# UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

Case No: 1:21-cv-1880

DANFOSS A/S,

and

EATON CORPORATION PLC,

Defendants.

## [PROPOSED] FINAL JUDGMENT

WHEREAS, Plaintiff, United States of America, filed its Complaint on July 14, 2021,

AND WHEREAS, the United States and Defendants, Danfoss A/S ("Danfoss") and Eaton Corporation plc ("Eaton"), have consented to entry of this Final Judgment without the taking of testimony, without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by any party relating to any issue of fact or law;

AND WHEREAS, Defendants agree to make a divestiture to remedy the loss of competition alleged in the Complaint;

AND WHEREAS, Defendants represent that the divestiture and other relief required by this Final Judgment can and will be made and that Defendants will not later raise a claim of hardship or difficulty as grounds for asking the Court to modify any provision of this Final Judgment;

NOW THEREFORE, it is ORDERED, ADJUDGED, AND DECREED:

# I. <u>JURISDICTION</u>

The Court has jurisdiction over the subject matter of and each of the parties to this action. The Complaint states a claim upon which relief may be granted against Defendants under Section 7 of the Clayton Act (15 U.S.C. § 18).

# II. <u>DEFINITIONS</u>

As used in this Final Judgment:

- A. "Danfoss" means Defendant Danfoss A/S, a Danish corporation with its headquarters in Nordborg, Denmark, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, and their directors, officers, managers, agents, and employees.
- B. "Eaton" means Defendant Eaton Corporation plc, an Irish corporation with its headquarters in Dublin, Ireland, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, and their directors, officers, managers, agents, and employees.
- C. "Interpump" means Interpump Group S.p.A., an Italian corporation with its headquarters in Sant'llario d'Enza, Reggio Emilia, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, and their directors, officers, managers, agents, and employees.
- D. "Acquirer" means Interpump Group S.p.A. or another entity approved by the United States in its sole discretion to which Defendants divest the Divestiture Assets.

- E. "Danfoss Orbital Motor Business" means Danfoss's global business of designing, manufacturing, and selling its OMP X, OMR X, OMEW, OMH, OMS, OMM, OML, CE, RE, RC, RS, DH, DS, DT, DR, D9, HB, HK, and WS models of orbital motor products.
- F. "Danfoss Hydraulic Steering Unit Business" means Danfoss's global business of designing, manufacturing, and selling its OSPM, OSPP, LAGB, LAGU, LAGS, LAGC, LAGL, and LAGZ models of hydraulic steering unit products.
- G. "Danfoss Hydraulic Steering Unit IP Licenses" means worldwide, non-exclusive, royalty-free, perpetual, paid-up, irrevocable licenses to the intellectual property listed in Exhibit 1.
- H. "Eaton Orbital Motor Assets" means all of Eaton's assets used to manufacture its
   HP 30, VIS 30, VIS 40, and VIS 45 models of orbital motor products.
- I. "Eaton Hydraulic Steering Unit Assets" means all of Eaton's assets used to manufacture its Series 10 and Series 20 models of hydraulic steering unit products.
- J. "Eaton Orbital Motor IP Licenses" means worldwide, non-exclusive, royalty-free, perpetual, paid-up, irrevocable licenses to the intellectual property listed in Exhibit 2.
- K. "Eaton Hydraulic Steering Unit IP Licenses" means worldwide, non-exclusive, royalty-free, perpetual, paid-up, irrevocable licenses to the intellectual property listed in Exhibit 3.
- L. "Char Lynn IP License" means a non-exclusive, irrevocable, fully paid-up, royalty-free, perpetual license to use the "Char Lynn" trademark to market models HP 30, VIS 30, VIS 40, and VIS 45, or their equivalents, of orbital motors.

- M. "Divestiture Assets" means the Danfoss Divestiture Assets and the Eaton Divestiture Assets.
- N. "Divestiture Date" means the date on which the Divestiture Assets are divested to the Acquirer pursuant to this Final Judgment.
- O. "Danfoss Divestiture Assets" means (i) all assets, located in Zhenjiang, China as of January 21, 2020, including lapping machines, grinders, testers, measurement devices, and any other assets that the United States, in its sole discretion, deems to be necessary for the manufacture of Danfoss's S70 model hydraulic steering unit product and (ii) all of Defendants' rights, titles, and interests in and to the Danfoss Orbital Motor Business, the Danfoss Hydraulic Steering Unit Business, and all other property and assets, tangible and intangible, wherever located, relating to or used in connection with the Danfoss Orbital Motor Business or Danfoss Hydraulic Steering Unit Business, including:
- 1. the facility located at 110 Bill Bryan Blvd, Hopkinsville, KY 42240 (the "Hopkinsville Facility");
- 2. the facility located at ul. Logistyezna 1, 55-040 Kobierzyce, Wroclaw (Poland) (the "Wroclaw Facility");
- the facility located at Ludwigsluster Chaussee 5, 19370, Parchim
   (Germany) (the "Parchim Facility");
- 4. all other real property, including fee simple interests, real property leasehold interests and renewal rights thereto, improvements to real property, and options to purchase any adjoining or other property, together with all buildings, facilities, and other structures;

- 6. all tangible personal property, including fixed assets, machinery and manufacturing equipment, tools, vehicles, inventory, materials, office equipment and furniture, computer hardware, and supplies;
- 7. all contracts, contractual rights, and customer relationships, and all other agreements, commitments, and understandings, including supply agreements, teaming agreements, and leases, and all outstanding offers or solicitations to enter into a similar arrangement;
- 8. all licenses, permits, certifications, approvals, consents, registrations, waivers, and authorizations issued or granted by any governmental organization, and all pending applications or renewals;
- 9. all records and data, including (a) customer lists, accounts, sales, and credits records, (b) production, repair, maintenance, and performance records, (c) manuals and technical information Defendants provide to their own employees, customers, suppliers, agents, or licensees, (d) records and research data concerning historic and current research and development activities, including designs of experiments and the results of successful and unsuccessful designs and experiments, and (e) drawings, blueprints, and designs;
  - 10. the Danfoss Hydraulic Steering Unit IP Licenses;
- all intellectual property owned, licensed, or sublicensed, either as licensor or licensee, including (a) patents, patent applications, and inventions and discoveries that may be patentable, (b) registered and unregistered copyrights and copyright applications, and (c) registered and unregistered trademarks, trade dress, service marks, trade names, and trademark applications; and

12. all other intangible property, including (a) commercial names and d/b/a names, (b) technical information, (c) computer software and related documentation, know-how, trade secrets, design protocols, specifications for materials, specifications for parts, specifications for devices, safety procedures (*e.g.*, for the handling of materials and substances), quality assurance and control procedures, and design tools, and (d) rights in internet web sites and internet domain names.

