

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA
U.S. Department of Justice
Antitrust Division
450 Fifth Street, N.W., Suite 8700
Washington, DC 20530,

Plaintiff,

v.

ASSA ABLOY AB
Klarabergsviadukten 90
Stockholm, Sweden SE-111 64

and

SPECTRUM BRANDS HOLDINGS, INC.
3001 Deming Way
Middleton, WI 53562,

Defendants.

Case No. 1:22-cv-02791-ABJ

ASSA ABLOY AB'S ANSWER AND DEFENSES

Defendant ASSA ABLOY AB (“ASSA ABLOY”) responds to the allegations of the Complaint as set forth below. Any allegation not specifically and expressly admitted is denied.

GENERAL RESPONSE TO PLAINTIFFS' ALLEGATIONS

The Complaint paints a picture of a post-transaction world in which the combination of ASSA ABLOY and Spectrum Brands Holdings, Inc.’s Hardware and Home Improvement business (“Spectrum HHI”) will purportedly result in a “merger to near-monopoly” in the alleged premium mechanical door lock market and an “effective duopoly” for smart locks. Yet this post-transaction world *will never exist*. This is because ASSA ABLOY and Spectrum Brands Holdings, Inc.

(“Spectrum”) have committed to a robust divestiture package that will entirely resolve the horizontal overlaps on which the Government’s theories are based.

Spectrum HHI’s complementary product portfolios and capabilities are at the core of what motivates ASSA ABLOY to complete this transaction. ASSA ABLOY’s North America security sales largely have consisted of commercial locksets designed for use in commercial and industrial settings, including hospitals and schools. In contrast, Spectrum HHI’s sales are largely residential locksets designed to reach consumers at entry to mid-level price points. As a result of the complementary transaction, ASSA ABLOY will acquire Spectrum HHI’s Kwikset brand, which will provide ASSA ABLOY with access to mass-market residential sales channels in which today ASSA ABLOY’s reach is exceptionally limited. As a result, ASSA ABLOY will be able to focus on making lower-priced products available to residential consumers that it generally does not reach today. ASSA ABLOY will also provide Kwikset with access to investment and R&D resources that will help spur the introduction of innovative, lower-priced residential products beyond what Kwikset has developed to date. The acquisition of Spectrum HHI manufacturing facilities will further enable ASSA ABLOY to transition the production of certain products to a lower-cost setting. The transaction will result in a company with a broader array of innovative residential products across an expanded set of sales channels, and at a lower cost to consumers.

The sole issue the Government identifies with this transaction is the alleged horizontal overlap between ASSA ABLOY and Spectrum HHI in what the government claims are the markets for premium mechanical door locks and smart locks. Although ASSA ABLOY disagrees with the government’s characterization and does not believe there would be any negative impact on competition from the merger (let alone a substantial lessening of competition, as the Government is required to show), ASSA ABLOY has nonetheless agreed to divestitures that fully resolve this

concern. First, ASSA ABLOY has committed to divest its EMTEK business, the sole focus of the horizontal overlap the Government alleges in its premium mechanical door lock market. This divestiture will include all assets and personnel necessary for EMTEK to compete effectively with Baldwin's brands. Therefore, any alleged head-to-head competition that exists today between EMTEK and Baldwin will continue in full force following this transaction. In other words, the Government's theory that this merger will substantially lessen competition in the premium mechanical door lock market relies on an outcome—the combination of EMTEK and Baldwin—that is never going to happen.

The Government's horizontal theories with respect to its alleged smart locks market fail for similar reasons. The Government devotes a significant portion of its Complaint to describing the alleged "eliminat[ion of] competition" between ASSA ABLOY and Spectrum HHI in the market for smart locks that will occur as a result of the transaction. But ASSA ABLOY has committed to divest its Smart Residential business in the United States ("US") and Canada if the proposed transaction is consummated, including all assets and personnel necessary for the buyer of these divested businesses to continue to compete vigorously with the Kwikset brands post-transaction.

