

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of)
)
) Docket No. C-3681
Raytheon Company,)
 a corporation.)
_____)

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that Respondent, Raytheon Company ("Raytheon"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire all of the voting securities of Chrysler Technologies Holding, Inc. ("CTH"), a corporation subject to the jurisdiction of the Commission, in violation of Section 5 of the Federal Trade Commission Act ("FTC Act"), as amended, 15 U.S.C. § 45, and that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18 and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45; and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. DEFINITIONS

For purposes of this Complaint the following definitions apply:

1. "Submarine High Data Rate Satellite Communications Terminal" means the system to be procured in the United States Department of the Navy's scheduled competitive procurement of the Submarine High Data Rate Satellite Communications Terminal, a satellite communications system for use on U.S. Navy submarines that is capable of, among other things, transmitting and receiving both super high frequency and extremely high frequency signals.

2. "Antenna and Terminal Controls" means any current or future equipment and services designed, developed, proposed or provided by Electrospace Systems, Inc. in connection with the United States Department of the Navy's procurement of the Submarine High Data Rate Satellite Communications Terminal.

II. RESPONDENT

3. Respondent Raytheon is a corporation organized and existing under and by virtue of the laws of the State of Delaware, with its principal executive offices located at 141 Spring Street, Lexington, Massachusetts 12173.

4. For purposes of this proceeding, Respondent is, and at all times relevant herein has been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affecting commerce as "commerce" is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

III. ACQUIRED COMPANY

5. Chrysler Technologies Holding, Inc. is a corporation organized and existing under and by virtue of the laws of the State of Delaware, with its principal executive offices located at 1000 Chrysler Drive, Auburn Hills, Michigan 48326-2766. CTH's wholly-owned subsidiary, Electrospace Systems, Inc. ("ESI"), researches and develops, among other things, Antenna and Terminal Controls.

6. CTH is, and at all times relevant herein has been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affecting commerce as "commerce" is defined in Section 4 of the FTC act, as amended, 15 U.S.C. § 44.

IV. THE ACQUISITION

7. On April 4, 1996, Raytheon and CTH entered into a Stock Purchase Agreement whereby Raytheon will acquire all of the voting securities of CTH for approximately \$455 million.

V. THE RELEVANT MARKET

8. For purposes of this Complaint, the relevant line of commerce in which to analyze the effects of the acquisition is the research, development, manufacture and sale of the Submarine High Data Rate Satellite Communications Terminal.

9. For purposes of this Complaint, the relevant geographic area in which to analyze the effects of the acquisition is the United States.

VI. TRADE AND COMMERCE

10. The market for the Submarine High Data Rate Satellite Communications Terminal in the United States is highly concentrated whether measured by Herfindahl-Hirschman Indices ("HHI") or concentration ratios.

11. Respondent and CTH's prime contractor, GTE Corporation, are two of a very small number of competitors in the scheduled procurement of the Submarine High Data Rate Satellite Communications Terminal.

12. Entry into the market for the research, development, manufacture and sale of the Submarine High Data Rate Satellite Communications Terminal would not occur in a timely manner to deter or counteract the adverse competitive effects described in Paragraph 13 because of the time required to research and develop the necessary technology and because of the timing of the Department of the Navy's scheduled procurement.

VII. EFFECTS OF THE ACQUISITION

13. The effects of the acquisition may be substantially to lessen competition and to tend to create a monopoly in the relevant market set forth above in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, by, among others ways, providing a means for Respondent or GTE Corporation to gain access to competitively sensitive non-public information concerning the other's Submarine High Data Rate Satellite Communications Terminal designs and bidding strategies, whereby actual competition between Respondent and GTE Corporation would be reduced.

VIII. VIOLATIONS CHARGED

14. The acquisition agreement described in Paragraph 7 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

15. The acquisition described in Paragraph 7, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

IN WITNESS WHEREOF, the Federal Trade Commission has caused this Complaint to be signed by the Secretary and its official seal to be affixed, at Washington, D.C. this third day of September, A.D. 1996.

By the Commission.

Donald S. Clark
Secretary

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