Provided, however, that the Danfoss Divestiture Assets do not include (i) rights, titles, or interests in real property or tangible personal property located in Zhenjiang, China that is used to manufacture CE, RE, RC, and WS model orbital motor products that, at the Divestiture Date, are sold exclusively to customers outside of the United States; (ii) rights, titles, or interests in real property or tangible personal property located in Nordborg, Denmark that is used to manufacture OMEWF model orbital motor products that, at the Divestiture Date, are sold exclusively to customers outside of the United States; or (iii) intellectual property listed in Exhibit 1.

- P. "Eaton Divestiture Assets" means all of Defendants' rights, titles, and interests in and to the Eaton Orbital Motor Assets, the Eaton Hydraulic Steering Unit Assets, and all other property and assets, tangible and intangible, wherever located, relating to or used in connection with the Eaton Orbital Motor Assets or the Eaton Hydraulic Steering Unit Assets, including:
  - 1. the Char Lynn IP License;
  - 2. the Eaton Orbital Motor IP Licenses;
  - 3. the Eaton Hydraulic Steering Unit IP Licenses;

- 4. the Eaton Divested Equipment and all other tangible personal property, including fixed assets, machinery and manufacturing equipment, tools, vehicles, inventory, materials, office equipment and furniture, computer hardware, and supplies;
- 5. all contracts, contractual rights, and customer relationships, and all other agreements, commitments, and understandings, including supply agreements, teaming agreements, and leases, and all outstanding offers or solicitations to enter into a similar arrangement;
- 6. all licenses, permits, certifications, approvals, consents, registrations, waivers, and authorizations issued or granted by any governmental organization, and all pending applications or renewals;
- 7. all records and data, including (a) customer lists, accounts, sales, and credits records, (b) production, repair, maintenance, and performance records, (c) manuals and technical information Defendants provide to their own employees, customers, suppliers, agents, or licensees, (d) records and research data concerning historic and current research and development activities, including designs of experiments and the results of successful and unsuccessful designs and experiments, and (e) drawings, blueprints, and designs;
- 8. all intellectual property owned, licensed, or sublicensed, either as licensor or licensee, including (a) patents, patent applications, and inventions and discoveries that may be patentable, (b) registered and unregistered copyrights and copyright applications, and (c) registered and unregistered trademarks, trade dress, service marks, trade names, and trademark applications; and

9. all other intangible property, including (a) commercial names and d/b/a names, (b) technical information, (c) computer software and related documentation, know-how, trade secrets, design protocols, specifications for materials, specifications for parts, specifications for devices, safety procedures (*e.g.*, for the handling of materials and substances), quality assurance and control procedures, and design tools, and (d) rights in internet web sites and internet domain names.

Provided, however, that the Eaton Divestiture Assets do not include: (i) real property, (ii) tangible property, including fixed assets, machinery, and manufacturing equipment, used to manufacture Eaton's Series 20 model of hydraulic steering unit products; (iii) the Char Lynn trademark; (iv) intellectual property listed in Exhibit 2; (v) intellectual property listed in Exhibit 3; (vi) paint line assets used for the Eaton Orbital Motor Assets or Eaton Hydraulic Steering Unit Assets; or (vii) at the option of Acquirer, heat treat ovens, phosphate lines, or 80 ton broach used for the Eaton Orbital Motor Assets; or the HMS line used for the Eaton Hydraulic Steering Unit Assets.

- Q. "Eaton Divested Equipment" means machining, assembly, and test assets relating to or used in connection with the production lines used for the Eaton Orbital Motor Assets or Eaton Hydraulic Steering Unit Assets. *Provided, however*, that the Eaton Divested Equipment does not include paint line assets used for the Eaton Orbital Motor Assets or Eaton Hydraulic Steering Unit Assets.
  - R. "Including" means including, but not limited to.
- S. "Relevant Personnel" means all full-time, part-time, or contract employees of Danfoss wherever located, that the United States, in its sole discretion, deems to be primarily

involved in the design, manufacture, or sale of Danfoss's OMP X, OMR X, OMEW, OMH, OMS, OMM, OML, CE, RE, RC, RS, DH, DS, DT, DR, D9, HB, HK, and WS models of orbital motor products and Danfoss's S70, OSPM, OSPP, LAGB, LAGU, LAGS, LAGC, LAGL, and LAGZ models of hydraulic steering unit products, at any time between January 21, 2020, and the Divestiture Date.

Provided, however, Relevant Personnel does not include employees of Danfoss that the United States, in its sole discretion, deems to be primarily engaged in human resources, legal, or other general or administrative support functions. The United States, in its sole discretion, will resolve any disagreement relating to which employees are Relevant Personnel.

- T. "Regulatory Approvals" means any approvals or clearances pursuant to filings under antitrust, competition, or other U.S. or international laws that are required for Acquirer's acquisition of the Divestiture Assets to proceed.
- U. "Transaction" means the proposed acquisition by Danfoss of certain assets and equity interests from Eaton, pursuant to the Stock and Asset Purchase Agreement between Eaton Corporation PLC as the Seller and Danfoss A/S as the Buyer, dated January 21, 2020.

#### III. APPLICABILITY

- A. This Final Judgment applies to Danfoss and Eaton, as defined above, and all other persons in active concert or participation with any Defendant who receive actual notice of this Final Judgment.
- B. If, prior to complying with Section IV and Section V of this Final Judgment,

  Defendants sell or otherwise dispose of all or substantially all of their assets or of business units

that include the Divestiture Assets, Defendants must require any purchaser to be bound by the provisions of this Final Judgment. Defendants need not obtain such an agreement from Acquirer.