Even absent these divestitures, the Government's horizontal theories cannot be squared with the actual market realities. In the alleged premium mechanical door lock market, the Government argues that post-merger the combination of Baldwin and EMTEK would account for 65% of sales in premium mechanical door locks. This depiction is misleading and ignores Baldwin's sales structure. Baldwin is segmented into three distinct sub-brands. Baldwin's highest-end brand, Baldwin Estate, constitutes the vast majority of Baldwin's business and competes not with EMTEK but with higher end mechanical lock brands. Any assessment of competition between EMTEK and Baldwin must instead be narrowly focused on the Baldwin Reserve brand,

a small percentage of Baldwin’s overall business. Yet the Complaint completely ignores this critical distinction, and instead improperly lumps together Baldwin’s Estate and Reserve brands as if they are one. The Complaint is likewise devoid of any mention of the intense competition EMTEK and Baldwin Reserve face from numerous other high end mechanical lock suppliers.

The DOJ’s horizontal theories of harm in the alleged smart locks market are equally flawed. As a threshold matter, Spectrum’s Kwikset and ASSA ABLOY’s Yale and August businesses offer distinct digital door lock products—with different technological capabilities, at different price points, and through different sales channels—and are not the close “head-to-head” competitors the Complaint casts them to be. Moreover, in all sectors of the nascent and fast-growing digital door locks business, entry barriers are low, sales channels (including online channels) are widely available, and competition is fierce. ASSA ABLOY and Spectrum HHI today face intense competition from a wide range of players in digital locks, including established mechanical lock suppliers, security companies, well-known technology companies, and technology focused start-ups alike. There is simply no support for the Complaint’s depiction of competition (or lack thereof) in the digital door lock space.

ASSA ABLOY is pursuing this transaction not because it will combine Baldwin with EMTEK or Kwikset with August and Yale—the divestiture commitments have eliminated this possibility—but because ASSA ABLOY believes that the transaction will create opportunities for growth into new sales channels, innovation and product development, and decreased manufacturing costs. Each of these benefits will also be shared with consumers. As a result of the proposed divestitures of EMTEK and the ASSA ABLOY Smart Residential business in the US and Canada, ASSA ABLOY and Spectrum have fully addressed the only potential horizontal competitive harms that the Government alleges could result from the transaction.

RESPONSE TO SPECIFIC ALLEGATIONS

ASSA ABLOY denies any allegation unless expressly admitted. Any admission herein is limited to the express language of the response and shall not be deemed an implied admission of additional facts.

The headings in the Complaint are not allegations and therefore no response is required. To the extent a response is required, ASSA ABLOY denies any allegations contained in the headings.

The preamble to the Complaint characterizes this action and states conclusions of law and argument to which no response is required. To the extent the preamble to the Complaint purports to include any factual allegations, ASSA ABLOY denies the allegations in the preamble to the Complaint.

ASSA ABLOY further answers the Complaint as follows:

Answer to Paragraph 1:

ASSA ABLOY admits that residential dwellings in the United States routinely utilize door hardware for privacy and security needs. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 2:

ASSA ABLOY denies the allegations in this paragraph.

Answer to Paragraph 3:

ASSA ABLOY admits the allegations in the first sentence of this paragraph. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 4:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds

that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 5:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business if the proposed transaction is consummated.

Answer to Paragraph 6:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 7:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 8:

ASSA ABLOY admits that it has committed to divest its EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY denies the characterization of the Defendants' "strategy" in

offering a divestiture proposal contained in the first sentence of this paragraph. ASSA ABLOY further denies the remaining allegations of this paragraph. ASSA ABLOY additionally responds that the final sentence of this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 9:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 10:

ASSA ABLOY admits that it is a publicly traded Swedish company headquartered in Stockholm, Sweden. ASSA ABLOY further admits that it is a multinational company with a decentralized business model, and that it manufactures and sells residential and commercial door hardware, doors, and electronic access control systems. ASSA ABLOY additionally admits that it sells residential door hardware in the United States under the August, EMTEK, Sure-Loc, Valli & Valli, and Yale brands. ASSA ABLOY also admits that the Yale lock brand dates back over 150 years. ASSA ABLOY further admits that in its publicly available Annual Report for 2021 it reported sales of approximately 95 billion Swedish krona globally, the value of which in U.S. dollars fluctuates with exchange rates. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY additionally objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c). ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 11:

ASSA ABLOY admits that it was established in 1994 through the merger of Swedish lock maker ASSA AB and Finnish lock maker Abloy Oy. ASSA ABLOY further admits that it has acquired companies since its establishment, including EMTEK in 1999, Yale in 2000, South Korean smart-lock manufacturer iRevo in 2007, Chinese smart-lock manufacturer Digi in 2014, Valli & Valli in 2008, August in 2017, and Sure-Loc in 2021. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 12:

ASSA ABLOY admits the first two sentences in this paragraph, which are derived from publicly available sources. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph.

