

and regulatory requirement are complied with.

Annual Reporting Burden:

Respondents: 400,

Total Annual responses: 37,400,

Total annual hours requested: 1,100.

OMB Number: OMB 0412-0551.

Form Number: N/A.

Title: U.S. Agency for International Development Acquisition Regulations (AIDAR) Clause 752.70.26 Reports.

Type of Submission: Revision of currently approved collection.

Purpose: Section 635(b) of the Foreign Assistance Act (FAA) authorizes USAID to make contract with any cooperative, international organization, or other body or persons in or out of the United States in furtherance of the purposes and within the limitations of the FAA. To determine how well contractors are performing to meet the requirements of the contract, USAID requires periodic performance reports from contractors. The performance report requirements are contained in the USAID clause new AIDAR reports (October 1996).

Annual Reporting Burden:

Respondents: 350,

Total Annual responses: 2,000,

Total annual hours requested: 8,000.

Dated: October 1, 1997.

Willette L. Smith,

Acting Chief, Information and Records Division, Office of Administrative Services, Bureau of Management.

[FR Doc. 97-26808 Filed 10-8-97; 8:45 am]

BILLING CODE 6116-01-M

DEPARTMENT OF JUSTICE

Antitrust Division

[Civil Action No. 1:97CV01515]

Public Comments and Response on Proposed Final Judgment United States v. Raytheon Company, et al.

Pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)(h), the United States of America hereby publishes below the comments received on the proposed Final Judgment in *United States v. Raytheon Company, et al.*, Civil Action No. 1: 97CV01515, filed in the United States District for the District of Columbia, together with the United States' response to the comments.

Copies of the comments and responses 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 of Columbia, United States

Courthouse, Third Street and Constitution Avenue, N.W., Washington, D.C. 20001. Copies of any of these materials may be obtained upon request and payment of a copying fee.

Constance K. Robinson,

Director of Operations Antitrust Division.

U.S. Department of Justice

Antitrust Division, 1401 H Street, City Center Building, Washington, DC 20530.

September 26, 1997.

John Heston, Senior MMIC Designer,
David Heston, Technical Director Space Programs,

Texas Instruments, Inc., 13510 North Central Expressway, MS 209, Dallas, Texas 75265

Re: *United States, et al. v. Raytheon Company, et al.*; Civil Action No.: 1:97CV01515 (District of Columbia, July 2, 1997)

Dear Messrs. John Heston and David Heston: This letter responds to your letter of August 4, 1997, commenting on the proposed Final Judgment in the above-captioned civil antitrust case challenging the acquisition by Raytheon Company of Texas Instruments' Defense Systems and Electronics Unit. The Complaint alleges that the acquisition violates Section 7 of the Clayton Act, as amended, 15 U.S.C. Section 18, because it is likely substantially to lessen competition in the manufacture and sale of gallium arsenide monolithic microwave integrated circuits (MMICs) in the United States. Under the proposed Final Judgment, the defendants are required to divest Texas Instruments' Defense Systems and Electronics Unit MMICs business located in Dallas, Texas.

In your letter, you expressed concern that the proposed Final Judgment may degrade national security, cause prices of MMICs to increase substantially, eliminate efficiencies, slow technological development of MMICs as well as transmit and receive modules (TR modules), which house the MMICs, and harm synergies between the development of MMICs and TR modules. Your letter recommended approval of the proposed acquisition, or in the alternative, that Texas Instruments' Defense Systems and Electronics Unit TR module business be divested along with the MMICs business.

With regards to the national security issue, the U.S. Department of Justice and the Department of Defense (DoD) found no evidence that challenging this transaction would compromise national security. After a thorough investigation, the Antitrust Division and DoD concluded that the proposed transaction, if not blocked, might lead to higher prices for MMICs. In addition, access to these critical components of advanced radar systems might be foreclosed to Raytheon's radar competitors, thereby, increasing DoD's costs for new radar programs. These radars are an important part of our nation's defense.

The MMIC cost increases you project, should the acquisition not occur, are not supported by the evidence obtained in the Department's investigation. Indeed, the very MMIC and TR module synergies you

hypothesize that would be obtained from the acquisition will likely also be obtained by an alternative purchaser. For example, if the alternative purchaser is a commercial MMIC and/or TR module supplier, the design and capacity utilization efficiencies you discuss should accrue to that purchaser as well. Under these circumstances, the costs of MMICs will not increase and, ultimately, may decline. Moreover, there is little incentive for the commercial alternative purchaser to spurn military business, as you claim, especially in view of the excess capacity in the industry.

