

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

Plaintiff

v.

CAMERON INTERNATIONAL
CORPORATION

and

NATCO GROUP INC.

Defendants

CASE NO.:

DECK TYPE: Antitrust

DATE STAMP:

09 2165

JUDGE:

HOLD SEPARATE STIPULATION AND ORDER

It is hereby stipulated by and between the undersigned parties, by their respective attorneys, subject to approval and entry by the Court, that:

I. DEFINITIONS

As used in this Hold Separate Stipulation and Order:

A. "Acquirer" or "Acquirers" means the entity or entities to whom defendants divest the Divestiture Assets.

B. "Cameron" means defendant Cameron International Corporation, a Delaware corporation with its headquarters in Houston, Texas, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and all of their directors, officers, managers, agents, and employees.

C. "NATCO" means defendant NATCO Group Inc., a Delaware corporation with its headquarters in Houston, Texas, its successors and assigns, and its subsidiaries, divisions,

groups, affiliates, partnerships and joint ventures, and all of their directors, officers, managers, agents, and employees.

D. "Closing Date" means the date upon which each transfer of the Divestiture Assets from the defendants to the Acquirer or Acquirers takes place.

E. "Dual Frequency Products" means downstream refinery desalters that utilize dual frequency transformers and AC/DC power supplies.

F. "Dual Frequency Technology" means any and all intellectual property, data, drawings, ideas, designs, concepts, know-how, procedures, processes, and any other assets primarily used in or necessary to the development, production, sale, repair, or service of Dual Frequency Products owned or controlled by defendants as of the time of the Closing Date.

G. "EDGE Business" means the desalter and dehydrator assets purchased by Petreco International, Inc. from Howe Baker Engineers Ltd., a wholly owned subsidiary of Chicago Bridge & Iron N.V., pursuant to an Asset Purchase Agreement dated October 7, 2005, and any additions or improvements to such assets made through the Closing Date. The Edge Business includes all inventory specifically related to the EDGE Business as of the Closing Date.

H. "Pilot plant" means equipment used to evaluate and simulate performance of desalter technologies on oil samples.

I. "Refinery desalter" means customized electrostatic desalters used in the oil refining industry.

J. "Divestiture Assets" means:

- (1) All tangible assets primarily used in or necessary to the EDGE Business, including, but not limited to, the inventory of spare parts for the EDGE Business;

engineering drawings and documents related to all prior sales; all licenses, permits, and authorizations issued by any governmental organization relating to the EDGE Business; all contracts, teaming arrangements, agreements, leases, commitments, certifications, and understandings, relating principally to the EDGE Business, including supply agreements; all customer lists, contracts, accounts, and credit records; all repair and performance records and all other records relating to the EDGE Business;

- (2) All intangible assets primarily used in or necessary to the EDGE Business, including, but not limited to, the EDGE Desalter Installation Database and any accompanying design information; the unregistered trademarks “Edge” and “EDGE”; all data concerning installations or pilot testing; the EDGE Desalter Sizing Software Program and related documentation; any other intellectual property including patents and patent applications, licenses and sublicenses, copyrights, trademarks, trade names, service marks, service names, slogans, domain names, logos, and trade dress related to the EDGE Business; any other technical information, software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, specifications for parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, manuals and technical information used principally for the EDGE Business; all repair, performance, financial, and operational records, and all other records relating to the EDGE Business; and all

research data concerning historic and current research and development efforts relating to the EDGE Business, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments;

- (3) At the Acquirer's option, Cameron's pilot plant located in Houston, Texas or NATCO's pilot plant located in Tulsa, Oklahoma; and
- (4) A fully paid-up, non-exclusive, worldwide, non-sublicensable (except to subcontractors of the Acquirer solely for the purpose of having Dual Frequency Products made for the Acquirer) license to the Dual Frequency Technology for the development, production, sale, repair, and service of refinery desalters. This license shall be transferable two years after divestiture of the Divestiture Assets. Defendants shall retain the right and discretion to file and prosecute patent applications and maintain patents in the United States relating to any Dual Frequency Technology developed by defendants prior to the Closing Date, and any such patent shall be considered part of the Dual Frequency Technology and be licensed to the Acquirer. Any improvements or modifications to the Dual Frequency Technology (whether or not patentable) developed by either the defendants or the Acquirer shall be owned solely by such party.

II. OBJECTIVES

The proposed Final Judgment filed in this case is meant to ensure defendants' prompt divestitures of the Divestiture Assets for the purpose of establishing one or more viable competitors in the refinery desalter business in order to remedy the effects that the United States

alleges would otherwise result from Cameron's acquisition of NATCO and Cameron's acquisition of the EDGE Business. This Hold Separate Stipulation and Order ensures, prior to such divestitures, that the Divestiture Assets remain independent, economically viable, and ongoing business concerns that will remain independent and uninfluenced by Cameron, and that competition is maintained during the pendency of the ordered divestitures.

