defendant Chancellor or these stations in connection with their business.

E. ''Nassau-Suffolk Area'' means Nassau and Suffolk Counties, New York.

F. ''Chancellor Radio Station'' means any radio station owned, operated, or controlled by Chancellor and broadcasting from a transmitter site located in the Nassau-Suffolk Area.

G. ''SFX Radio Station'' means any radio station owned, operated, or controlled by SFX and broadcasting from a transmitter site located in the Nassau-Suffolk Area.

H. ''Non-Chancellor Radio Station'' means any radio station broadcasting from a transmitter site located in the Nassau-Suffolk Area that is not a Chancellor Radio Station.

I. ''Non-SFX Radio Station'' means any radio station broadcasting from a transmitter site located in the Nassau-Suffolk Area that is not an SFX Radio Station.

J. ''LMA'' means the Local Marketing Agreement that Chancellor and SFX entered into on or about July 1, 1996, as part of their July 1, 1996, asset exchange agreement whereby SFX agreed to exchange its four Long Island-based radio stations for Chancellor's two Jacksonville, Florida radio stations and an additional $11 million.

III. Applicability

A. The provisions of this Final Judgment apply to each of the defendants, their successors and assigns, subsidiaries, affiliates, companies, groups, partnerships, and joint venturers, their directors, officers, managers, agents and employees, and 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. Each defendant shall require, as a condition of the sale or other disposition of all or substantially all of the assets used in its businesses of owning and operating the WALK Assets (in the case of Chancellor) of the SFX Long Island Assets (in the case of SFX), that the acquiring party agrees to be bound, as a successor or assign, by the provisions of this Final Judgment.

IV. Prohibition of Acquisition

Defendants shall not directly or indirectly consummate the acquisition contract that is a subject of the complaint in this action. Defendant Chancellor shall not acquire, directly or

indirectly, the SFX Long Island Assets that encompasses WBLI–FM and WBAB–FM (hereinafter the ''SFX Long Island WBAB/WBLI Assets'') or any interest in the SFX Long Island WBAB/WBLI Assets. Defendant Chancellor shall not sell or otherwise convey, directly or indirectly, the WALK Assets or any interest in the WALK Assets to SFX or to any future owner or operator of the SFX WBAB/WBLI Long Island Assets. Defendant SFX shall not acquire, directly or indirectly, the WALK Assets or any interest in the WALK Assets. Defendant SFX shall not sell or otherwise convey, directly or indirectly, the SFX Long Island WBAB/WBLI Assets or any interest in the SFX Long Island WBAB/WBLI Assets to Chancellor or to any future owner or operator of the WALK Assets.

V. Termination of LMA

Defendants shall terminate the LMA as soon as possible, but no later than August 1, 1998. Defendants shall not enter into any agreement or understanding (including a Local Marketing Agreement or similar agreement (such as a joint sales agreement (JSA))) that would allow joint marketing or sale of advertising time or joint establishment of advertising prices, with respect to the WALK Assets and the SFX Long Island Assets.

VI. Preservation of Assets

Until the termination of the LMA, as required by Section V of this Final Judgment, has been accomplished:

A. Defendant Chancellor shall take all steps necessary to operate the SFX Long Island Assets as ongoing, economically viable radio stations.

B. Defendant Chancellor shall use all reasonable efforts to maintain and increase sales of advertising time by the SFX Long Island Assets and shall maintain at 1997 or previously approved levels for 1998, whichever are higher, promotional advertising, sales, marketing and merchandising support for the SFX Long Island Assets.

C. Defendant Chancellor shall take all steps necessary to ensure that the assets used in the operation of the SFX Long Island Assets are fully maintained. WBLI–FM, WBAB–FM, WHFM–FM, and WGBB–AM sales and marketing employees shall not be transferred or reassigned to any other station, except for transfer bids initiated by employees pursuant to defendant's regular, established job posting policies, provided that defendant Chancellor gives plaintiff ten (10) days' notice of any such transfer.

D. Defendant Chancellor shall appoint a person or persons to be responsible for defendant Chancellor's compliance with this Section VI.

VII. Affidavits

A. Within twenty (20) calendar days of the filing of this Final Judgment, defendant Chancellor shall deliver to plaintiff an affidavit which describes in reasonable detail all actions defendant Chancellor has taken and all steps defendant Chancellor has implemented on an on-going basis to preserve the SFX Long Island Assets, pursuant to Section VI of this Final Judgment. Defendant Chancellor shall deliver to plaintiff an affidavit describing any changes to the efforts and actions outlined in its earlier affidavit(s) filed pursuant to this Section VII within fifteen (15) calendar days after such change is implemented.