Answer to Paragraph 13:

ASSA ABLOY admits that Spectrum HHI is headquartered in Lake Forest, California. ASSA ABLOY further admits that Spectrum HHI manufactures and/or sells residential door hardware, certain limited commercial door hardware products, residential plumbing hardware (e.g., kitchen and bathroom faucets), and builders' hardware. ASSA ABLOY additionally admits the allegations contained in the third sentence of this paragraph. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph.

Answer to Paragraph 14:

ASSA ABLOY denies the allegations in the first sentence of this paragraph. ASSA ABLOY admits that Spectrum acquired the Hardware and Home Improvement Group (HHI) of Stanley Black & Decker in 2012 and that Stanley Black & Decker previously acquired Kwikset in 1989, Baldwin and Weiser in 2003, and Tong Lung Metal in 2012. ASSA ABLOY lacks

knowledge sufficient to admit or deny the remaining allegations in this paragraph.

Answer to Paragraph 15:

ASSA ABLOY admits the allegations in the first sentence of this paragraph. ASSA ABLOY denies the remaining allegations in this paragraph. ASSA ABLOY additionally responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 16:

ASSA ABLOY admits that the proposed transaction involves ASSA ABLOY and Spectrum HHI. ASSA ABLOY further admits that both ASSA ABLOY and Spectrum HHI manufacture and produce varying types of door hardware products that are used in a range of applications. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 17:

ASSA ABLOY admits that doors used in a residence include hinged doors and sliding doors. ASSA ABLOY further admits that certain hardware can be affixed to a residential hinged or sliding door that will facilitate the door's opening, closing, or locking. ASSA ABLOY denies that residential door hardware is a term commonly used in the industry or that it refers to an agreed-upon set of products. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 18:

ASSA ABLOY admits that certain hardware that can be affixed to a residential hinged or sliding door operates mechanically while other hardware utilizes a motor that can be operated digitally. ASSA ABLOY denies that residential door hardware is a term commonly used in the industry or that it refers to an agreed-upon set of products, and therefore ASSA ABLOY denies

that all residential door hardware operates mechanically or digitally. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 19:

ASSA ABLOY admits that the latching or locking mechanism in a lockset sometimes is referred to as a chassis. ASSA ABLOY also admits that the hardware used to operate that mechanism sometimes is referred to as the trim. ASSA ABLOY further admits that interior components and exterior components for locks can be purchased together in a set known as a lockset or separately. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 20:

ASSA ABLOY admits that mechanical locksets for residential doors are sold in a wide variety of functions, hardware types, designs, price points, and materials. ASSA ABLOY further admits that certain locksets are designed to be used on exterior doors for an “entrance” function. ASSA ABLOY also admits that certain locksets are designed to be used inside the residence for a “privacy” function. ASSA ABLOY finally admits that certain mechanical door hardware used on doors inside the residence do not incorporate any locks but rather serve “passage” or “dummy” functions. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 21:

ASSA ABLOY admits the allegations in this paragraph.

Answer to Paragraph 22:

ASSA ABLOY admits the allegations in this paragraph.

Answer to Paragraph 23:

ASSA ABLOY admits that most locksets affixed to residential doors, whether interior or exterior, are mechanical. ASSA ABLOY further admits that certain American consumers are

selecting digital locksets for their exterior residential doors. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 24:

ASSA ABLOY admits that certain digital door locks may be referred to as “smart locks.” ASSA ABLOY further admits that in some instances the term “smart lock” can refer to locks that can be operated and/or monitored through a wireless connection to another electronic device. ASSA ABLOY also admits that other digital door locks may be referred to as “non-connected locks.” ASSA ABLOY admits that the term “non-connected locks” generally refers to locks that have no wireless connection and are electronically operated via a device physically connected to the lock itself, such as an electronic keypad. ASSA ABLOY finally admits the allegations contained in the fourth sentence of this paragraph. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 25:

ASSA ABLOY admits that some smart locks can make wireless connections to another device through a variety of technology protocols, including Wi-Fi, Bluetooth, Zigbee, Z-Wave, or Thread. ASSA ABLOY further admits that depending on the protocol users may operate a wirelessly connected smart lock from an application on a smart phone or similar device. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 26:

ASSA ABLOY admits that there is increasing consumer demand for connected digital door lock technology. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph.