This same rational applies to the likelihood of advancement of the MMIC and TR module technology. As you point out, DoD programs require state-of-the-art MMICs and TR modules. First, technological advancements should be enhanced by maintaining competition in the industry not by eliminating it. Second, "cost plus" contracts, which are common in military procurement, by themselves will not ensure low costs or more technological development without ample competition in the marketplace. Without competition, there is little incentive to keep costs down or innovate in MMICs or TR modules. Third, Raytheon, by acquiring the Texas Instruments' TR module business, likely will achieve efficiencies in the research and development and production of its TR modules and MMICs making the achievement of "cross functional technology breakthroughs" possible.

Finally, because our investigation found that competition in the TR module industry is robust and that the MMIC business could easily be segregated for purposes of divestiture, sale of the entire R/F Microwave Unit, as you propose, is not required.

The Antitrust Division appreciates you bringing your concerns to our attention and hopes that this response will alleviate them. While the Department understands your positions, we believe that the proposed Final Judgment will adequately address the competitive concerns created by the Raytheon's acquisition of Texas Instruments' Defense Systems and Electronics Unit. Pursuant to the Antitrust Procedures and Penalties Act, a copy of your letter and this response will be published in the **Federal Register** and filed with the Court.

Thank you for your interest in the enforcement of the antitrust laws.

Sincerely yours,

J. Robert Kramer II,
Chief, Litigation II Section.

To: J. Robert Kramer
From: John Heston, Senior MMIC designer
RTIS, David Heston, Technical Director
Space Programs RTIS

Claim: We claim that the July 2 order of the Department of Justice (97 1515) to break up the R/F Microwave business unit of Raytheon TI Systems (i.e. divestiture of the 'MMIC Business') will degrade the national security in both the short term and long term. It is our premise that the Department of Justice made a premature decision due to time pressures, political pressures, and lack of complete information. This paper presents additional information relevant to the Department of Justice decision and asks for reconsideration.

Our perspective of the July 2 consent decree: On January 6, 1997 Raytheon proposed to purchase the Defense Systems and Electronics Group of Texas Instruments for ~\$3B. In clearing the anti-trust issues with the proposed acquisition the technology used to manufacture radar components (i.e. GaAs MMIC circuits and microwave modules) became an issue. Several months were spent in an investigation of this technology and both Raytheon and Texas Instruments provided information on microwave power amplifiers and modules to the Department of Justice. With direction from the Office of the Secretary of Defense the Department of Justice issued a consent decree to allow the acquisition of TI's defense group provided the 'MMIC Business' of Texas Instruments RF/Microwave Department be divested. The RF/Microwave Department employees ~800 people and had annual sales of ~\$125M in 1996. The RF/Microwave department is comprised of: GaAs operations (MMIC fabrication), module manufacturing, MMIC and module design groups, and program management. The 'MMIC business' as decreed by the Department of Justice comprises ~300 of these people (all of GaAs operations, a portion of the MMIC design and program management capabilities, and the microwave GaAs research lab) and had equivalent revenues of ~\$50M in 1996.

The goal of the Department of Justice decision was to keep Northrop Grumman and other military system suppliers competitive in the microwave module business by ensuring it a supply source of outstanding GaAs MMICs. It was the underlying assumption that this competition was necessary to drive down the cost of military-use MMICs.

However, there are four facts that need to be reviewed again before the consent decree is issued. The conclusions previously reached regarding the impact of this consent decree need to be reconsidered.

Fact 1

The 'MMIC Business' spin-off company will have to raise MMIC costs.

Reasons for FACT 1: The same fabrication overhead will now be spread over a much smaller revenue and people. Short term MMIC costs will soar. Initial estimates provided to the programs from the now 'fire-walled' MMIC Business group indicate a 50% to 100% price increase for MMIC devices. This price increase is effective August 1, 1997. The price increase does not include GNA or profit since they are still part of RTIS.

Also, the synergy existing and being developed between the module and MMIC business will be broken. This synergy includes sharing office space, test equipment, printer/copiers, secretarial support, financial support, prototype parts stock, design seminars, and profit. As a result of eliminating this synergy, the long term cost of the 'MMIC Business' spin-off will remain higher than they would have been regardless of the Buyer.

Revised Conclusion 1A

Northrop Grumman and other military system suppliers will not be able to compete

against Raytheon at the microwave module level in cost since it will be purchasing higher priced MMICs from the 'MMIC Business' spin-off. Raytheon will still have access to their own MMICs which will not change in price. Raytheon will also be able to lower module costs due to synergy between the two module factories (i.e. its own module factory and the one acquired from Texas Instrument's RF/Microwave department).