#### IV. DIVESTITURES

- A. Defendant Danfoss is ordered and directed, within sixty (60) calendar days after the Court's entry of the Asset Preservation Stipulation and Order in this matter, to divest the Divestiture Assets in a manner consistent with this Final Judgment to Interpump or another Acquirer acceptable to the United States, in its sole discretion. The United States, in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) calendar days in total and will notify the Court of any extensions.
- B. If Defendant Danfoss has not received all Regulatory Approvals within sixty (60) calendar days after the Court's entry of the Asset Preservation Stipulation and Order in this matter, and Acquirer or Defendant Danfoss has initiated contact with any governmental entity to seek any Regulatory Approval within five (5) calendar days after the Court's entry of the Asset Preservation Stipulation and Order in this matter, the time period provided in Paragraph IV.A will be extended until ten (10) calendar days after that Regulatory Approval is received. This extension allowed for securing Regulatory Approvals may be no longer than thirty (30) calendar days past the time period provided in Paragraph IV.A, unless the United States, in its sole discretion, consents to an additional extension.
- C. Defendants must use best efforts to divest the Divestiture Assets as expeditiously as possible. Defendants must take no action that would jeopardize the completion of the divestiture ordered by the Court, including any action to impede the permitting, operation, or divestiture of the Divestiture Assets.

- D. Unless the United States otherwise consents in writing, divestiture pursuant to this Final Judgment must include the entire Divestiture Assets and must be accomplished in such a way as to satisfy the United States, in its sole discretion, that the Divestiture Assets can and will be used by Acquirer as part of a viable, ongoing business of designing, manufacturing, and selling orbital motors and hydraulic steering units for mobile off-road equipment and that the divestiture to Acquirer will remedy the competitive harm alleged in the Complaint.
- E. The divestiture must be made to an Acquirer that, in the United States' sole judgment, has the intent and capability, including the necessary managerial, operational, technical, and financial capability, to compete effectively in the design, manufacture and sale of orbital motors and hydraulic steering units for mobile off-road equipment.
- F. The divestiture must be accomplished in a manner that satisfies the United States, in its sole discretion, that none of the terms of any agreement between Acquirer and Defendant Danfoss gives Defendants the ability unreasonably to raise Acquirer's costs, to lower Acquirer's efficiency, or otherwise interfere in the ability of Acquirer to compete effectively in the design, manufacture, and sale of orbital motors and hydraulic steering units for mobile off-road equipment.
- G. In the event Defendant Danfoss is attempting to divest the Divestiture Assets to an Acquirer other than Interpump, Defendant Danfoss promptly must make known, by usual and customary means, the availability of the Divestiture Assets. Defendant Danfoss must inform any person making an inquiry relating to a possible purchase of the Divestiture Assets that the Divestiture Assets are being divested in accordance with this Final Judgment and must provide that person with a copy of this Final Judgment. Defendants must offer to furnish to all

prospective Acquirers, subject to customary confidentiality assurances, all information and documents relating to the Divestiture Assets that are customarily provided in a due diligence process; *provided, however*, that Defendants need not provide information or documents subject to the attorney-client privilege or work-product doctrine. Defendants must make all information and documents available to the United States at the same time that the information and documents are made available to any other person.

- H. Defendants must provide prospective Acquirers with (1) access to make inspections of the Divestiture Assets; (2) access to all environmental, zoning, and other permitting documents and information relating to the Divestiture Assets; and (3) access to all financial, operational, or other documents and information relating to the Divestiture Assets that would customarily be provided as part of a due diligence process. Defendants also must disclose all encumbrances on any part of the Divestiture Assets, including on intangible property.
- I. Defendants must cooperate with and assist Acquirer in identifying and, at the option of Acquirer, in hiring all Relevant Personnel, including:
- 1. Within ten (10) business days following the filing of the Complaint in this matter, Defendant Danfoss must identify all Relevant Personnel to Acquirer and the United States, including by providing organization charts covering all Relevant Personnel.
- 2. Within ten (10) business days following receipt of a request by Acquirer, the United States, or the monitoring trustee, Defendant Danfoss must provide to Acquirer, the United States, and the monitoring trustee additional information relating to Relevant Personnel, including name, job title, reporting relationships, past experience, responsibilities, training and educational histories, relevant certifications, and job performance evaluations. Defendant

Danfoss must also provide to Acquirer, the United States, and the monitoring trustee information relating to the current and accrued compensation and benefits of Relevant Personnel, including most recent bonuses paid, aggregate annual compensation, current target or guaranteed bonus, if any, any retention agreement or incentives, and any other payments due, compensation or benefit accrued, or promises made to the Relevant Personnel. If Defendant Danfoss is barred by any applicable law from providing any of this information, Defendant Danfoss must provide, within ten (10) business days following receipt of the request, the requested information to the full extent permitted by law and also must provide a written explanation of Defendant Danfoss's inability to provide the remaining information, including specifically identifying the provisions of the applicable laws.

- 3. At the request of Acquirer, Defendants must promptly make Relevant Personnel available for private interviews with Acquirer during normal business hours at a mutually agreeable location.
- 4. Defendants must not interfere with any effort by Acquirer to employ any Relevant Personnel. Interference includes offering to increase the compensation or improve the benefits of Relevant Personnel unless (a) the offer is part of a company-wide increase in compensation or improvement in benefits that was announced prior to January 21, 2020 or (b) the offer is approved by the United States in its sole discretion. Defendants' obligations under this Paragraph will expire six (6) months after the Divestiture Date.
- 5. For Relevant Personnel who elect employment with Acquirer within one hundred-eighty (180) calendar days of the Divestiture Date, Defendant Danfoss must waive all non-compete and non-disclosure agreements; vest and pay to the Relevant Personnel (or to

Acquirer for payment to the employee) on a prorated basis any bonuses, incentives, other salary, benefits or other compensation fully or partially accrued at the time of the transfer of the employee to Acquirer; vest any unvested pension and other equity rights; and provide all other benefits that those Relevant Personnel otherwise would have been provided had the Relevant Personnel continued employment with Defendants, including any retention bonuses or payments. Defendants may maintain reasonable restrictions on disclosure by Relevant Personnel of Defendants' proprietary non-public information that is unrelated to the design, manufacture, and sale of orbital motors and hydraulic steering units and not otherwise required to be disclosed by this Final Judgment.

