



1. Respondent GD is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its offices and principal place of business located at 2941 Fairview Park Drive, Suite 100, Falls Church, Virginia 22042.

2. SNC Technologies, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its offices and principal place of business located at 65 Sandscreen Street, Avon, Connecticut 06001. SNC Technologies Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its offices and principal place of business located at 65 Sandscreen Street, Avon, Connecticut 06001.

3. The Federal Trade Commission has jurisdiction over the subject matter of this proceeding and of Respondent, and the proceeding is in the public interest.

## **ORDER**

### **I.**

**IT IS ORDERED** that, as used in this Order, the following definitions shall apply:

- A. “GD” or “Respondent” means General Dynamics Corporation, its directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by General Dynamics Corporation (including, but not limited to, General Dynamics Ordnance and Tactical Systems, Inc. (“GD-OTS”)), and the respective directors, officers, employees, agents, representatives, successors, and assigns of each. After the Acquisition Date, the term “GD” shall include SNC.
- B. “SNC” means, individually and collectively, SNC Technologies, Inc., its directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by SNC Technologies, Inc., and the respective directors, officers, employees, agents, representatives, successors, and assigns of each; and SNC Technologies Corp., its directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by SNC Technologies Corp., and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- C. “Commission” means the Federal Trade Commission.
- D. “Acquisition” means the acquisition of SNC by GD.
- E. “Acquisition Agreement” means the Share Purchase Agreement by and among General Dynamics Land Systems - Canada Inc., General Dynamics Ordnance and Tactical Systems,

General Dynamics Corporation, SNC-Lavalin Group Inc. and The SNC-Lavalin Corporation, dated February 23, 2006, whereby GD proposes to acquire SNC.

- F. “Acquisition Date” means the earlier of the following dates:
  - 1. the date the Respondent closes on the Acquisition Agreement; or
  - 2. the date the merger contemplated by the Acquisition Agreement becomes effective by filing articles of merger with the Secretary of State of the State of Delaware.
- G. “AO” means American Ordnance LLC, a limited liability company organized, existing, and doing business under and by virtue of the laws of the State of Delaware, a joint venture between GD-OTS and Mason & Hanger Corporation, a subsidiary of DZI.
- H. “AO Agreement” means the Formation Agreement by and between GD and Mason & Hanger Corporation, a subsidiary of DZI, dated July 21, 1998, and all amendments, exhibits, attachments, agreements, and schedules thereto, including, but not limited to, the Operating Agreement.
- I. “Closing Date” means the date on which Respondent (or a Divestiture Trustee) and a Commission-approved Acquirer consummate a transaction to divest GD’s interest in AO.
- J. “Commission-approved Acquirer” means an entity that receives the prior approval of the Commission to acquire GD’s interest in AO.
- K. “Divestiture Trustee” means a trustee appointed by the Commission pursuant to the relevant provisions of this Order.
- L. “DZI” means Day & Zimmermann, Inc., a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, having its principal place of business located at 1818 Market Street, Philadelphia, Pennsylvania, 19103.
- M. “Interim Monitor” means the person appointed pursuant to Paragraph III of the Order to Hold Separate in this matter.
- N. “Iowa Facility” means the Iowa Army Ammunition Plant located in Middletown, Iowa, operated by AO, which loads, assembles, packs, demilitarizes, manufactures and tests ordnance for the United States Army and others.
- O. “Milan Facility” means the Milan Army Ammunition Plant located in Milan, Tennessee, operated by AO, which loads, assembles, packs, demilitarizes, manufactures and tests ordnance for the United States Army and others.

- P. "Operating Agreement" means the American Ordnance LLC Operating Agreement by and between GD and Mason & Hanger Corporation, a subsidiary of DZI, dated July 21, 1998, and all amendments, exhibits, attachments, agreements, and schedules thereto.
- Q. "Remedial Agreement" means any agreement between Respondent and a Commission-approved Acquirer (or between a Divestiture Trustee and a Commission-approved Acquirer) that has been approved by the Commission to accomplish the requirements of this Order, and all amendments, exhibits, attachments, agreements, and schedules thereto, that have been approved by the Commission to accomplish the requirements of this Order.
- R. "Third Party(ies)" means any private entity other than the following: (1) the Respondent, or (2) the Commission-approved Acquirer.