B. Defendant Chancellor shall preserve all records of efforts made to maintain or preserve the SFX Long Island Assets.

VIII. Notice

A. Unless such transaction is otherwise subject to the reporting and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. 18a (the ''HSR Act''), defendants, without providing advance notification to the plaintiff, shall not directly or indirectly acquire any assets of or any interest, including any financial, security, loan, equity or management interest, in any Non-Chancellor Radio Station (in the case of an acquisition by Chancellor) or in any Non-SFX Radio Station (in the case of an acquisition by SFX).

B. Defendants, without providing advance notification to the plaintiff, shall not directly or indirectly enter into any agreement or understanding (including a Local Marketing Agreement or similar agreement (such as a joint sales agreement (JSA)) that would allow either defendant to market or sell advertising time or to establish advertising prices for any Non-Chancellor Radio Station (in the case of Chancellor) or any Non-SFX Radio Station (in the case of SFX).

C. The notification obligations required by paragraphs (A) or (B) of this Section VIII shall not apply to defendant Chancellor following its sale of all of the WALK Assets to a third party that is in no way affiliated with defendant Chancellor, provided that the provisions of Section III have been complied with. The notification obligations required by paragraphs (A) or (B) of this Section VIII shall not apply to defendant SFX following its sale of the SFX Long Island Assets to a third party that is in no way affiliated with SFX, provided that the provisions of Section III have been complied with.

D. Notification described in (A) and (B) of this Section VIII shall be provided to the United States Department of Justice (''the Department'') in the same format as, and per the instructions relating to the Notification and Report Form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations as amended, except that the information requested in Items 5–9 of the instructions must be provided, in the case of Chancellor, only with respect to any Chancellor Radio Station, and in the case of SFX, only with respect to any SFX Radio Station. Notification shall be provided at least thirty (30) days prior to acquiring any such interest covered in (A) or (B) above, and shall include, beyond what may be required by the applicable instructions, the names of the principal representatives of the parties to the agreement who negotiated the agreement, and any management or strategic plans discussing the proposed transaction. If within the 30-day period after notification, representatives of the Department make a written request for additional information, defendants shall not consummate the proposed transaction or agreement until twenty (20) days after submitting all such additional information. Early termination of the waiting periods in this paragraph (C) may be requested and, where appropriate, granted in the same manner as is applicable under the requirements and provisions of the HSR Act and rules promulgated thereunder.

E. This Section shall be broadly construed and any ambiguity or uncertainty regarding the filing of notice under this Section shall be resolved in favor of filing notice.

IX. Compliance Inspection

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 United States Department of Justice, including consultants and other persons retained by the plaintiff, upon written request of the Attorney General, or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to each defendant made to their principal offices, shall be permitted:

(1) Access during office hours of each defendant to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of each defendant, who may have counsel present, relating to the

matters contained in this Final Judgment; and

(2) Subject to the reasonable convenience of each defendant and without restraint or interference from it, to interview, either informally or on the record, directors, officers, employees and agents of each defendant, 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 defendants' principal offices, each defendant 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 Section VII or this Section IX shall be divulged by any representative of plaintiff to any person other than a duly authorized representative of the Executive Branch of the United States, except in the course of legal proceedings to which plaintiff 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 defendants to plaintiff, and defendants represent and identify 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 defendants marks each pertinent page of such material, ''Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure,'' then ten (10) calendar days notice shall be given by plaintiff to defendants prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which defendants are not a party.

X. Retention of Jurisdiction

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

XI. Termination

Unless this Court grants an extension, this Final Judgment will expire upon the tenth anniversary of the date of its entry.

XII. Public Interest

Entry of this Final Judgment is in the public interest.

Dated: _____.

_____

United States District Judge

Competitive Impact Statement

The United States, pursuant to Section 2(b) of the Antitrust Procedures and Penalties Act (''APPA''), 15 U.S.C. 16(b)–(h), files this Competitive Impact Statement relating to the proposed Final Judgment submitted for entry in this civil antitrust proceeding.