- J. Defendant Danfoss must warrant to Acquirer that (1) the Divestiture Assets will be operational and without material defect on the date of their transfer to Acquirer; (2) there are no material defects in the environmental, zoning, or other permits relating to the operation of the Divestiture Assets; and (3) Defendant Danfoss has disclosed all encumbrances on any part of the Divestiture Assets, including on intangible property. Following the sale of the Divestiture Assets, Defendants must not undertake, directly or indirectly, challenges to the environmental, zoning, or other permits relating to the operation of the Divestiture Assets.
- K. Defendants must assign, subcontract, or otherwise transfer all contracts, agreements, and customer relationships (or portions of such contracts, agreements, and customer relationships) included in the Divestiture Assets, including all supply and sales contracts, to Acquirer; *provided, however*, that for any contract or agreement that requires the consent of another party to assign, subcontract, or otherwise transfer, Defendants must use best efforts to

accomplish the assignment, subcontracting, or transfer. Defendants must not interfere with any negotiations between Acquirer and a contracting party.

- L. Defendants must use best efforts to assist Acquirer to obtain all necessary licenses, registrations, and permits to operate the Divestiture Assets. Until Acquirer obtains the necessary licenses, registrations, and permits, Defendants must provide Acquirer with the benefit of Defendants' licenses, registrations, and permits to the full extent permissible by law.
- M. Within twelve (12) months after the Court's entry of the Asset Preservation

  Stipulation and Order in this matter, Defendants must relocate the Eaton Divested Equipment to
  one or more locations as specified by Acquirer. In order to fulfill this obligation, the Eaton

  Divested Equipment must be fully operational at the new location(s). The United States, in its
  sole discretion, may agree to one or more extensions of this time period not to exceed six (6)
  months in total.
- N. At the option of Acquirer, and subject to approval by the United States in its sole discretion, on or before the Divestiture Date, Defendant Danfoss must enter into a supply contract or contracts for heat treatment services for the Danfoss Divestiture Assets located in Wroclaw, Poland; gerotors for Eaton's S10 model of hydraulic steering units; spools, sleeves, and gear sets for Danfoss's OSPP model of hydraulic steering units; shafts for Danfoss's OMS model of orbital motors; and the components for Eaton's HP30 2-speed model 22 orbital motor product listed in Exhibit 4, sufficient to meet Acquirer's needs, as determined by Acquirer, for a period of up to twelve (12) months, on terms and conditions reasonably related to market conditions for the supply of heat treatment services, gerotors, spools, sleeves, gear sets, shafts, and the components listed in Exhibit 4. Any amendment to or modification of any provision of

any such supply contract is subject to approval by the United States, in its sole discretion. The United States, in its sole discretion, may approve one or more extensions of any supply contract for a total of up to an additional six (6) months. If Acquirer seeks an extension of the term of any supply contract, Defendants must notify the United States in writing at least sixty (60) days prior to the date the supply contract expires. Acquirer may terminate a supply contract, or any portion of a supply contract, without cost or penalty at any time upon commercially reasonable notice.

- O. At the option of Acquirer, and subject to approval by the United States in its sole discretion, on or before the Divestiture Date, Defendants must enter into a supply contract for HP 30, VIS 30, VIS 40, and VIS 45 models of orbital motor products and S10 and S20 models of hydraulic steering unit products sufficient to meet Acquirer's needs, as determined by Acquirer, for a period of up to eighteen (18) months, on terms and conditions reasonably related to market conditions for the supply of HP/VIS orbital motors and S10 and S20 Hydraulic Steering Units. Any amendment to or modification of any provision of any such supply contract is subject to approval by the United States, in its sole discretion. The United States, in its sole discretion, may approve one or more extensions of any supply contract for a total of up to an additional six (6) months. If Acquirer seeks an extension of the term of any supply contract, Defendants must notify the United States in writing at least sixty (60) days prior to the date the supply contract expires. Acquirer may terminate a supply contract, or any portion of a supply contract, without cost or penalty at any time upon commercially reasonable notice.
- P. At the option of Acquirer, and subject to approval by the United States in its sole discretion, on or before the Divestiture Date, Defendant Danfoss must enter into a contract to

provide transition services for back office, accounting, human resources, information technology services and support, and employee health and safety for the Divestiture Assets, and technical training services and support for the Eaton Divestiture Assets for a period of up to twelve (12) months on terms and conditions reasonably related to market conditions for the provision of the transition services. Any amendment to or modification of any provision of a contract to provide transition services is subject to approval by the United States, in its sole discretion. The United States, in its sole discretion, may approve one or more extensions of any contract for transition services for a total of up to an additional six (6) months. If Acquirer seeks an extension of the term of any contract for transition services, Defendants must notify the United States in writing at least three (3) months prior to the date the contract expires. Acquirer may terminate a contract for transition services, or any portion of a contract for transition services, without cost or penalty at any time upon commercially reasonable written notice. The employee(s) of Defendants tasked with providing transition services must not share any competitively sensitive information of Acquirer with any other employee of Defendants.

Q. For a period of one (1) year following the Divestiture Date, Defendants must not initiate customer-specific communications to solicit any customer for the portion of that customer's business covered by a contract, agreement, or relationship (or portion thereof) that is included in the Divestiture Assets; *provided, however*, that: (1) Defendants may respond to inquiries initiated by customers and enter into negotiations at the request of such customers (including responding to requests for quotation or proposal) to supply any business, whether or not such business was included in the Divestiture Assets; and (2) Defendants must maintain a log of telephonic, electronic, in-person, and other communications that constitute inquiries or

requests from customers within the meaning of this Paragraph and make it available to the United States for inspection upon request. The United States, in its sole discretion, may agree to one or more extensions of this time period not to exceed six (6) months in total.

R. If any term of an agreement between Defendants and Acquirer, including an agreement to effectuate the divestiture required by this Final Judgment, varies from a term of this Final Judgment, to the extent that Defendants cannot fully comply with both, this Final Judgment determines Defendants' obligations.

