

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA

Plaintiff

v.

CASE NO.:

UNITED TECHNOLOGIES CORPORATION

and

GOODRICH CORPORATION

Defendants

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**HOLD SEPARATE STIPULATION AND ORDER**

It is hereby stipulated and agreed by and between the undersigned parties, 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 which Defendants divest the Divestiture Assets.
- B. “UTC” means Defendant United Technologies Corporation, a Delaware corporation with its headquarters in Hartford, Connecticut, its successors, assigns, subsidiaries, divisions, groups, affiliates, and partnerships, and their directors, officers, managers, agents, and employees.
- C. “Goodrich” means Defendant Goodrich Corporation, a New York corporation with its headquarters in Charlotte, North Carolina, its successors, assigns,

subsidiaries, divisions, groups, affiliates, and partnerships, and their directors, officers, managers, agents, and employees.

D. “Thales” means Thales Avionics Electrical Systems SA, a company incorporated in France with a registered office in Neuilly-Sur-Seine, France, its successors, assigns, subsidiaries, divisions, groups, affiliates, and partnerships, and their directors, officers, managers, agents, and employees.

E. “West Hartford Facility” means Goodrich’s facility located at Charter Oak Boulevard, West Hartford, Connecticut 06133.

F. “Montreal Facility” means Goodrich’s facility located at 5595 Royalmount Avenue, Montreal H4P 1J9 QU, Canada, which will be transitioned to the West Hartford Facility.

G. “Engine Control Products” means all Goodrich products and services that are designed, developed, manufactured, marketed, serviced, distributed, repaired, and/or sold out of or using the assets located in the West Hartford Facility and/or the Montreal Facility on the date the Complaint is filed in this matter, including but not limited to electronic engine controls, fuel metering units, main fuel pumps, and ancillary engine control products (including but not limited to, engine actuators, ejector pumps and tanks, hot oil valves, shut-off valves, flow dividers, start flow control valves, lube pumps, and lube and scavenge pumps). Engine Control Products exclude maintenance, repair, and overhaul services currently performed at the Montreal Facility for the following: (1) products designed specifically to be used on the Rolls-Royce Tay and Spey engines; (2) products designed specifically to be used on the General Electric F404 engine; (3)

products designed specifically to be used on the Pratt & Whitney PW305 engine; and (4) the servo actuator and yaw damper product lines.

H. “Engine Control Divestiture Assets” means:

(1) The West Hartford Facility and all tangible and intangible assets used by or located in the West Hartford Facility;

(2) All tangible and intangible assets used by or located in the Montreal Facility that are used to design, develop, manufacture, market, service, distribute, repair, and/or sell Engine Control Products;

(3) All tangible assets, wherever located, that are used to design, develop, and/or manufacture Engine Control Products, including, but not limited to, assets relating to research and development activities, manufacturing equipment, tooling, fixed assets, personal property, inventory, office furniture, materials, supplies, licenses, permits, authorizations issued by any governmental organization, contracts, teaming arrangements, agreements, leases, commitments, certifications, supply agreements, understandings, customer lists, contracts, accounts, credit records, information technology systems, and repair, performance, and other records; and

(4) All intangible assets, wherever located, that are used to design, develop, and/or manufacture Engine Control Products, including, but not limited to, contractual rights, patents, licenses, sublicenses, intellectual property, copyrights, trademarks, trade names, service marks, service names, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, specifications for parts and devices, safety procedures, quality assurance and control procedures, design tools,

simulation capability, manuals and technical information provided to Goodrich employees, customers, suppliers, agents, or licensees, and research data concerning historic and current research and development efforts, including, but not limited to, designs of experiments and results of successful and unsuccessful designs and experiments;

(5) for intellectual property that is used exclusively for Engine Control Products that is owned and/or controlled by Goodrich, but for which Goodrich's ownership or control is in any way encumbered, an exclusive, irrevocable, royalty-free license for that intellectual property; and

(6) for intellectual property that is used primarily, but not exclusively, for Engine Control Products that is owned and/or controlled by Goodrich, but for which Goodrich's ownership or control is in any way encumbered, a non-exclusive, irrevocable, royalty-free license for that intellectual property.

I. "Twinsburg Facility" means Goodrich's facility located at 8380 Darrow Road, Twinsburg, Ohio 44087.

J. "Pitstone Facility" means Goodrich's facility located at Pitstone Business Park, Westfield Road, Pitstone, Buckinghamshire LU7 9GT, United Kingdom.

