



U.S. Department of Justice

Antitrust Division

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

Dear Ms. Pollack:

This letter responds to your March 12 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).

In your letter, you state that the proposed Final Judgment lacks clarity in three areas, and you propose specific modifications to the Final Judgment that you believe will provide that clarity. The first issue you raise concerns the definition of Payload and the Northrop Payload business, which under the terms of the decree must be kept separate from the TRW Space & Electronics Satellite Systems business. You request that the Final Judgment be modified to clarify that the definition of Payload includes signal intelligence (SIGINT) technology, millimeter wave technologies, all frequencies of radar, space and ground mission data processing, payload system integration, and algorithms. We do not believe that such modifications are necessary or advisable. The Final Judgment is designed to remedy only those potential foreclosures of Northrop's competitors that are