Answer to Paragraph 27:

ASSA ABLOY admits that digital door locks are sold at retail in the United States through several different channels, including mass-market retail stores, big box home improvement stores, e-commerce websites, consumer electronics stores, and specialized dealers. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph.

Answer to Paragraph 28:

ASSA ABLOY denies the allegations in this paragraph.

Answer to Paragraph 29:

ASSA ABLOY admits that it sells hardware that is primarily designed to be affixed to residential doors in the United States under the EMTEK, Yale, Sure-Loc, August and Valli & Valli brands. ASSA ABLOY further admits that Spectrum sells hardware that is primarily designed to be affixed to residential doors in the United States under the Baldwin and Kwikset brands. ASSA ABLOY further admits that certain non-connected digital door locks are sold under the Yale brand in the United States. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 30:

ASSA ABLOY admits that it typically distributes products to retailers in the United States and Canada directly or through wholesale distributors. ASSA ABLOY further admits that it also sells hardware that can be affixed to residential doors directly to end-customers in the United States and Canada, though this is less common than sales to retailers directly or through wholesale distributors. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph.

Answer to Paragraph 31:

ASSA ABLOY admits the allegations in this paragraph.

Answer to Paragraph 32:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 33:

ASSA ABLOY admits the allegations in the first two sentences of this paragraph. ASSA ABLOY further admits that certain mechanical door hardware products may be priced higher than others. ASSA ABLOY denies the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 34:

ASSA ABLOY admits that certain mechanical door products are sold primarily through specialized dealers, such as decorative hardware showrooms, door and window shops, and building-supply retailers known as "lumberyards." ASSA ABLOY also admits that those same products are less commonly sold through mass-market retailers, such as "big box" home improvement stores. ASSA ABLOY admits that specialized dealers that sell higher end lock fixtures typically offer high levels of customer service, including in-store displays that exhibit the hardware's customizability and craftsmanship and sales personnel skilled in designing and ordering hardware to exacting standards. ASSA ABLOY further admits that intermediaries such as interior designers may be involved in selecting and ordering higher end lock fixtures. ASSA

ABLOY lacks knowledge sufficient to admit or deny the allegations in the fourth sentence of this paragraph. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 35:

ASSA ABLOY admits that EMTEK, Baldwin Reserve, and Baldwin Estate sell higher end lock fixtures that affix to residential doors. ASSA ABLOY further admits that these brands are distinguishable from the Yale, Kwikset, and Sure-Loc brands. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 36:

ASSA ABLOY admits that its EMTEK brand offers locksets, latchsets, and other door hardware designed for residential exterior doors as well as residential interior doors, both hinged and sliding. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph.

Answer to Paragraph 37:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 38:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 39:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 40:

ASSA ABLOY admits the allegations in the first through third sentences of this paragraph with respect to certain smart locks. ASSA ABLOY lacks knowledge sufficient to admit or deny the allegations in the last two sentences of this paragraph. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 41:

ASSA ABLOY admits the allegations in the second sentence of this paragraph. ASSA ABLOY further admits that smart locks are sold through a variety of channels, including through firms that specialize in consumer electronics and home security technology, including especially consumer electronics retailers, home security companies, and smart home companies. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 42:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 43:

For purposes of this litigation, ASSA ABLOY does not contend that the relevant geographic market is broader than the United States. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 44:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed

transaction is consummated. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 45:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 46:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 47:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 48:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY additionally responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 49:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 50:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 51:

ASSA ABLOY denies the allegations in the first sentence of this paragraph. ASSA ABLOY lacks knowledge sufficient to admit or deny the allegations in the second sentence of this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading.

Answer to Paragraph 52:

ASSA ABLOY denies the allegations in the first sentence of this paragraph. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading.

Answer to Paragraph 53:

ASSA ABLOY denies the allegations in the paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 54:

ASSA ABLOY denies the allegations in this paragraph.

Answer to Paragraph 55:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 56:

ASSA ABLOY denies the allegation in the third sentence of this paragraph. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph.

ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading.

Answer to Paragraph 57:

ASSA ABLOY lacks knowledge sufficient to admit or deny the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading.