I. Nature and Purpose of the Proceeding

The plaintiff filed a civil antitrust Complaint on November 6, 1997, alleging that Chancellor Media Corporation (successor in interest to Chancellor Media Company, Inc.) (''Chancellor'') proposed acquisition of four radio stations in Suffolk County, N.Y. owned by SFX Broadcasting, Inc. (''SFX'') would violate Section 7 of the Clayton Act, 15 U.S.C. 18 and Section 1 of the Sherman Act, 15 U.S.C. 1. The Complaint alleges, among other things, that Chancellor and SFX are the number one and number two radio companies on Long Island and that they each own radio stations is Suffolk County, N.Y. The Complaint also alleges that WALK–FM (Chancellor) and WBLI–FM/WBAB–FM (SFX) have been locked in a daily battle against each other for radio advertising revenues in Suffolk County, N.Y. The Complaint further alleges that the proposed acquisition would substantially lessen competition in the sale of radio advertising time in Suffolk County, N.Y. Specifically, the Complaint alleges that the proposed acquisition would increase Chancellor's share of the radio advertising market in Suffolk County, N.Y. from 33 percent to over 65 percent, and would give to Chancellor the ability to raise prices to many advertisers, and to reduce promotional services to regional and local customers. Finally, the Complaint alleges that meaningful entry into the market is blockaded and entry would not undermine an anticompetitive price increase imposed by the Chancellor/SFX radio stations.

The prayer for relief seeks: (a) Adjudication that Chancellor's proposed acquisition of WBLI–FM and WBAB–FM from SFX would violate Section 7 of the Clayton Act and Section 1 of the Sherman Act; (b) permanent injunctive relief preventing the consummation of the proposed acquisition; (c) a finding that the Local Marketing Agreement (LMA) between Chancellor and SFX regarding SFX's Suffolk County radio stations violates Section 1 of the Sherman Act and an Order terminating the LMA [1]; (d) an award to the United States of the costs of this action; and (e) such other relief as is proper.

The United States has reached a proposed settlement with Chancellor and SFX which is memorialized in the proposed Final Judgment which has been filed with the Court. Under the terms of the proposed Final Judgment, defendants Chancellor and SFX will terminate the LMA as soon as possible, but not later than August 1, 1998. Chancellor will thus cease operating the four stations it sought to acquire from SFX in Suffolk County—WBLI–FM, WBAB–FM, WGBB–AM, and WHFM–FM—by August 1, 1998 and the market will return to its pre-LMA structure.[2] Also under the terms of the agreement, Chancellor will not acquire the radio stations at issue. Finally, defendants have agreed that they and their successors will not convey the radio assets in any way that would allow the entity controlling WALK–FM to control either WBLI–FM or WBAB–FM or the entity controlling either WBLI–FM or WBAB–FM to control WALK–FM.[3]

The plaintiff and the defendants have stipulated that the proposed Final Judgment may be entered after compliance with the APPA and that they can fulfill their obligations under the Final Judgment. Entry of the proposed final Judgment would terminate this action, except that the Court would retain jurisdiction to construe, modify, or enforce the provisions of the proposed Final Judgment and to punish violations thereof.

II. The Alleged Violation

A. The Defendants

Chancellor is a Delaware corporation headquartered in Irving, Texas. At the time this action was commenced in November 1997, it was the second largest owner of radio stations in the

[1] The LMA is an agreement between Chancellor and SFX which permits Chancellor to take operating control of the SFX stations before taking ownership. Under the LMA Chancellor is permitted to program the SFX stations and to sell advertising time on them.

[2] Although Chancellor sought to acquire four radio stations from SFX—WBLI–FM, WBAB–FM, WHFM–FM and WGBB–AM—in the transaction at issue in this case, the competitive concern arose from the proposed acquisition of WBLI and WBAB.

[3] The proposed final Judgment does not prevent Chancellor or another party from owning WHFM–FM and WGBB–FM as well as WALK–FM. As previously noted, the competitive concern of the proposed transaction arose from Chancellor's proposed acquisition of WBLI and WBAB.

United States and owned 95 radio stations in 21 major U.S. markets, including in each of the 12 largest markets. Chancellor owns two radio stations in Suffolk County, WALK–FM and WALK–AM. Chancellor's revenues in 1996 from WALK–FM and WALK–AM was approximately $13.3 million. Virtually all of Chancellors revenues on Long Island were generated by WALK–FM.

SFX is a Delaware corporation headquartered in New York, N.Y. SFX owns or operates 85 radio stations located in 23 markets in the United States, including WBLI–FM, WBAB–FM, WHFM–FM, and WGBB–AM in Suffolk County, New York (hereinafter, ''the SFX stations''). In 1996, SFX had revenues of approximately $11 million from its Suffolk County-based radio stations.