K. "Electrical Power Divestiture Assets" means:

(1) The Twinsburg Facility;

(2) The Pitstone Facility, provided, however, that the assets used exclusively for the motor drive business located at the Pitstone facility shall not be divested pursuant to this Final Judgment;

(3) All tangible assets that are used to design, develop, manufacture, market, service, distribute, repair, and/or sell aircraft electrical generation systems and electrical distribution systems that currently are or have been designed, developed, manufactured, marketed, serviced, distributed, repaired, and/or sold by Goodrich Engine Control and Electrical Power Systems, including, but not limited to, assets relating to research and development activities, manufacturing equipment, tooling, fixed assets, personal property, inventory, office furniture, materials, supplies, licenses, permits, authorizations issued by any governmental organization, contracts, teaming arrangements, agreements, leases, commitments, certifications, supply agreements, understandings, customer lists, contracts, accounts, credit records, information technology systems, and repair, performance, and other records;

(4) All intangible assets that are used to design, develop, manufacture, market, service, distribute, repair and/or sell aircraft electrical generation systems and electrical distribution systems that currently are or have been designed, developed, manufactured, marketed, serviced, distributed, repaired, and/or sold by Goodrich Engine Control and Electrical Power Systems, including, but not limited to, contractual rights, patents, licenses, sublicenses, intellectual property, copyrights, trademarks, trade names, service marks, service names, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, specifications for parts and devices, safety procedures, quality assurance and control procedures, design tools, simulation capability, manuals and technical information provided to Goodrich employees, customers, suppliers, agents, or licensees, and research data concerning historic and current research and development

efforts, including, but not limited to, design of experiments and results of successful and unsuccessful designs and experiments;

(5) all intellectual property and know-how that is owned by Goodrich pursuant to the Intellectual Property Agreement between TRW Limited and Thales dated June 27, 2001; and

(6) Goodrich's obligations to BAE Systems pursuant to the Norwegian Sting Ray Mod 1 Torpedo System Programme Procurement Specification and Sub Contract for the Power Supply (5000) Section and Motor Control (6000) Section 296401001/01-02 Issue 1, dated April 30, 2009 and all assets necessary to fulfill those obligations.

The Electrical Power Divestiture Assets exclude assets in or personnel operating out of Goodrich's development center located in Bengaluru, India and Goodrich's MRO Campuses.

L. "Goodrich's MRO Campuses" means all Goodrich facilities, except the Twinsburg Facility and the Pitstone Facility, from which customer support for Goodrich's aircraft electrical generation systems and electrical distribution systems products is provided.

M. "Aerolec Shareholders Agreement" means the Shareholders' Agreement dated May 31, 2001, between TRW France Holding SAS, TRW Limited, and Thales.

N. "Aerolec" means the joint venture established pursuant to the Aerolec Shareholders Agreement.

O. “Aerolec Shares” means all shares of TRW-Thales Aerolec SAS that are owned and/or controlled by Goodrich, TRW France Holding SAS, and/or TRW Limited that were acquired pursuant to the Aerolec Shareholders Agreement.

P. “AEC Joint Venture Agreement” means the Joint Venture Agreement dated December 31, 2008, between Rolls-Royce Engine Controls Holdings Limited, Rolls-Royce Group plc, Goodrich Controls Holding Limited, Goodrich Actuation Systems Limited, Goodrich Corporation, and Rolls-Royce Goodrich Engine Control Systems Limited.

Q. “AEC” means the joint venture established pursuant to the AEC Joint Venture Agreement.

R. “AEC Shares” means all the shares in AEC that are owned and/or controlled by Goodrich.

S. “Divestiture Assets” means the Electrical Power Divestiture Assets, Aerolec Shares, Engine Control Divestiture Assets, and AEC Shares.

T. “Monitoring Trustee” means any monitoring trustee appointed by the United States pursuant to Section XI of the proposed Final Judgment.

U. “Hold Separate Manager” means the persons appointed by UTC to oversee the Engine Control Divestiture Assets and the Electrical Power Divestiture Assets, respectively.

## **II. OBJECTIVES**

The Final Judgment filed in this case is meant to ensure Defendants’ prompt and certain divestiture of the Divestiture Assets for the purpose of establishing one or more independent and economically viable competitors to design, develop, manufacture,

market, service, distribute, repair and/or sell Engine Control Products and aircraft electrical generation systems and electrical distribution systems in order to remedy the effects that the United States alleges would otherwise result from UTC's acquisition of Goodrich. This Hold Separate Stipulation and Order ensures, prior to the divestitures, that the Engine Control Divestiture Assets and the Electrical Power Divestiture Assets remain economically viable, and ongoing business concerns that will remain independent and uninfluenced by UTC, and that competition is maintained during the pendency of the ordered divestitures. This Hold Separate Stipulation and Order also ensures that, prior to the divestitures, the AEC Shares and the Aerolec Shares are managed effectively and that the operation of the AEC Shares and Aerolec Shares will remain independent and uninfluenced by UTC.

