



EUROPEAN COMMISSION

Hearing Officer

Final Report of the Hearing Officer¹
UTC / Goodrich
(COMP/M.6410)

On 20 February 2012, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004² (hereinafter referred to as the "Merger Regulation") by which United Technologies Corporation ("UTC") acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of Goodrich Corporation ("Goodrich ") by way of purchase of shares.

Upon examination of the notification, the Commission concluded that the operation fell within the scope of the Merger Regulation and raised serious doubts as to its compatibility with the internal market and the Agreement on the European Economic Area. On 26 March 2012, the Commission accordingly initiated proceedings pursuant to Article 6(1)(c) of the Merger Regulation.

As set out in the Article 6(1)(c) decision, the serious doubts related to the following products: aircraft AC power generators, engine controls and fuel nozzles. In the course of the phase II market investigation the existing serious doubts were confirmed and new vertical concerns emerged in relation to fuel nozzles. In state of play meetings on 18 April 2012 and 10 May 2012, the Parties were informed about DG Competition's preliminary findings of the still on-going market investigation. The Parties were also afforded the opportunity to comment on the competition concerns raised by DG Competition, which they did. They also submitted additional documents and evidence to remove the concerns.

In order to avoid the issuance of a statement of objections the Parties submitted a draft remedy package on 29 May 2012. Since the package did not address the market for fuel nozzles, DG Competition informed the Parties that the previous concerns in relation to this market had not been dispelled and that additional vertical concerns in relation to Goodrich's cooperation on fuel nozzles with a further engine manufacturer had emerged.

¹ Pursuant to Articles 16 and 17 of Decision 2011/695/EU of the President of the European Commission of 13 October 2011 on the function and terms of reference of the hearing officer in certain competition proceedings, OJ L 275, 20.10.2011, p. 29.

² Council Regulation (EC) No 139/2004 of 20.1.2004 on the control of concentrations between undertakings, OJ L 24, 29.1.2004, p. 1. With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this report.

Subsequently, UTC proposed commitments which modify the notified concentration to the extent that it would not significantly impede effective competition on the worldwide markets for aircraft AC power generation, engine controls for small engines and fuel nozzles. On the basis of this commitment proposal the Commission services concluded that the proposed transaction would not significantly impede effective competition in the internal market, and is therefore compatible with the Merger Regulation and the EEA Agreement. Accordingly, no statement of objections was sent to UTC.

The draft decision provides for a clearance of the proposed concentration subject to certain conditions and to the compliance with obligations arising of UTC's commitment proposal.

I have not received any request of procedural nature from the parties to the transaction. The draft decision does not contain any objections on which the parties have not had the opportunity to make known their views.

I therefore conclude that the addressees of the draft Decision were able to effectively exercise their procedural rights and that their right to be heard has been respected.

Brussels, 12 July 2012

(signed)
Michael ALBERS