B. Description of the Events Giving Rise to the Alleged Violation

Prior to July 1, 1996, the Chancellor and SFX radio stations in Suffolk County were vigorous and direct competitors for advertisers seeking to reach potential customers in Suffolk County, New York. Competition among these stations was an essential element in keeping down radio advertising prices for Suffolk County advertisers. In fact, WALK's Director of Sales wrote that WALK was ''[f]ighting WBLI['s] and WBAB['s] low 'firesale' rates.'' On or about July 1, 1996, Chancellor and SFX entered into an asset exchange agreement whereby SFX agreed to exchange its four Suffolk County-based radio stations—WBLI–FM, WBAB–FM, WHFM–FM, and WGBB–AM—for Chancellor's two Jacksonville, Florida radio stations and an additional $11 million. In addition, at approximately the same time, the defendants entered into an LMA where Chancellor took over control of programming and advertising sales at the SFX stations in Suffolk County, N.Y. The result of the LMA was to place in Chancellor's hands control over SFX's radio stations on Long Island. The proposed acquisition would have made that control over SFX's stations complete.

In evaluating the proposed acquisition, Chancellor wrote that ''WALK, WBLI and WBAB combined own about 63% of a market with 36 million in net revenues.'' Chancellor's chief financial officer told the board of directors, the acquisition ''will make Chancellor the dominant radio broadcaster'' on Long Island. Chancellor's marketing executives wrote that the proposed acquisition ''will result in less competitive undercutting'' and that ''[r]ates will increase as a result of the removal of competitive pressures.'' Chancellor's Director of Sales and Chancellor's General Sales Manager told the General Manager heading Chancellor's Long Island operations that the proposed accusation means ''The War is Won.''

C. Anticompetitive Consequences of the Proposed Merger

1. The Sale of Radio Advertising Time in Suffolk County, N.Y.

The Complaint alleges that the provision of advertising time on radio stations serving Suffolk, N.Y. constitutes a line of commerce and section of the country, or relevant market, for antitrust purposes. It is important to note that radio stations by their music mix, attention to local community news and events, and promotions seek to attract listeners who they then sell advertisers access to by radio. Radio's unique characteristics as an inexpensive drive-time and workplace news and entertainment companion has given it a distinct and special place in our lives. Retailers, in an effort to reach potential customers have resorted to a mix of electronic and print media to deliver their advertising message. In so doing, they have learned that certain mediums are more cost-effective than others in meeting their advertising goals. Radio advertising is such a medium.

When radio advertisers use radio as part of a ''media mix,'' they often view the other advertising media (such as television or newspapers) as a complement to, and not a substitute for, radio advertising. Many advertisers who use radio as part of a multi-media campaign do so because they believe that the radio component enhances the effectiveness of their overall advertising campaign. They view radio as giving them unique and cost-effective access to certain audiences. They recognize that since radio is portable people can listen to it anywhere especially in places and situations where other media are not present, such as in the office and car. In addition, they know that radio formats are designed to target listeners in specific demographic groups. Defendants' documents clearly confirm these facts. Their documents show that radio stations see other radio stations as their principal competition. For example, one such document acknowledged that ''pressure from other [radio] stations keep [sic] us from selling new business at the rates we want to get.'' Another high level management strategic document unearthed in the files of WBLI and WBAB echoed the same sentiments by noting that ''WALK and WBZO are the primary barriers to increasing rate[s].'' The quality and magnitude of evidence such as this showing that radio stations constrain the price of other radio stations in their efforts to charge higher prices to advertising customers is powerful evidence supporting the allegation in the Complaint that the sale of radio advertising time constitutes a line of commerce for antitrust purposes.

2. Harm to Competition

The Complaint alleges that Chancellor's acquisition of SFX's Long Island stations would join under single ownership the principal stations serving Suffolk County, New York and give to Chancellor the ability to raise radio advertising prices to its customers. Local and national advertising placed on radio stations within Suffolk County, N.Y. are aimed at reaching listening audiences in Suffolk County, and radio stations located outside of Suffolk County do not provide cost-effective access to this audience. Thus, if Chancellor were to impose a small but significant non-transitory increase in radio advertising prices on the radio stations it owns or controls in Suffolk County, radio stations located outside of Suffolk County would not be able to defeat it. In fact, defendants in marketing their radio stations to Suffolk County radio advertisers emphasized the fact that New York City radio stations do not provide cost-effective access to Suffolk County customers. Defendants characterized New York City radio stations' ability to reach the tri-state metropolitan area as ''waste'' to those Suffolk County advertisers not seeking to attract customers from New York City, New Jersey, or Connecticut to their local Suffolk County establishments.