Revised Conclusion 1B

Short term cost to F-22 and all other RTIS microwave military (cost plus) programs will increase.

Fact 2

The commercial market (not military competition) dominates the volume and cost of every GaAs fabrication plant and thus the cost of military radar MMICs.

Reasons for FACT 2: The bulk of the fab cost is fixed. Therefore, volume drives the cost/die down and allows profits to grow. Military programs have low volumes. Even a military phased array such as F-22 only requires an estimated 500 wafers/year of high yielding power amplifier MMICs [estimate based on 440 planes produced in a 10 year period]. By contrast, cellular phones require millions of units per year (~7000 wafers/year for every 1 million phones.) And the potential commercial telecommunications phased array market (Teledesic, Motorola, Alcatel) is also much larger than the military market. To place this in perspective, in 1996 Texas Instrument's GaAs facility produced only 414 wafers of high power X-band MMICs for all of its microwave customers (military and commercial). The only way to achieve low cost military use MMICs without allowing commercial volume to set the price would be to operate a very tiny GaAs fab.

Revised Conclusion 2A

To provide a good supply of military MMICs, the 'MMIC Business' spin-off must be viably competitive in the commercial market. The increased overhead rate of the 'MMIC Business' spin-off may cause it to lose business to commercial competitors such as MA/COM, Triquent, and RFMD. Unless they are extremely successful in the commercial market the long term cost/availability of the military radar MMICs from this group is questionable. The 'MMIC Business' spin-off will also be focusing their resources on commercial MMICs instead of military MMICs since they know that their survival is dependent upon success in that market.

Fact 3

Military component costs (i.e. radar MMICs and modules) are driven by technology immaturity.

Reasons for FACT 3: Military programs require the latest MMIC technology (0.25um gates, pHEMT material, highest power levels) that has been developed. The program costs are typically driven more by development of this technology and solving unexpected travails of the technology development than by competitive pricing analysis. All the process development costs involved in solving technology development difficulties

are passed onto the government through cost plus contracts.

The GaAs industry is still struggling to solve the two key problems that held Silicon growth down until the 1970's: reliability and FET pinchoff control. These two issues are not as thorny for lower requirement commercial MMICs.

Revised Conclusion 3

Military MMIC cost and availability will likely be improved more by allowing consolidation than by increasing competition. The use of cost plus contracts will prevent the consolidated companies from arbitrarily raising prices on military programs. Commercial competition will keep the MMIC costs low. Teaming agreements between military system suppliers (as is the case on F22 where RTIS and Northrop Grumman are teamed together) can be used to provide a continuous source of microwave components to competitors.

Fact 4

Divestiture of the 'MMIC Business' divides a team that is acknowledged as a leader in military microwave solutions and may impair technical breakthroughs on future military programs. Cost of future military programs will be higher without these breakthroughs.

Reasons for FACT 4

The RF/Microwave department at Texas Instruments has very good synergy between system requirements from government agencies and the technology needed to achieve these requirements. There is synergy between module and MMIC designers, between MMIC designers and the GaAs facility, and between programs and the research lab that has developed over the past 25 years. A number of cross functional engineering teams are in place to promote technology development and minimize re-invention. We have both worked on programs where a Government agency had a technology roadmap of desired system capability and the year they anticipated this capability becoming available. Through a combination of Government research programs and internal investments key technical areas in the research lab and GaAs facility were targeted for development to achieve specific module performance levels. Over a 3 to 4 year period, a number of technical breakthroughs occurred at both device (GaAs process and material) and design (MMIC and module) levels. These breakthroughs enabled system architectures up to 5 years sooner than previously anticipated. Hopefully this pull-up has benefited the National Security and also provided a lower cost solution. This type of technical breakthrough will be much more difficult with the 'MMIC Business' divestiture and a breakup of the cross functional engineering groups developed over many years within the RF/microwave department.

A secondary result of the 'MMIC Business' divestiture is an increased turnover of personnel. Since the decision, three MMIC designers and six process personnel in the 'MMIC Business' have already given notice of

their intention to leave the company and many others are openly talking of leaving due to career uncertainty created by the Justice Department decree. Morale is extremely low and it possibly endangers the core team of MMIC design/process expertise that is being divested.

Revised Conclusion 4

The 'MMIC Business' divestiture will increase the cost of future military microwave components through increased difficulty in achieving cross functional technology breakthroughs.