Answer to Paragraph 58:

ASSA ABLOY denies the allegations in the first sentence of this paragraph. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business if the proposed transaction is consummated.

Answer to Paragraph 59:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business if the proposed transaction is consummated.

Answer to Paragraph 60:

ASSA ABLOY admits that one component of customer satisfaction is fulfilling orders in a timely fashion. ASSA ABLOY further admits that it strives to fulfill orders in a timely fashion. ASSA ABLOY denies the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents

and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 61:

ASSA ABLOY denies the allegations in the first sentence. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading.

Answer to Paragraph 62:

ASSA ABLOY admits that in some circumstances it provides complimentary in-store displays for showrooms and other dealers to help dealers sell door hardware. ASSA ABLOY further admits that it is a common practice in the showroom sales channel for producer to provide complimentary displays to showrooms and dealers. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 63:

ASSA ABLOY admits that in some circumstances it provides complimentary in-store displays for showrooms and other dealers to help dealers sell door hardware. ASSA ABLOY denies the remaining allegations in the first and second sentences of this paragraph. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading.

Answer to Paragraph 64:

ASSA ABLOY admits that it offers varying aesthetics, customization, and other optionality for its door hardware product offerings. ASSA ABLOY further admits that EMTEK has introduced many new products. ASSA ABLOY denies the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 65:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY additionally responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business if the proposed transaction is consummated.

Answer to Paragraph 66:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 67:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart

Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY additionally responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 68:

ASSA ABLOY denies the allegation in the first sentence of this paragraph. ASSA ABLOY lacks knowledge sufficient to admit or deny the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 69:

ASSA ABLOY admits that it seeks to grow its smart lock business in the United States organically, including in the DIY sales channel. ASSA ABLOY further admits that as part of these efforts it has explored introducing new smart lock products at a variety of price points. ASSA ABLOY denies the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a

protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c). ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 70:

ASSA ABLOY admits that it introduced a new version of its Yale Assure smart lock in September, 2022, and that this version is being referred to as the 400 Series. ASSA ABLOY also admits that it is offering the 400 Series at a price point that is lower than that of Yale's existing smart locks for equivalent functionality, consistent with ASSA ABLOY's ongoing commitment to provide innovative products and greater value to its customers. ASSA ABLOY denies the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 71:

ASSA ABLOY admits that it introduced a new version of its Yale Assure smart lock in September, 2022, and that this version is being referred to as the 400 Series. ASSA ABLOY also admits that it is offering the 400 Series at a price point that is lower than that of Yale's existing smart locks. ASSA ABLOY further admits that the 400 Series is smaller than Yale's existing smart locks and incorporates new features that may not have been available previously. ASSA

ABLOY denies the remaining allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c). ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 72:

ASSA ABLOY lacks knowledge sufficient to admit or deny the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading.

Answer to Paragraph 73:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business if the proposed transaction is consummated.

Answer to Paragraph 74:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 75:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY additionally responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 76:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business if the proposed transaction is consummated.

Answer to Paragraph 77:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY additionally responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 78:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed

transaction is consummated. ASSA ABLOY additionally responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 79:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY additionally responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 80:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21,215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c). ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 81:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that Plaintiffs' quotations from unidentified written material are taken out of context and are misleading. ASSA ABLOY further objects to Plaintiffs' citation to confidential documents and

information that was submitted to DOJ pursuant to the Premerger Notification Program in a public pleading without providing any notice to Defendants or an opportunity to object and seek a protective order. *See* 45 Fed. Reg. 21, 215-216; Antitrust Div. Manual (5th ed.) p. III-66; 15 U.S.C. § 18a(h); 15 U.S.C. § 1313; Fed. R. Civ. P. 26(c).

Answer to Paragraph 82:

ASSA ABLOY admits that ASSA ABLOY and Spectrum have proposed the divestiture of ASSA ABLOY’s EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada to the DOJ. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 83:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 84:

ASSA ABLOY admits that ASSA ABLOY and Spectrum have proposed a robust divestiture to the DOJ constituting ASSA ABLOY’s EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada. ASSA ABLOY further admits that it disclosed this divestiture package to the DOJ well in advance of the filing of this Complaint because it worked with the DOJ to craft the robust divestiture package to which ASSA ABLOY and Spectrum have committed. ASSA ABLOY further admits that the sales process for these business units is ongoing and that it has not yet identified the final buyer to DOJ. ASSA ABLOY denies the remaining allegations in this paragraph.