## V. APPOINTMENT OF DIVESTITURE TRUSTEE

- A. If Defendants have not divested the Divestiture Assets within the period specified in Paragraph IV.A, Defendants must immediately notify the United States of that fact in writing. Upon application of the United States, which Defendants may not oppose, the Court will appoint a divestiture trustee selected by the United States and approved by the Court to effect the divestiture of the Divestiture Assets.
- B. After the appointment of a divestiture trustee by the Court, only the divestiture trustee will have the right to sell the Divestiture Assets. The divestiture trustee will have the power and authority to accomplish the divestiture to an Acquirer acceptable to the United States, in its sole discretion, at a price and on terms obtainable through reasonable effort by the divestiture trustee, subject to the provisions of Sections IV, V, and VI of this Final Judgment, and will have other powers as the Court deems appropriate. The divestiture trustee must sell the Divestiture Assets as quickly as possible.
- C. Defendants may not object to a sale by the divestiture trustee on any ground other than malfeasance by the divestiture trustee. Objections by Defendants must be conveyed in

writing to the United States and the divestiture trustee within ten (10) calendar days after the divestiture trustee has provided the notice of proposed divestiture required by Section VI.

- D. The divestiture trustee will serve at the cost and expense of Defendant Danfoss pursuant to a written agreement, on terms and conditions, including confidentiality requirements and conflict of interest certifications, approved by the United States in its sole discretion.
- E. The divestiture trustee may hire at the cost and expense of Defendant Danfoss any agents or consultants, including investment bankers, attorneys, and accountants, that are reasonably necessary in the divestiture trustee's judgment to assist with the divestiture trustee's duties. These agents or consultants will be accountable solely to the divestiture trustee and will serve on terms and conditions, including confidentiality requirements and conflict-of-interest certifications, approved by the United States in its sole discretion.
- F. The compensation of the divestiture trustee and agents or consultants hired by the divestiture trustee must be reasonable in light of the value of the Divestiture Assets and based on a fee arrangement that provides the divestiture trustee with incentives based on the price and terms of the divestiture and the speed with which it is accomplished. If the divestiture trustee and Defendant Danfoss are unable to reach agreement on the divestiture trustee's compensation or other terms and conditions of engagement within fourteen (14) calendar days of the appointment of the divestiture trustee by the Court, the United States, in its sole discretion, may take appropriate action, including by making a recommendation to the Court. Within three (3) business days of hiring an agent or consultant, the divestiture trustee must provide written notice of the hiring and rate of compensation to Defendant Danfoss and the United States.

- G. The divestiture trustee must account for all monies derived from the sale of the Divestiture Assets sold by the divestiture trustee and all costs and expenses so incurred. Within thirty (30) calendar days of the Divestiture Date, the divestiture trustee must submit that accounting to the Court for approval. After approval by the Court of the divestiture trustee's accounting, including fees for unpaid services and those of agents or consultants hired by the divestiture trustee, all remaining money must be paid to Defendant Danfoss and the trust will then be terminated.
- H. Defendants must use best efforts to assist the divestiture trustee to accomplish the required divestiture. Subject to reasonable protection for trade secrets, other confidential research, development, or commercial information, or any applicable privileges, Defendants must provide the divestiture trustee and agents or consultants retained by the divestiture trustee with full and complete access to all personnel, books, records, and facilities of the Divestiture Assets. Defendants also must provide or develop financial and other information relevant to the Divestiture Assets that the divestiture trustee may reasonably request. Defendants must not take any action to interfere with or to impede the divestiture trustee's accomplishment of the divestiture.
- I. The divestiture trustee must maintain complete records of all efforts made to sell the Divestiture Assets, including by filing monthly reports with the United States setting forth the divestiture trustee's efforts to accomplish the divestiture ordered by this Final Judgment. The reports must include the name, address, and telephone number of each person who, during the preceding month, made an offer to acquire, expressed an interest in acquiring, entered into

negotiations to acquire, or was contacted or made an inquiry about acquiring any interest in the Divestiture Assets and must describe in detail each contact.

- J. If the divestiture trustee has not accomplished the divestiture ordered by this Final Judgment within six (6) months of appointment, the divestiture trustee must promptly provide the United States with a report setting forth (1) the divestiture trustee's efforts to accomplish the required divestiture; (2) the reasons, in the divestiture trustee's judgment, why the required divestiture has not been accomplished; and (3) the divestiture trustee's recommendations for completing the divestiture. Following receipt of that report, the United States may make additional recommendations to the Court. The Court thereafter may enter such orders as it deems appropriate to carry out the purpose of this Final Judgment, which may include extending the trust and the term of the divestiture trustee's appointment by a period requested by the United States.
- K. The divestiture trustee will serve until divestiture of all Divestiture Assets is completed or for a term otherwise ordered by the Court.
- L. If the United States determines that the divestiture trustee is not acting diligently or in a reasonably cost-effective manner, the United States may recommend that the Court appoint a substitute divestiture trustee.

### VI. NOTICE OF PROPOSED DIVESTITURE

A. Within two (2) business days following execution of a definitive agreement with an Acquirer other than Interpump to divest the Divestiture Assets, Defendants or the divestiture trustee, whichever is then responsible for effecting the divestiture, must notify the United States of the proposed divestiture. If the divestiture trustee is responsible for completing the

divestiture, the divestiture trustee also must notify Defendants. The notice must set forth the details of the proposed divestiture and list the name, address, and telephone number of each person not previously identified who offered or expressed an interest in or desire to acquire any ownership interest in the Divestiture Assets.

- B. Within fifteen (15) calendar days of receipt by the United States of the notice required by Paragraph VI.A, the United States may request from Defendants, the proposed Acquirer, other third parties, or the divestiture trustee additional information concerning the proposed divestiture, the proposed Acquirer, and other prospective Acquirers. Defendants and the divestiture trustee must furnish the additional information requested within fifteen (15) calendar days of the receipt of the request, unless the United States provides written agreement to a different period.
- C. Within forty-five (45) calendar days after receipt of the notice required by Paragraph VI.A or within twenty (20) calendar days after the United States has been provided the additional information requested pursuant to Paragraph VI.B, whichever is later, the United States will provide written notice to Defendants and any divestiture trustee that states whether the United States, in its sole discretion, objects to the proposed Acquirer or any other aspect of the proposed divestiture. Without written notice that the United States does not object, a divestiture may not be consummated. If the United States provides written notice that it does not object, the divestiture may be consummated, subject only to Defendants' limited right to object to the sale under Paragraph V.C of this Final Judgment. Upon objection by Defendants pursuant to Paragraph V.C, a divestiture by the divestiture trustee may not be consummated unless approved by the Court.