### **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 with 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 (APPA), 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 Final



Judgment by serving notice thereof on Defendants and by filing that notice with the Court.

B. Defendants agree to arrange, at their expense, publication as quickly as possible of the newspaper notice required by the APPA, which shall be drafted by the United States in its sole discretion. The publication shall be arranged no later than three business days after Defendants' receipt from the United States of the text of the notice and identity of the newspaper within which the publication shall be made. Defendants shall promptly send to the United States (1) confirmation that publication of the newspaper notice has been arranged; and (2) the certification of the publication prepared by the newspaper within which the notice was published.

C. Defendants shall abide by and comply with the provisions of the proposed Final Judgment, pending the entry of the Final Judgment 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 Hold Separate Stipulation and Order 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.

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

E. This Hold Separate Stipulation and Order 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.

F. 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

Hold Separate Stipulation and Order, 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 Hold Separate Stipulation and Order, and the making of this Hold Separate Stipulation and Order shall be without prejudice to any party in this or any other proceeding.

G. 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 RELATING TO THE  
ENGINE CONTROL DIVESTITURE ASSETS AND  
THE ELECTRICAL POWER DIVESTITURE ASSETS**

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

A. Defendants shall preserve, maintain and continue to operate the Engine Control Divestiture Assets as an independent, ongoing, economically viable and competitive business, with management, sales, and operations of such assets held entirely separate, distinct, and apart from those of UTC's other operations. UTC shall not coordinate the manufacture, marketing, servicing, and/or terms of sale of any engine control product not included within the Engine Control Divestiture Assets with any product designed, developed, manufactured, marketed, serviced, distributed, repaired, and/or sold using the Engine Control Divestiture Assets. UTC shall take all steps necessary to ensure that (1) the Engine Control Divestiture Assets will be maintained and operated as an independent, ongoing, economically viable and active competitor in the

design, development, manufacture, marketing, servicing, distribution, repair, and/or sale of Engine Control Products; (2) management of the Engine Control Divestiture Assets will not be influenced by UTC; and (3) the books, records, competitively sensitive sales, marketing, and pricing information, and decision-making concerning design, development, manufacture, marketing, servicing, distribution, repair and sales of Engine Control Products will be kept separate and apart from UTC's other operations.

B. Defendants shall preserve, maintain and continue to operate the Electrical Power Divestiture Assets as an independent, ongoing, economically viable and competitive business, with management, sales, and operations of such assets held entirely separate, distinct, and apart from those of UTC's other operations. UTC shall not coordinate the manufacture, marketing, servicing, and/or terms of sale of any aircraft electrical generation system or electrical distribution system not included within the Electrical Power Divestiture Assets with any product designed, developed, manufactured, marketed, serviced, distributed, repaired, and/or sold using the Electrical Power Divestiture Assets. UTC shall take all steps necessary to ensure that (1) the Electrical Power Divestiture Assets will be maintained and operated as an independent, ongoing, economically viable and active competitor in the design, development, manufacture, marketing, service, distribution, repair, and/or sale of aircraft electrical generation systems and electrical distribution systems; (2) management of the Electrical Power Divestiture Assets will not be influenced by UTC; and (3) the books, records, competitively sensitive sales, marketing, and pricing information, and decision-making concerning design, development, manufacture, marketing, servicing, distribution, repair

and sales of aircraft electrical generation systems and electrical distribution systems will be kept separate and apart from UTC's other operations.

C. Within twenty days from the entry of the Hold Separate Stipulation and Order, UTC will inform the United States of the steps it has taken to comply with this Hold Separate Stipulation and Order.

D. Defendants shall use all reasonable efforts to maintain and increase the sales and revenues of all products produced by or sold by the Engine Control Divestiture Assets and the Electric Power Divestiture Assets, and shall maintain at 2012 or previously approved levels for 2013, whichever are higher, all promotional, advertising, sales, technical assistance, marketing, and merchandising support for the Engine Control Divestiture Assets and the Electrical Power Divestiture Assets.

E. UTC shall provide sufficient working capital and lines and sources of credit to continue to maintain the Engine Control Divestiture Assets and the Electrical Power Divestiture Assets as economically viable and competitive, ongoing businesses, consistent with the requirements of Paragraphs V(A) and V(B), above.

F. UTC shall take all steps necessary to ensure that the Engine Control Divestiture Assets and the Electrical Power Divestiture Assets are fully maintained in operable condition at no less than current capacity and sales, and shall maintain and adhere to normal repair and maintenance schedules for these assets.

G. Defendants shall not, except as part of the divestitures 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 Engine Control Divestiture Assets or the Electrical Power Divestiture Assets.

H. Defendants shall maintain, in accordance with sound accounting principles, separate, accurate, and complete financial ledgers, books, and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues, and income of the products produced by or with the Engine Control Divestiture Assets and the Electrical Power Divestiture Assets.

I. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Engine Control Divestiture Assets or the Electrical Power Divestiture Assets.

J. Defendants' employees with primary responsibility for the design, development, manufacture, marketing, servicing, distribution, repair and/or sale of any of the products produced with the Engine Control Divestiture Assets or the Electrical Power Divestiture Assets shall not be transferred or reassigned to other areas within Goodrich or UTC except for transfer bids initiated by employees pursuant to Defendants' regular, established job-posting policy. Defendants shall provide the United States with ten calendar days' notice of such transfer. This provision does not apply to Defendants' employees working out of Goodrich's development center located in Bengaluru, India or Goodrich's MRO Campuses.

K. Defendants shall appoint, subject to the approval of the United States, a Hold Separate Manager to oversee the Engine Control Divestiture Assets who will be responsible for Defendants' compliance with this Section. The Hold Separate Manager shall have complete managerial responsibility for the Engine Control Divestiture Assets, subject to the provisions of the proposed Final Judgment. In the event such person is

unable to perform his or her duties, Defendants shall appoint, subject to the approval of the United States, a replacement within ten 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.

L. Defendants shall appoint, subject to the approval of the United States, a Hold Separate Manager to oversee the Electrical Power Divestiture Assets who will be responsible for Defendants' compliance with this Section. The Hold Separate Manager shall have complete managerial responsibility for the Electrical Power Divestiture Assets, subject to the provisions of the proposed Final Judgment. Until the motor drive business is removed from the Pitstone Facility, this person also shall have the ultimate responsibility for resolving conflicting demands for shared resources as between the motor drives business and the business of the Electrical Power Divestiture Assets conducted at the Pitstone Facility. In the event such person is unable to perform his or her duties, Defendants shall appoint, subject to the approval of the United States, a replacement within ten 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.

M. Defendants shall take no action that would interfere with the ability of any Divestiture Trustee appointed pursuant to the Final Judgment to complete the divestitures of the Engine Control Divestiture Assets or the Electrical Power Divestiture Assets, pursuant to the Final Judgment, to an Acquirer or Acquirers acceptable to the United States.

**VI. HOLD SEPARATE PROVISIONS RELATING TO THE AEROLEC SHARES AND THE AEC SHARES**

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

A. Defendants shall take all steps necessary to ensure that the books, records, competitively sensitive sales, marketing or pricing information, and decision making concerning either Aerolec or AEC will be kept separate, distinct, and apart from UTC's other operations. Within thirty days of the entry of this Hold Separate Stipulation and Order, Defendants shall assign control of the Aerolec Shares and the AEC Shares to the Monitoring Trustee. During this thirty-day period, Defendants shall not exercise any rights or interests deriving from ownership of the Aerolec Shares or the AEC Shares.

B. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Aerolec Shares and the AEC Shares.

C. To ensure that the Aerolec Shares and the AEC Shares are held and managed as separate and apart from UTC, the Monitoring Trustee shall exercise Goodrich's rights as shareholder in Aerolec and AEC (except for its rights for dividends that are due before Closing). The Monitoring Trustee shall have the power to replace members of the supervisory board or non-executive directors of the board of directors, who have been appointed on behalf of Goodrich. Upon request of the Monitoring Trustee, Goodrich shall resign as member of the boards or shall cause such members of the boards to resign. In taking any action with regard to appointing or causing to resign any member of the Aerolec or AEC boards, the Monitoring Trustee shall give consideration to appointing or retaining the current board members.

D. Defendants shall take no action that would interfere with the ability of any Divestiture Trustee appointed pursuant to the Final Judgment to complete the divestitures

of the Aerolec Shares and the AEC Shares, pursuant to the Final Judgment, to an Acquirer or Acquirers acceptable to the United States.


**VII. DURATION OF HOLD SEPARATE OBLIGATIONS**

Defendants' obligations under Section V and Section VI of this Hold Separate Stipulation and Order shall remain in effect until (1) the consummation of the divestitures required by the proposed Final Judgment; or (2) 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: July 26, 2012

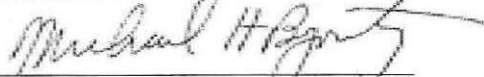
Respectfully submitted,

FOR PLAINTIFF  
UNITED STATES OF AMERICA

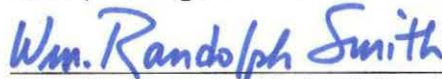


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FOR DEFENDANT  
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A handwritten signature in black ink, appearing to read 'Tom D. Smith', is written over a horizontal line.

Tom D. Smith (D.C. Bar #221986)

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**ORDER**

IT IS SO ORDERED by the Court, this \_\_\_\_ day of \_\_\_\_\_, 2012.

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United States District Judge