## II.

### **IT IS FURTHER ORDERED** that:

- A. Not later than four (4) months after the Acquisition Date, Respondent shall divest, absolutely and in good faith and at no minimum price, its entire interest in AO. Respondent shall divest only to an acquirer who receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission.
- B. Any Remedial Agreement that has been approved by the Commission between Respondent (or a Divestiture Trustee) and a Commission-approved Acquirer shall be deemed incorporated into this Order, and any failure by Respondent to comply with any term of such Remedial Agreement (which agreement shall not vary or contradict, or be construed to vary or contradict, the terms of this Order) shall constitute a failure to comply with this Order.
- C. Prior to the Closing Date, Respondent shall secure all consents and waivers from all Third Parties that are necessary for the divestiture of GD's interest in AO to the Commission-approved Acquirer, including, but not limited to, all consents and waivers from DZI pursuant to the AO Agreement.
- D. The purpose of the divestiture of GD's interest in AO is to ensure the continuing, viable, and competitive operation of AO in the same business and in the same manner in which AO was engaged at the time of the announcement of the proposed Acquisition and to remedy the lessening of competition alleged in the Commission's complaint.

### III.

**IT IS FURTHER ORDERED** that:

- A. If Respondent has not fully complied with the obligation to divest its interest in AO as required by this Order, the Commission may appoint a trustee (“Divestiture Trustee”) to divest Respondent’s interest in AO pursuant to Paragraph II of this Order in a manner that satisfies the requirements of such Paragraph. In the event that the Commission or the Attorney General brings an action pursuant to § 5(l) of the Federal Trade Commission Act, 15 U.S.C. § 45(l), or any other statute enforced by the Commission, Respondent shall consent to the appointment of a Divestiture Trustee in such action to divest the interest in AO. Neither the appointment of a Divestiture Trustee nor a decision not to appoint a Divestiture Trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to § 5(l) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by Respondent to comply with this Order.
- B. The Commission shall select the Divestiture Trustee, subject to the consent of Respondent, which consent shall not be unreasonably withheld. The Divestiture Trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondent has not opposed, in writing, including the reasons for opposing, the selection of any proposed Divestiture Trustee within ten (10) days after notice by the staff of the Commission to Respondent of the identity of any proposed Divestiture Trustee, Respondent shall be deemed to have consented to the selection of the proposed Divestiture Trustee.
- C. Not later than ten (10) days after the appointment of a Divestiture Trustee, Respondent shall execute a trust agreement that, subject to the prior approval of the Commission, transfers to the Divestiture Trustee all rights and powers necessary to permit the Divestiture Trustee to effect the divestiture required by this Order.
- D. If a Divestiture Trustee is appointed by the Commission or a court pursuant to this Paragraph, Respondent shall consent to the following terms and conditions regarding the Divestiture Trustee’s powers, duties, authority, and responsibilities:
  - 1. Subject to the prior approval of the Commission, the Divestiture Trustee shall have the exclusive power and authority to divest the interest in AO.
  - 2. The Divestiture Trustee shall have one (1) year after the date the Commission approves the trust agreement described herein to accomplish the divestiture, which shall be subject to the prior approval of the Commission. If, however, at the end of the one (1) year period, the Divestiture Trustee has submitted a plan of divestiture or believes that the divestiture can be achieved within a reasonable time, the divestiture period may be

extended by the Commission, or, in the case of a court-appointed Divestiture Trustee, by the court; *provided, however*, the Commission may extend the divestiture period only two (2) times.

3. Subject to any demonstrated legally recognized privilege, the Divestiture Trustee shall have full and complete access to Respondent's and AO's personnel, books, records and facilities related to the relevant assets that are required to be assigned, granted, licensed, divested, delivered or otherwise conveyed by this Order and to any other relevant information, as the Divestiture Trustee may request. Respondent shall develop such financial or other information as the Divestiture Trustee may request and shall cooperate with the Divestiture Trustee. Respondent shall take no action to interfere with or impede the Divestiture Trustee's accomplishment of the divestiture. Any delays in divestiture caused by Respondent shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by the Commission or, for a court-appointed Divestiture Trustee, by the court.
4. The Divestiture Trustee shall use commercially reasonable efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondent's absolute and unconditional obligation to divest expeditiously and at no minimum price. The divestiture shall be made in the manner and to an acquirer as required by this Order; *provided, however*, if the Divestiture Trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the Divestiture Trustee shall divest to the acquiring entity selected by Respondent from among those approved by the Commission; *provided further, however*, that Respondent shall select such entity within five (5) Days after receiving notification of the Commission's approval.
5. The Divestiture Trustee shall serve, without bond or other security, at the cost and expense of Respondent, on such reasonable and customary terms and conditions as the Commission or a court may set. The Divestiture Trustee shall have the authority to employ, at the cost and expense of Respondent, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the Divestiture Trustee's duties and responsibilities. The Divestiture Trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission of the account of the Divestiture Trustee, including fees for the Divestiture Trustee's services, all remaining monies shall be paid at the direction of the Respondent, and the Divestiture Trustee's power shall be terminated. The compensation of the Divestiture Trustee shall be based at least in significant part on a commission arrangement contingent on the divestiture of all of the relevant assets that are required to be divested by this Order.
6. Respondent shall indemnify the Divestiture Trustee and hold the Divestiture Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in