- D. No information or documents obtained pursuant to this Section may be divulged by the United States to any person other than an authorized representative of the executive branch of the United States, except in the course of legal proceedings to which the United States is a party, including grand-jury proceedings, for the purpose of evaluating a proposed Acquirer or securing compliance with this Final Judgment, or as otherwise required by law.
- E. In the event of a request by a third party for disclosure of information under the Freedom of Information Act, 5 U.S.C. § 552, the United States Department of Justice's Antitrust Division will act in accordance with that statute, and the Department of Justice regulations at 28 C.F.R. part 16, including the provision on confidential commercial information, at 28 C.F.R. § 16.7. Persons submitting information to the Antitrust Division should designate the confidential commercial information portions of all applicable documents and information under 28 C.F.R. § 16.7. Designations of confidentiality expire ten (10) years after submission, "unless the submitter requests and provides justification for a longer designation period." *See* 28 C.F.R. § 16.7(b).
- F. If at the time that a person furnishes information or documents to the United States pursuant to this Section, that person represents and identifies in writing information or documents for which a claim of protection may be asserted under Rule 26(c)(1)(G) of the Federal Rules of Civil Procedure, and marks each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(1)(G) of the Federal Rules of Civil Procedure," the United States must give that person ten (10) calendar days' notice before divulging the material in any legal proceeding (other than a grand-jury proceeding).

## VII. FINANCING

Defendants may not finance all or any part of Acquirer's purchase of all or part of the Divestiture Assets.

## VIII. ASSET PRESERVATION

Defendants must take all steps necessary to comply with the Asset Preservation Stipulation and Order entered by the Court.

#### IX. AFFIDAVITS

- A. Within twenty (20) calendar days of the filing of the Complaint in this matter, and every thirty (30) calendar days thereafter until the divestiture required by this Final Judgment has been completed, each Defendant must deliver to the United States an affidavit, signed by each Defendant's Chief Financial Officer and General Counsel, describing in reasonable detail the fact and manner of that Defendant's compliance with this Final Judgment. The United States, in its sole discretion, may approve different signatories for the affidavits. Defendant Eaton's obligations under this Paragraph IX.A shall cease thirty (30) calendar days after the closing of the Transaction.
- B. Each affidavit required by Paragraph IX.A must include: (1) the name, address, and telephone number of each person who, during the preceding thirty (30) calendar days, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, an interest in the Divestiture Assets, and describe in detail each contact with such persons during that period; (2) a description of the efforts Defendants have taken to solicit buyers for and complete the sale of the Divestiture Assets and to provide required information to prospective Acquirers; and (3) a description of any limitations

placed by Defendants on information provided to prospective Acquirers. Objection by the United States to information provided by Defendants to prospective Acquirers must be made within fourteen (14) calendar days of receipt of the affidavit, except that the United States may object at any time if the information set forth in the affidavit is not true or complete.

- C. Defendants must keep all records of any efforts made to divest the Divestiture Assets until one (1) year after the Divestiture Date.
- D. Within twenty (20) calendar days of the filing of the Complaint in this matter, each Defendant must deliver to the United States an affidavit signed by that Defendant's Chief Financial Officer and General Counsel that describes in reasonable detail all actions that Defendant has taken and all steps that Defendant has implemented on an ongoing basis to comply with Section VIII of this Final Judgment. The United States, in its sole discretion, may approve different signatories for the affidavits.
- E. If a Defendant makes any changes to the actions and steps described in affidavits provided pursuant to Paragraph IX.D, the Defendant must, within fifteen (15) calendar days after any change is implemented, deliver to the United States an affidavit describing those changes.
- F. Defendants must keep all records of any efforts made to comply with Section VIII until one (1) year after the Divestiture Date.

#### X. APPOINTMENT OF MONITORING TRUSTEE

- A. Upon application of the United States, which Defendants may not oppose, the Court will appoint a monitoring trustee selected by the United States and approved by the Court.
- B. The monitoring trustee will have the power and authority to monitor Defendants' compliance with the terms of this Final Judgment and the Asset Preservation Stipulation and

Order entered by the Court and will have other powers as the Court deems appropriate. The monitoring trustee will have no responsibility or obligation for operation of the Divestiture Assets.

- C. Defendants may not object to actions taken by the monitoring trustee in fulfillment of the monitoring trustee's responsibilities under any Order of the Court on any ground other than malfeasance by the monitoring trustee. Objections by Defendants must be conveyed in writing to the United States and the monitoring trustee within ten (10) calendar days of the monitoring trustee's action that gives rise to Defendants' objection.
- D. The monitoring trustee will serve at the cost and expense of Defendant Danfoss pursuant to a written agreement, on terms and conditions, including confidentiality requirements and conflict of interest certifications, approved by the United States in its sole discretion.
- E. The monitoring trustee may hire, at the cost and expense of Defendant Danfoss, any agents and consultants, including investment bankers, attorneys, and accountants, that are reasonably necessary in the monitoring trustee's judgment to assist with the monitoring trustee's duties. These agents or consultants will be solely accountable to the monitoring trustee and will serve on terms and conditions, including confidentiality requirements and conflict-of-interest certifications, approved by the United States in its sole discretion.
- F. The compensation of the monitoring trustee and agents or consultants retained by the monitoring trustee must be on reasonable and customary terms commensurate with the individuals' experience and responsibilities. If the monitoring trustee and Defendant Danfoss are unable to reach agreement on the monitoring trustee's compensation or other terms and conditions of engagement within fourteen (14) calendar days of the appointment of the

monitoring trustee, the United States, in its sole discretion, may take appropriate action, including by making a recommendation to the Court. Within three (3) business days of hiring any agents or consultants, the monitoring trustee must provide written notice of the hiring and the rate of compensation to Defendant Danfoss and the United States.

