



## U.S. Department of Justice

Antitrust Division

City Center Building  
1401 H Street, NW  
Washington, DC 20530

May 5, 2003

Roger F. Roberts  
Senior Vice President  
Space & Intelligence Systems  
The Boeing Company  
2800 Westminister Boulevard MC SZ-84  
Seal Beach, CA 90740-2089

Re: Comment on Proposed Final Judgment in *United States v. Northrop Grumman Corporation and TRW Inc.*, No. 1:02CV02432, filed December 11, 2002

Dear Mr. Roberts:

This letter responds to your March 10 letter, commenting on the proposed Final Judgment submitted for entry in the captioned case. The government's Complaint in the case charged that the proposed acquisition of TRW Inc. ("TRW") by Northrop Grumman Corp. ("Northrop") would combine one of the only two suppliers of radar and EO/IR payloads for reconnaissance satellite systems sold to the U.S. Government (Northrop) with one of the few companies able to act as prime contractor on U.S. reconnaissance satellite programs that use these payloads (TRW). The Complaint alleges that as a result of this combination, Northrop would have the incentive and ability to lessen competition by favoring its own payload and/or prime contractor capabilities to the detriment or foreclosure of competitors, and would harm the U.S. Government by posing an immediate danger to competition in two current or future programs, the Space-Based Radar and Space Based InfraRed System-Low programs (the latter program is now called the Space Tracking and Surveillance System).

Your letter requests that two modifications be made to the Final Judgment. The first, and most substantive, request is that the definition of "Payload" be expanded to explicitly include signal intelligence ("SIGINT") technology, as well as the electro-optical, infrared, and radar technology that is now contained in the definition in the Final Judgment. You state that you believe signal intelligence payloads, which prior to the merger were made only by TRW, and not by Northrop, were probably intended to be included, and that their inclusion must be made explicit to "ensure that TRW SIGINT payloads continue to be made available on a non-discriminatory basis to all potential primes who wish to bid future covered procurements featuring SIGINT systems." A specific concern raised in your letter is the impact of the acquisition on future programs that involve multi-mission satellites combining both SIGINT and radar capabilities.

The scope of the proposed consent decree is limited to remedying the anticompetitive effects arising from this transaction. These effects result from the combination of Northrop's payload