Answer to Paragraph 85:

ASSA ABLOY denies the characterization of Defendants’ divestiture as “insufficient” or as a “complex carving out (and in some cases splitting of) manufacturing capacity, warehouses,

personnel, intellectual property, supply chain relationships, and other resources.” ASSA ABLOY further denies the remaining allegations of this paragraph. ASSA ABLOY additionally responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 86:

ASSA ABLOY admits that this Court has subject-matter jurisdiction over this action. ASSA ABLOY denies that the acquisition would violate the Clayton Act or provide any basis for Plaintiffs to secure relief against ASSA ABLOY. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY’s commitment to divest ASSA ABLOY’s EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY additionally responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 87:

ASSA ABLOY admits that it is engaged in interstate commerce.

Answer to Paragraph 88:

ASSA ABLOY admits that this Court has personal jurisdiction over ASSA ABLOY as a result of an agreement entered into between ASSA ABLOY and the United States. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 89:

ASSA ABLOY admits that venue is proper in this District as a result of an agreement between ASSA ABLOY and the United States. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 90:

ASSA ABLOY incorporates the responses to paragraphs 1 through 89 above as if set forth fully herein.

Answer to Paragraph 91:

ASSA ABLOY denies that the proposed merger would tend to create a monopoly, reduce competition, or otherwise violate the Clayton Act. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated. ASSA ABLOY further responds that this paragraph asserts a conclusion of law to which no response is required.

Answer to Paragraph 92:

ASSA ABLOY denies the allegations in this paragraph. ASSA ABLOY further responds that this paragraph ignores ASSA ABLOY's commitment to divest ASSA ABLOY's EMTEK business and the ASSA ABLOY Smart Residential business in the US and Canada if the proposed transaction is consummated.

Answer to Paragraph 93:

ASSA ABLOY denies that the United States is entitled to any of the relief requested. ASSA ABLOY requests (1) that the Court order the divestiture of ASSA ABLOY's EMTEK and US Smart Residential businesses as proposed; (2) that it be awarded the costs incurred in defending this action; and (3) that it be awarded any and all other relief the Court may deem just and proper.

ADDITIONAL DEFENSES

ASSA ABLOY denies that it carries the burden of proof on any issue in this action. Without waiving the right to assert that the United States carries the burden of proof on any issue and without assuming the burden of proof on any issue that would otherwise rest with Plaintiff, ASSA ABLOY asserts the following defenses. ASSA ABLOY has not knowingly or intentionally waived any applicable defense and expressly reserves the right to plead additional, affirmative or other defenses should discovery reveal any such defenses.

1. The Complaint fails to state a claim upon which relief can be granted.
2. Plaintiff's claims are too speculative to support any claim for which relief can be granted.
3. Plaintiff has failed to allege any appropriate product or geographic market or markets.
4. Plaintiff has failed to establish that Defendants exercise market power with respect to any relevant market.
5. Plaintiff has failed to establish that the Transaction is likely to have any anticompetitive effect, whether unilateral or coordinated, or result in any anticompetitive harm to customers or consumers, in any relevant market.
6. The Transaction will not harm competition, consumers, or consumer welfare because there is, and will continue to be, entry and expansion by competitors, which is timely, likely, and sufficient.
7. The Transaction will have procompetitive effects, and will result in merger-specific efficiencies, cost synergies, and other procompetitive effects that will benefit customers and consumers.

8. Even if Plaintiff had established that the Transaction is likely to have any anticompetitive effects, those effects will be eliminated by the Divestiture.

9. The injunctive relief that Plaintiff seeks is inequitable and inconsistent with the public interest.

Defendants reserve the right to amend or seek to amend their Answer and/or Defenses.

Dated: October 14, 2022

Respectfully submitted,

By: /s/ Charles A. Loughlin

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Counsel for Defendant ASSA ABLOY AB

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 14th day of October 2022, a copy of the foregoing ASSA ABLOY AB's Answer and Defenses was electronically transmitted to the Clerk of the Court using the CM/ECF system, which will transmit notification of such filing to all registered participants.

/s/ Charles A. Loughlin
Charles A. Loughlin (D.C. Bar #448219)