III. JURISDICTION AND VENUE

The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue of this action is proper in the United States District Court for the District of Columbia.

IV. COMPLIANCE WITH AND ENTRY OF FINAL JUDGMENT

A. The parties stipulate that a Final Judgment in the form attached hereto as Exhibit A may be filed and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act (15 U.S.C. § 16), and without further notice to any party or other proceedings, provided that the United States has not withdrawn its consent, which it may do at any time before the entry of the proposed Final Judgment by serving notice thereof on defendants and by filing that notice with the Court.

B. Defendants shall abide by and comply with the provisions of the proposed Final Judgment, pending the Judgment's entry by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation by the parties, comply with all the terms and provisions of the

proposed Final Judgment as though the same were in full force and effect as an order of the Court.

C. Defendants shall not consummate the transaction sought to be enjoined by the Complaint herein before the Court has signed this Hold Separate Stipulation and Order.

D. This Stipulation shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

E. In the event: (1) the United States has withdrawn its consent, as provided in Section IV(A), above; or (2) the proposed Final Judgment is not entered pursuant to this Stipulation, the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Stipulation, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.

F. Defendants represent that the divestitures ordered in the proposed Final Judgment can and will be made, and that defendants will later raise no claim of mistake, hardship, or difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

V. HOLD SEPARATE PROVISIONS

Until the divestitures required by the Final Judgment have been accomplished:

A. Cameron shall take all steps necessary to ensure that the Divestiture Assets are fully maintained in operable condition and shall maintain and adhere to normal repair and maintenance schedules for the Divestiture Assets.

B. Defendants shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer, pledge or otherwise dispose of any of the Divestiture Assets, provided, however, that nothing herein precludes defendants from selling and/or shipping products or inventory in the ordinary course of business.

C. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Divestiture Assets.

D. Defendants' employees with primary responsibility for the operation of the Divestiture Assets shall not be transferred or reassigned to other areas within the company except for transfer bids initiated by employees pursuant to defendants' regular, established job posting policy. Defendant shall provide the United States with ten (10) calendar days notice of such transfer.

E. Defendants shall appoint a person or persons to oversee the Divestiture Assets, and who will be responsible for defendants' compliance with this section. This person shall have complete managerial responsibility for the Divestiture Assets, subject to the provisions of this Final Judgment. In the event such person is unable to perform his duties, defendants shall appoint, subject to the approval of the United States, a replacement within ten (10) working days. Should defendants fail to appoint a replacement acceptable to the United States within this time period, the United States shall appoint a replacement.

F. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestitures pursuant to the Final Judgment to a Acquirer or Acquirers acceptable to the United States.

**VI. DURATION OF HOLD SEPARATE
AND ASSET PRESERVATION OBLIGATIONS**

Defendants' obligations under Section V of this Hold Separate Stipulation and Order shall remain in effect until: (1) consummation of the divestitures required by the proposed Final Judgment; or (2) until further order of the Court. If the United States voluntarily dismisses the Complaint in this matter, defendants are released from all further obligations under this Hold Separate Stipulation and Order.

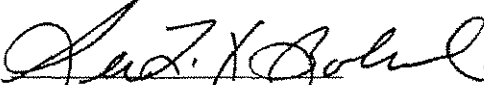
Dated: November 17, 2009

Respectfully submitted,

FOR PLAINTIFF
UNITED STATES OF AMERICA

FOR DEFENDANT CAMERON
INTERNATIONAL CORPORATION


Christine Hill, Esquire
D.C. Bar No.: 461045
United States Department of Justice
Antitrust Division, Litigation II Section
450 Fifth Street, NW
Suite 8700
Washington, DC 20530
Telephone No.: (202) 305-2738


Sean F.X. Boland, Esquire
D.C. Bar No. 249318
Paul C. Cuomo, Esquire
D.C. Bar No. 457793
Howrey LLP
1299 Pennsylvania Avenue, NW
Washington, DC 20004-2402
Telephone No.: (202) 383-7122

FOR DEFENDANT NATCO GROUP
INC.



Bradley C. Weber, Esquire
Locke Lord Bissell & Liddell LLP
2200 Ross Avenue, Suite 2200
Dallas, Texas 75201-6776
Telephone No.: (214) 740-8497

ORDER

IT IS SO ORDERED by the Court, this ____ day of _____ 2009.

United States District Judge