Defendants' documents further disclosed that when Chancellor's and SFX's radio stations on Long Island operated independently, advertisers obtained lower prices by ''playing off'' Chancellor's WALK–FM against SFX's WBLI–FM and WBAB–FM. Advertisers used the threat to move their business between the Chancellor and the SFX stations to get more favorable prices and services at each. That documentary evidence is corroborated by the testimony of local and regional advertisers who testified how they feared the joining of WALK with WBLI and WBAB would mean that Chancellor could raise prices to them. In short, advertisers in Suffolk County paid less for radio advertising as a result of price competition between the Chancellor and SFX radio stations. The proposed acquisition would have ended that price

competition harming consumers on Long Island.

a. Advertisers Could Not Turn to Other Suffolk County Radio Stations to Prevent Chancellor From Imposing an Anticompetitive Price Increase

Barnstable is the only company other than Chancellor and SFX that generates more than five percent of the total radio revenues spent by advertisers on Long Island-based radio stations that offer coverage of Suffolk County (''Suffolk County stations''). Barnstable owns WBZO–FM, the only other Suffolk County station that generates ratings and advertising revenues comparable to the Chancellor and SFX stations. Barnstable is not able to offer, individually or in combination with any non-Chancellor owned or operated stations, enough listeners in the Chancellor/SFX-dominated market to provide a non-Chancellor alternative for many advertisers who want access to Suffolk County radio listeners. Moreover, if Chancellor were to impose a non-competitive price increase on its Chancellor/SFX radio stations, Barnstable would not be able to present itself as a credible alternative to those advertisers seeking to escape the price increase on the Chancellor/SFX radio stations. That is so, because an increase in demand for WBZO as a result of radio advertisers trying to flee a price increase on the Chancellor/SFX stations could undermine the attractiveness of WBZO to listeners who would have to contend with a larger number of advertising commercials and less music and news on WBZO. Recognizing that fact, WBZO would likely increase its price to dampen the demand on its station in order to maintain its attractiveness to listeners. Thus, a price increase on the Chancellor/SFX stations would likely provide an opportunity for Barnstable to increase its prices as well.

To the degree there are a number of other radio broadcasters on Long Island, individually or in combination they are less able than Barnstable to offer an alternative for those advertisers—especially local and regional advertisers—who would have to deal with Chancellor to gain access to Suffolk County radio listeners after the proposed acquisition.

b. The Effect of the Acquisition Would Be Substantially To Lessen Competition in the Relevant Market

As previously noted, Defendants' documents tell a compelling story of how the proposed acquisition would enable Chancellor to increase rates by stifling the ''competitive undercutting'' that went on among the Chancellor/SFX stations. The dominant market share Chancellor would have attained from the proposed acquisition would have the following effects, among others:

a. Competition in the sale of radio advertising time for coverage of Suffolk County would be substantially lessened;

b. Actual and potential competition between Chancellor and SFX radio stations in the sale of advertising time—especially to regional and local advertisers—would be eliminated;

c. Chancellor's share of the relevant market would have increased from 33 percent to over 65 percent, whether measured by radio advertising revenues or by listenership. Using a measure of market concentration called the Herfindahl-Hirschman Index (''HHI''), explained in Appendix A, the acquisition would yield a post-merger HHI of at least 4975, representing an increase of 2085; and

d. Prices for radio advertising for coverage of Suffolk County would likely increase, and the quality of promotional services would likely decline—especially to regional and local customers.

The proposed Final Judgment will remedy the competitive concerns raised by the proposed acquisition.

III. Explanation of the Proposed Final Judgment

The proposed Final Judgment would preserve competition in the sale of radio advertising time in Suffolk County, N.Y. It requires Chancellor and SFX to terminate their LMA as soon as possible, but no later than August 1, 1998. In addition, the proposed Final Judgment provides that neither defendant, nor their successors, can own or control at the same time WALK–FM and either WBLI–FM or WBAB–FM. This relief will terminate the LMA and return the market pre-LMA structure. If Chancellor had acquired the stations, it would have controlled about 65% of the Suffolk County radio market. Under the proposed Final Judgment, Chancellor will return to it pre-LMA market shares of approximately 35% while another party or parties will control the approximately 30% of the market that WBLI–FM and WBAB–FM possess. The proposed Final Judgment will preserve choices for advertisers. In addition, the proposed Final Judgment will help insure that WALK's, WBLI's and WBAB's radio advertising rates will be subject to the ''playing off'' by advertisers that they were subject to prior to the LMA.