connection with, the performance of the Divestiture Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Divestiture Trustee.

7. The Divestiture Trustee shall have no obligation or authority to operate or maintain the relevant assets required to be granted, licensed, transferred, delivered or otherwise conveyed by this Order.
  8. The Divestiture Trustee shall report in writing to Respondent and to the Commission every sixty (60) days concerning the Divestiture Trustee's efforts to accomplish the divestiture.
  9. Respondent may require the Divestiture Trustee and each of the Divestiture Trustee's consultants, accountants, attorneys and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, such agreement shall not restrict the Divestiture Trustee from providing any information to the Commission.
- E. If the Commission determines that a Divestiture Trustee has ceased to act or failed to act diligently, the Commission may appoint a substitute Divestiture Trustee in the same manner as provided in this Paragraph.
- F. The Commission or, in the case of a court-appointed Divestiture Trustee, the court, may on its own initiative or at the request of the Divestiture Trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture required by this Order.
- G. The Divestiture Trustee appointed pursuant to this Paragraph may be the same person appointed as Interim Monitor pursuant to the relevant provisions of the Order to Hold Separate.

#### IV.

**IT IS FURTHER ORDERED** that GD shall notify the Commission no later than five (5) days after GD submits any proposal to obtain the facilities use contract for either the Iowa Facility and/or the Milan Facility. Such notification shall include a copy of GD's proposal, and any other explanation of the terms of the proposal that GD determines to submit.

## V.

**IT IS FURTHER ORDERED** that:

- A. Within five (5) days of the Acquisition, Respondent shall submit to the Commission a letter certifying the date on which the Acquisition occurred.
- B. Within thirty (30) days after the date this Order becomes final, and every sixty (60) Days thereafter until Respondent has fully complied with Paragraphs II and III, and all its responsibilities to render transitional services, if any, to the Commission-approved Acquirer as provided in the Remedial Agreement(s), Respondent shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with this Order. Respondent shall submit at the same time a copy of its report concerning compliance with this Order to the Interim Monitor, if any Interim Monitor has been appointed. Respondent shall include in its reports, among other things that are required from time to time:
  - 1. a full description of the efforts being made to comply with the relevant Paragraphs of this Order; and
  - 2. a description of all technical assistance, if any, provided to the Commission-approved Acquirer during the reporting period.

## VI.

**IT IS FURTHER ORDERED** that Respondent shall notify the Commission at least thirty (30) days prior to:

- A. any proposed dissolution of such Respondent;
- B. any proposed acquisition, merger or consolidation of Respondent;
- C. any proposed dissolution of AO prior to the divestiture of GD's interest in AO; or
- D. any other change in the Respondents, including, but not limited to, assignment and the creation or dissolution of subsidiaries, if such change might affect compliance obligations arising out of the Order.

## VII.

**IT IS FURTHER ORDERED** that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondent made to its principal United States offices, Respondent shall permit any duly authorized representative of the Commission:

- A. Access, during office hours of Respondent and in the presence of counsel, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda and all other records and documents in the possession or under the control of Respondent related to compliance with this Order; and
- B. Upon five (5) days' notice to Respondent and without restraint or interference from Respondent, to interview officers, directors, or employees of Respondent, who may have counsel present, regarding such matters.

## VIII.

**IT IS FURTHER ORDERED** that this Order shall terminate on February 7, 2017.

By the Commission.

Donald S. Clark  
Secretary

SEAL  
ISSUED: February 7, 2007