- G. The monitoring trustee must account for all costs and expenses incurred.
- H. Defendants must use best efforts to assist the monitoring trustee to monitor

  Defendants' compliance with their obligations under this Final Judgment and the Asset

  Preservation Stipulation and Order. Subject to reasonable protection for trade secrets, other

  confidential research, development, or commercial information, or any applicable privileges,

  Defendants must provide the monitoring trustee and any agents or consultants retained by the

  monitoring trustee with full and complete access to all personnel, books, records, and facilities of
  the Divestiture Assets. Defendants may not take any action to interfere with or to impede

  accomplishment of the monitoring trustee's responsibilities.
- I. The monitoring trustee must investigate and report on Defendants' compliance with this Final Judgment and the Asset Preservation Stipulation and Order, including compliance with all supply and transition service agreements and progress of production line transfers. The monitoring trustee must provide periodic reports to the United States setting forth Defendants' efforts to comply with their obligations under this Final Judgment and under the Asset Preservation Stipulation and Order. The United States, in its sole discretion, will set the frequency of the monitoring trustee's reports.
- J. The monitoring trustee will serve until the divestiture of all the Divestiture Assets is finalized pursuant to either Section IV or Section V of this Final Judgment, Defendants have

complied with the terms of the transition services agreements and supply contracts provided for in Paragraphs IV.N, IV.O, and IV.P of this Final Judgment, and Defendants have fulfilled all their obligations under Paragraphs IV.M and IV.Q of this Final Judgment, unless the United States, in its sole discretion, determines a different period is appropriate.

K. If the United States determines that the monitoring trustee is not acting diligently or in a reasonably cost-effective manner, the United States may recommend that the Court appoint a substitute.

## XI. COMPLIANCE INSPECTION

- A. For the purposes of determining or securing compliance with this Final Judgment or of related orders such as the Asset Preservation Stipulation and Order or of determining whether this Final Judgment should be modified or vacated, upon written request of an authorized representative of the Assistant Attorney General for the Antitrust Division, and reasonable notice to Defendants, Defendants must permit, from time to time and subject to legally recognized privileges, authorized representatives, including agents retained by the United States:
- 1. to have access during Defendants' office hours to inspect and copy, or at the option of the United States, to require Defendants to provide electronic copies of all books, ledgers, accounts, records, data, and documents in the possession, custody, or control of Defendants relating to any matters contained in this Final Judgment; and
- 2. to interview, either informally or on the record, Defendants' officers, employees, or agents, who may have their individual counsel present, relating to any matters

contained in this Final Judgment. The interviews must be subject to the reasonable convenience of the interviewee and without restraint or interference by Defendants.

- B. Upon the written request of an authorized representative of the Assistant Attorney General for the Antitrust Division, Defendants must submit written reports or respond to written interrogatories, under oath if requested, relating to any matters contained in this Final Judgment.
- C. No information or documents obtained by the United States pursuant to this Section may be divulged by the United States to any person other than an authorized representative of the executive branch of the United States, except in the course of legal proceedings to which the United States is a party, including grand jury proceedings, for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.
- D. In the event of a request by a third party for disclosure of information under the Freedom of Information Act, 5 U.S.C. § 552, the Antitrust Division will act in accordance with that statute, and the Department of Justice regulations at 28 C.F.R. part 16, including the provision on confidential commercial information, at 28 C.F.R. § 16.7. Defendants submitting information to the Antitrust Division should designate the confidential commercial information portions of all applicable documents and information under 28 C.F.R. § 16.7. Designations of confidentiality expire ten (10) years after submission, "unless the submitter requests and provides justification for a longer designation period." *See* 28 C.F.R. § 16.7(b).
- E. If at the time that Defendants furnish information or documents to the United States pursuant to this Section, Defendants represent and identify in writing information or documents for which a claim of protection may be asserted under Rule 26(c)(1)(G) of the Federal Rules of Civil Procedure, and Defendants mark each pertinent page of such material,

"Subject to claim of protection under Rule 26(c)(1)(G) of the Federal Rules of Civil Procedure," the United States must give Defendants ten (10) calendar days' notice before divulging the material in any legal proceeding (other than a grand jury proceeding).

#### XII. FIREWALL

- A. For a period of two (2) years following the filing of this Proposed Final Judgment, Defendants must implement and maintain procedures to prevent any employees of Defendants from sharing competitively sensitive information relating to the Divestiture Assets with personnel of Defendants with responsibilities relating to Danfoss's or Eaton's design, manufacture, and sale of hydraulic orbital motors or hydraulic steering units.
- B. Defendants, within thirty (30) calendar days of the Court's entry of the Asset Preservation Stipulation and Order, must submit to the United States a document setting forth in detail the procedures implemented to effect compliance with this Section. Upon receipt of the document, the United States will inform Defendants within ten (10) business days whether, in its sole discretion, the United States approves or rejects Defendants' compliance plan. Within ten (10) business days of receiving a notice of rejection, Defendants must submit a revised compliance plan. The United States may request that the Court determine whether Defendants' proposed compliance plan fulfills the requirements of Paragraph XII.A.

## XIII. LIMITATIONS ON REACQUISITIONS

Defendants may not reacquire any part of or any interest in the Divestiture Assets during the term of this Final Judgment without prior authorization of the United States.

## XIV. RETENTION OF JURISDICTION

The Court retains jurisdiction to enable any party to this Final Judgment to apply to the Court at any time for further orders and directions as may be necessary or appropriate to carry out or construe this Final Judgment, to modify any of its provisions, to enforce compliance, and to punish violations of its provisions.

## XV. ENFORCEMENT OF FINAL JUDGMENT

- A. The United States retains and reserves all rights to enforce the provisions of this Final Judgment, including the right to seek an order of contempt from the Court. Defendants agree that in a civil contempt action, a motion to show cause, or a similar action brought by the United States relating to an alleged violation of this Final Judgment, the United States may establish a violation of this Final Judgment and the appropriateness of a remedy therefor by a preponderance of the evidence, and Defendants waive any argument that a different standard of proof should apply.
- B. This Final Judgment should be interpreted to give full effect to the procompetitive purposes of the antitrust laws and to restore the competition the United States alleges was harmed by the challenged conduct. Defendants agree that they may be held in contempt of, and that the Court may enforce, any provision of this Final Judgment that, as interpreted by the Court in light of these procompetitive principles and applying ordinary tools of interpretation, is stated specifically and in reasonable detail, whether or not it is clear and unambiguous on its face. In any such interpretation, the terms of this Final Judgment should not be construed against either party as the drafter.
- C. In an enforcement proceeding in which the Court finds that Defendants have violated this Final Judgment, the United States may apply to the Court for an extension of this

Final Judgment, together with other relief that may be appropriate. In connection with a successful effort by the United States to enforce this Final Judgment against a Defendant, whether litigated or resolved before litigation, that Defendant agrees to reimburse the United States for the fees and expenses of its attorneys, as well as all other costs including experts' fees, incurred in connection with that effort to enforce this Final Judgment, including in the investigation of the potential violation.