In addition to requiring the defendants to terminate the LMA and prohibiting them from consummating the transaction, the proposed Final Judgment requires Chancellor to preserve the assets of the SFX stations until termination of the LMA. Specifically, the proposed Final Judgment requires that Chancellor maintain the stations as viable entities, including the obligation that Chancellor work to increase the sale of advertising and maintain promotional and marketing levels for the SFX stations. The proposed Final Judgment also contains provisions to ensure that Chancellor will not divert resources from the SFX stations to its own radio stations during the course of the LMA. To determine and secure compliance with the proposed Final Judgment, the United States has the authority to monitor and review the activities of the stations. Nothing in this proposed Final Judgment is intended to limit the plaintiff's ability to investigate or bring actions, where appropriate, challenging other past or future activities of defendants in Suffolk County or any other markets, including their entry into an LMA or any other agreements related to the sale of advertising time.

IV. Remedies Available to Potential Private Litigants

Section 4 of the Clayton Act, 15 U.S.C. 15, provides that any person who has been injured as a result of conduct prohibited by the antitrust laws may bring suit in federal court to recover three times the damages the person has suffered, as well as costs and reasonable attorneys' fees. Entry of the proposed Final Judgment will neither impair nor assist the bringing of any private antitrust damage action. Under the provisions of Section 5(a) of the Clayton Act, 15 U.S.C. 16(a), the proposed Final Judgment has no *prima facie* effect in any subsequent private lawsuit that may be brought against defendants.

V. Procedures Available for Modification of the Proposed Final Judgment

The plaintiff and the defendants have stipulated that the proposed Final Judgment may be entered by the Court after compliance with the provisions of the APPA, provided that the United States has not withdrawn its consent. The APPA conditions entry upon the Court's determination that the proposed Final Judgment is in the public interest.

The APPA provides a period of at least sixty (60) days preceding the effective date of the proposed Final Judgment within which any person may submit to the United States written comments regarding the proposed Final Judgment. Any person who wishes to comment should do so within sixty (60) days of the date of publication of this Competitive Impact Statement in the **Federal Register**. The United States will evaluate and respond to the comments.

All comments will be given due consideration by the Department of Justice, which remains free to withdraw its consent to the proposed Final Judgment at any time prior to its entry. The comments and the response of the United States will be filed with the Court and published in the **Federal Register**.

Any such written comments should be submitted to: Craig W. Conrath, Chief, Merger Task Force, Antitrust Division, United States Department of Justice, 1401 H Street, N.W., Suite 4000, Washington, D.C. 20530.

The proposed Final Judgment provides that the Court retains jurisdiction over this action, and the parties may apply to the Court for any order necessary or appropriate for the modification, interpretation, or enforcement of the Final Judgment.

VI. Alternatives to the Proposed Final Judgment

The plaintiff considered, as an alternative to the proposed Final Judgment, a full trial on the merits of its complaint against defendants. The plaintiff is satisfied, however, that the termination abandonment of the proposed and other relief contained in the proposed Final Judgment will preserve viable competition in the sale of radio advertising time in the Suffolk County, N.Y. area. Thus, the proposed Final Judgment would achieve the relief of the Government would have obtained through litigation, but avoids the time, expense and uncertainty of a full trial on the merits of the complaint.

VII. Standard of Review Under the APPA for Proposed Final Judgment

The APPA requires that proposed consent judgments in antitrust cases brought by the United States be subject to a sixty (60) day comment period, after which the court shall determine whether entry of the proposed Final Judgment ''is in the public interest.'' In making that determination, the court may consider—

(1) The competitive impact of such judgment, including termination of alleged violations, provisions for enforcement and modification, duration or relief sought, anticipated effects of alternative remedies actually considered, and any other considerations bearing upon the adequacy of such judgment;

(2) the impact of entry of such judgment upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including consideration of the public benefit, if any, to be derived from a determination of the issues at trial.

15 U.S.C. 16(e). As the United States Court of Appeals for the D.C. Circuit recently held, this statute permits a court to consider, among other things, the relationship between the remedy secured and the specific allegations set forth in the government's complaint, whether the decree is sufficiently clear, whether enforcement mechanisms are sufficient, and whether the decree may positively harm third parties. *See United States* versus *Microsoft,* 56 F.3d 1448, 1461–62 (D.C. Cir. 1995).