Revised Conclusion 4B

The 'MMIC Business' spin-off could potentially lose critical mass of its key personnel due to morale problems associated with the Justice Department decree.

Proposed Solution

Keep the R/F Microwave Business unit intact. This will prevent an increase in MMIC costs, keep the company viable for commercial business, and allow the company to continue development of advanced technology.

Option 1: Keep the unit with Raytheon. This will provide the greatest opportunity for high performance, low cost military MMICs and modules. Since RTIS is teamed with Northrop Grumman on the F22 program they will be provided necessary MMICs for their module build as part of that agreement.

Option 2: Spin off the entire R/F Microwave unit from RTIS. This will make Northrop Grumman and other military system suppliers more competitive. The downside is a loss of possible maturity for advanced MMIC processes that would have occurred with the merger (i.e. combination of Raytheon and TI engineers sharing information.)

Regards

John Heston, (972) 995-6051, RTIS, 13510 North Central Expressway, MS 209, Dallas, TX 75265

David Heston, (972) 995-6048, RTIS, 13510 North Central Expressway, MS 262, Dallas, TX 75265

[FR Doc. 97-26828 Filed 10-8-97; 8:45 am]

BILLING CODE 4410-11-M

DEPARTMENT OF JUSTICE

Federal Bureau of Investigation

Criminal Justice Information Services (CJIS) Advisory Policy Board

The Criminal Justice Information Services (CJIS) Advisory Policy Board will meet on December 10-11, 1997, from 9 a.m. until 5 p.m., at the Sunburst Resort Hotel, 4925 Scottsdale Road, Scottsdale, Arizona, telephone 602-945-7666, to formulate recommendations to the Director, Federal Bureau of Investigation (FBI) on the security, policy, and operation of the National Crime Information Center (NCIC), NCIC 2000, the Integrated

Automated Fingerprint Identification System (IAFIS), and the Uniform Crime Reporting and National Incident Based Reporting System programs.

The topics to be discussed will include the progress of the NCIC 2000 and IAFIS projects, and other topics related to the operation of the FBI's criminal justice information systems.

The meeting will be open to the public on a first-come, first-seated basis. Any member of the public may file a written statement concerning the FBI CJIS Division programs or related matters with the Board. Anyone wishing to address this session of the meeting should notify the Designated Federal Employee, at least 24 hours prior to the start of the session. The notification may be by mail, telegram, cable, facsimile, or a hand-delivered note. It should contain the requestor's name, corporate designation, consumer affiliation, or Government designation, along with a short statement describing the topic to be addressed, and the time needed for the presentation. A nonmember requestor will ordinarily be allowed not more than 15 minutes to present a topic, unless specifically approved by the Chairman of the Board.

Inquiries may be addressed to the Designated Federal Employee, Mr. Demery R. Bishop, Section Chief, Programs Development Section, CJIS Division, FBI, 1000 Custer Hollow Road, Clarksburg, West Virginia 26306, telephone 304-625-2740, facsimile 304-625-5090.

Dated: October 3, 1997.

Demery R. Bishop,

Section Chief, Programs Development Section, Federal Bureau of Investigation, Designated Federal Employee.

[FR Doc. 97-26812 Filed 10-8-97; 8:45 am]

BILLING CODE 4410-02-M

DEPARTMENT OF LABOR

Employment and Training Administration

Proposed Collection; Comment Request

ACTION: Notice.

SUMMARY: The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA95) [44 U.S.C. 3506(c)(2)(A)]. This

program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. Currently, the Employment and Training Administration is soliciting comments concerning the proposed new collection of the Center for Employment and Training (CET) 24-Month Follow-Up Survey. A copy of the proposed information collection request (ICR) can be obtained by contacting the office listed below in the addressee section of this notice.

DATES: Written comments must be submitted to the office listed in the addressee section below on or before December 8, 1997. The Department of Labor is particularly interested in comments which:

- evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- enhance the quality, utility, and clarity of the information to be collected; and
- minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

ADDRESSES: Tom NaSell, Office of Policy and Research; 200 Constitution Ave., NW, Room N-5629; Washington DC 20210; (202) 219-5782 (this is not a toll free number).

SUPPLEMENTARY INFORMATION:

I. Background

The Center for Employment Training (CET) model of employment and training programs for out-of-school youth has gained national attention as a result of its strong employment impacts relative to comparable programs. Building on this success, the Department of Labor (DOL) began funding the CET Replication Project in December 1992, providing a grant for CET-San Jose, CA to assist other programs in implementing CET-like training. In 1994 DOL competitively