D. For a period of four (4) years following the expiration of this Final Judgment, if the United States has evidence that a Defendant violated this Final Judgment before it expired, the United States may file an action against that Defendant in this Court requesting that the Court order: (1) Defendant to comply with the terms of this Final Judgment for an additional term of at least four (4) years following the filing of the enforcement action; (2) all appropriate contempt remedies; (3) additional relief needed to ensure the Defendant complies with the terms of this Final Judgment; and (4) fees or expenses as called for by this Section.

## XVI. EXPIRATION OF FINAL JUDGMENT

Unless the Court grants an extension, this Final Judgment will expire ten (10) years from the date of its entry, except that after five (5) years from the date of its entry, this Final Judgment may be terminated upon notice by the United States to the Court and Defendants that the divestiture has been completed and continuation of this Final Judgment is no longer necessary or in the public interest.

## XVII. PUBLIC INTEREST DETERMINATION

Entry of this Final Judgment is in the public interest. The parties have complied with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16, including by making

United States District Judge

Exhibit 1: Danfoss Hydraulic Steering Unit Licenses Granted to Acquirer			
Patent No	Title	Country	Grant Date
EP 1 910 151	Electrohydraulic Steering System with Cut-Off Valve and Sensor	Denmark	6-Oct-10
EP 1 910 151	Electrohydraulic Steering System with Cut-Off Valve and Sensor	France	6-Oct-10
EP 1 910 151	Electrohydraulic Steering System with Cut-Off Valve and Sensor	Germany	6-Oct-10
EP 1 910 151	Electrohydraulic Steering System with Cut-Off Valve and Sensor	Great Britain	6-Oct-10
EP 1 910 151	Electrohydraulic Steering System with Cut-Off Valve and Sensor	Italy	6-Oct-10
CN 101233040	Electrohydraulic Steering System with Cut-Off Valve and Sensor	China	12-Oct-11
US 7,677,351	Electrohydraulic Steering System with Cut-Off Valve and Sensor	USA	16-Mar-10
3410349	Plug	European Design	7-Oct-16
304354829	Plug	China	14-Nov-17

Exhibit 2: Eaton Orbital Motor Licenses Granted to Acquirer			
Patent No	Title	Country	Grant Date
201380038257.X	COMBINED MOTOR AND BRAKE ROTATING BRAKE-RELEASE PISTON	China	28-Dec-16
2895739	COMBINED MOTOR AND BRAKE ROTATING BRAKE-RELEASE PISTON	European Patent Convention	
6214652	COMBINED MOTOR AND BRAKE ROTATING BRAKE-RELEASE PISTON	Japan	29-Sep-17
9175563	COMBINED MOTOR AND BRAKE WITH ROTATING BRAKE-RELEASE PISTON	United States	3-Nov-15
EP2875237	FREEWHEEL HYDRAULIC MOTOR	European Patent Convention	28-Mar-18
602013035067.1	FREEWHEEL HYDRAULIC MOTOR	Germany	28-Mar-18
EP2875237	FREEWHEEL HYDRAULIC MOTOR	Great Britain	28-Mar-18
502018000016462	FREEWHEEL HYDRAULIC MOTOR	Italy	28-Mar-18
9551222	FREEWHEEL HYDRAULIC MOTOR	United States	24-Jan-17

Exhibit 3: Eaton Hydraulic Steering Unit Licenses to Acquirer			
Patent No	Title	Country	Grant Date
6769249	LOW SLIP STEERING SYSTEM AND IMPROVED FLUID CONTROLLER THEREFOR	United States	3-Aug-03
6769451	POWER BEYOND STEERING UNIT WITH BYPASS	United States	3-Aug-03
6782698	STEERING CONTROL UNIT WITH LOW NULL BAND LOAD SENSING BOOST	United States	31-Aug-03
EP2250068	FLUID CONTROLLER WITH MULTIPLE FLUID METERS	Denmark	10-Jul-13
EP2250068	FLUID CONTROLLER WITH MULTIPLE FLUID METERS	France	10-Jul-13
602009017015.5	FLUID CONTROLLER WITH MULTIPLE FLUID METERS	Germany	10-Jul-13
EP2250068	FLUID CONTROLLER WITH MULTIPLE FLUID METERS	Great Britain	10-Jul-13
EP2250068	FLUID CONTROLLER WITH MULTIPLE FLUID METERS	Italy	10-Jul-13
EP2250068	FLUID CONTROLLER WITH MULTIPLE FLUID METERS	Spain	10-Jul-13
8225603	FLUID CONTROLLER WITH MULTIPLE FLUID METERS	United States	24-Jul-12
3010785B1	FLUID CONTROLLER WITH LOAD SENSE AND FLOW AMPLIFICATION	European Patent Convention	17-Jun-14
9920776	FLUID CONTROLLER WITH LOAD SENSE AND FLOW AMPLIFICATION	United States	20-Mar-18
4725695	FLUID CONTROLLER AND FLUID METER BYPASS ARRANGEMENT	Japan	22-Apr-11

529996	FLUID CONTROLLER AND FLUID METER BYPASS ARRANGEMENT	South Korea	14-Nov-11
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Exhibit 4: Orbital Motor Components for Eaton's HP30 2-Speed Model 22 Orbital Motor Product		
Component Part Number	Part Description	
8483-000	Shaft	
8731-000	Front Retainer	
6037923-001	Bearing Housing	
202879-004	Drive Spacer	
5992182-008	Drive	
5992182-010	Drive	
9004-002	Quad Ring	
8732-000	Backup Washer	
6212-000	Dust Seal	
6037922-001	Adapter Plate	
6181-000	Bearing Spacer	
9001-002	Thrust Bearing Washer	
9001-003	Thrust Bearing Washer	
9001-004	Thrust Washer	
9002-003	Thrust Bearing	
9002-004	Thrust Bearing	
9003-002	Radial Bearing	
16292-100	Cap Screw	
15045-000	Seal	
25001-046	O Ring	