In conducting this inquiry, ''[t]he Court is nowhere compelled to go to trial or to engage in extended proceedings which might have the effect of vitiating the benefits of prompt and less costly settlement through the consent decree process.''[4] Rather,

[a]bsent a showing of corrupt failure of the government to discharge its duty the Court, in making its public interest finding, should * * * carefully consider the explanations of the government in the competitive impact statement and its responses to comments in order to determine whether those explanations are reasonable under the circumstances.

United States v. *Mid-America Dairymen, Inc.,* 1977–1 Trade Cas. ¶ 61,508, at 71,980 (W.D. Mo. 1977).

Accordingly, with respect to the adequacy of the relief secured by the decree, a court may not ''engage in an unrestricted evaluation of what relief would best serve the public.'' *United States* v. *BNS, Inc.,* 858 F. 2d 456, 462 (9th Cir. 1988), *citing United States* v. *Bechtel Corp.,* 648 F. 2d 660, 666 (9th Cir.), *cert. denied,* 454 U.S. 1083 (1981); *see also Microsoft,* 56 F. 3d at 1460–62. Precedent requires that

the balancing of competing social and political interests affected by a proposed antitrust consent decree must be left, in the first instance, to the discretion of the Attorney General. The court's role in protecting the public interest is one of insuring that the government has not breached its duty to the public in consenting to the decree. The court is required to determine not whether a particular decree is the one that will best serve society, but whether the settlement is *''within the reaches of the public interest.''* More elaborate requirements might undermine the effectiveness of antitrust enforcement by consent decree.[5]

The proposed Final Judgment, therefore, should not be reviewed under a standard of whether it is certain to eliminate every anticompetitive effect of a particular practice or whether it mandates certainty of free competition in the future. Court approval of a final judgment requires a standard more flexible and less strict than the standard required for a finding of liability. ''[A] proposed decree must be approved even if it falls short of the remedy the court would impose on its own, as long as it falls within the range of acceptability or is 'within the reaches of public interest.' ''[6]

In this case, the proposed Final Judgment reflects the Defendants desire to abandon the proposed acquisition and end the LMA. Moreover, it insures that the present and any future owner of WALK–FM may not own either WBLI–FM or WBAB–FM. In sum, the Final Judgment represents every objective the government sought through bringing its action.

VIII. Determinative Documents

There are no determinative materials or documents within the meaning of the APPA that were considered by the United States in formulating the proposed Final Judgment.

Respectfully submitted,

Allee A. Ramadhan,

(AR 0142).

Seth E. Bloom,

(SB 3709).

Theresa H. Cooney,

(TC 4933).

Merger Task Force, U.S. Department of Justice, Antitrust Division, 1401 H Street, N.W., Suite 4000, Washington, D.C. 20530, (202) 307–0001.

Dated: March 30, 1998.

Appendix A—Herfindahl-Hirschman Index Calculations

''HHI'' means the Herfindahl-Hirschman Index, a commonly accepted measure of market concentration. It is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of

[4] 119 Cong. Rec. 24598 (1973). *See United States* v. *Gillette Co.,* 406 F. Supp. 713, 715 (D. Mass. 1975). A ''public interest'' determination can be made properly on the basis of the Competitive Impact Statement and Response to Comments filed pursuant to the APPA. Although the APPA authorizes the use of additional procedures, 15 U.S.C. 16(f), those procedures are discretionary. A court need not invoke any of them unless it believes that the comments have raised significant issues and that further proceedings would aid the court in resolving those issues. *See* H.R. Rep. 93–1463, 93rd Cong. 2d Sess. 8–9 (1974), *reprinted in* U.S.C.C.A.N. 6535, 6538.

[5] *Bechtel,* 648 F. 2d at 666 (citations omitted) (emphasis added); *see BNS,* 858 F. 2d at 463; *United States* v. *National Broad. Co.,* 449 F. Supp. 1127, 1143 (C.D. Cal. 1978); *Gillette,* 406 F. Supp. at 716. *See also Microsoft,* 56 F. 3d at 1461 (whether ''the remedies [obtained in the decree are] so inconsonant with the allegations charged as to fall outside of the 'reaches of the public interest' '') (citations omitted).

[6] *United States* v. *American Tel. and Tel. Co.,* 552 F. Supp. 131, 151 (D.D.C. 1982), *aff'd. sub nom. Maryland* v. *United States,* 460 U.S. 1001 (1983) (*quoting Gillette Co.,* 406. F. Supp. at 716 (citations omitted)); *United States* v. *Alcan Aluminum, Ltd.,* 605 F. Supp. 619, 622 (W.D. Ky. 1985).

thirty, thirty, twenty, and twenty percent, the HHI is 2600 ($30^2+30^2+20^2+20^2=2600$). The HHI takes into account the relative size and distribution of the firms in a market and approaches zero when a market consists of a large number of firms of relatively equal size. The HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases.

Markets in which the HHI is between 1000 and 1800 points are considered to be moderately concentrated, and those in which the HHI is in excess of 1800 points are considered to be concentrated. Transactions that increase the HHI by more than 100 points in concentrated markets presumptively raise antitrust concerns under the Horizontal Merger Guidelines issued by the U.S. Department of Justice and the Federal Trade Commission. See Merger Guidelines § 1.51.

Certificate of Service

I hereby certify that, on this 30th day of March 1998, I caused to be served via hand delivery a copy of the foregoing Competitive Impact Statement upon the following:

Edward P. Henneberry, Esq., Roxann E. Henry, Esq., Howrey & Simon, 1299 Pennsylvania Avenue, N.W., Washington, D.C. 20004.

Howard Adler, Jr., Esq., David J. Laing, Esq., Baker & McKenzie, 815 Connecticut Avenue, N.W., Washington, D.C. 20006.

Seth E. Bloom.

[FR Doc. 98–9373 Filed 4–8–98; 8:45 am]

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DEPARTMENT OF JUSTICE

Antitrust Division

United States v. Lehman Brothers Holdings Inc. and L–3 Communications Holdings, Inc.; Proposed Final Judgment and Competitive Impact Statement

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. sections 16(b)–(h), that a Complaint, proposed Final Judgment, Stipulation and Order, and Competitive Impact Statement have been filed with the United States District Court for the District of Columbia, in *United States* v. *Lehman Brothers Holdings Inc.* and L–3 Communications Holdings, Inc., Civil Action No. 1:98CV00796.

On March 27, 1998, the United States filed a Complaint seeking an injunction enjoining L–3 Communications Holdings, Inc. and its parent Lehman Brothers Holdings Inc. from acquiring AlliedSignal Inc.'s Ocean Systems and ELAC Nautik GmbH sonar business, or from entering into or carrying out any agreement, understanding or plan, the effect of which would be to combine the sonar business of AlliedSignal Inc. (''AlliedSignal'') and L–3 Communications Corp. (''L–3 Communications''), a wholly owned subsidiary of L–3 Communications Holdings, Inc. The Complaint alleges that because Lockheed Martin Corporation (''Lockheed Martin'') owns 34.0 percent of the common stock of L–3 Communications and controls three seats on the L–3 Communications Board of Directors, the acquisition by L–3 Communications of the sonar business of AlliedSignal would lessen competition substantially in the production and sale of towed sonar arrays to the U.S. Department of Defense (''DoD'') in violation of Section 7 of the Clayton Act, 15 U.S.C. Section 18. Under the proposed Final Judgment, filed the same day as the Complaint, L–3 Communications has agreed to: (1) Maintain a ''firewall'' whereby it prevents the sharing of non-public information relating to the sonar businesses of L–3 Communications and Lockheed Martin, and (2) not enter into any joint bidding or teaming agreements with Lockheed Martin to bid on DoD contracts relating to towed sonar arrays.

Public comment is invited within the statutory 60-day comment period. Such comments and responses thereto will be published in the **Federal Register** and filed with the Court. Comments should be directed to J. Robert Kramer, II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530 [telephone: (202) 307–0924].

Constance K. Robinson,

Director of Operations & Merger Enforcement Antitrust Division.

Stipulation and Order

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

(1) The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue of this action is proper in the United States District Court for the District of Columbia.

(2) The parties stipulate that 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 defendants and by filing that notice with the Court.

(3) Defendant shall abide by and comply with the provisions of the proposed Final Judgment pending entry of the Final Judgment by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation by the parties, comply with all the terms and provisions of the proposed Final Judgment as though the same were in full force and effect as an Order of the Court.

(4) This Stipulation shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

(5) In the event plaintiff withdraws its consent, as provided in paragraph 2 above, or in the event the proposed Final Judgment is not entered pursuant to this Stipulation, and the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Stipulation, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.

(6) Defendants represent that the provisions ordered in the proposed Final Judgment can and will be made, and that defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the provisions contained therein.

Dated: March 26, 1998.