

ACQUISITION BY PARKER HANNIFIN CORPORATION OF MEGGITT PLC

Undertakings given by Parker-Hannifin Corporation to the Secretary of State pursuant to paragraph 3 of Schedule 7 of the Enterprise Act 2002

Please note that [X] indicates figures or text which have been deleted for reasons of commercial confidentiality.

Whereas:

- (a) On 2 August 2021 Parker-Hannifin Corporation (**Parker**) announced a public offer to acquire the entire share capital of Meggitt PLC (**Meggitt**) (the **Transaction**) such that Parker and Meggitt (together, the **Parties**), upon completion of the Transaction, will cease to be distinct for the purposes of the Enterprise Act 2002 (the **Act**);
- (b) On 18 October 2021 the Secretary of State issued a Public Interest Intervention Notice (**PIIN**) pursuant to section 42(2) of the Act and asked the Competition and Markets Authority (**CMA**) to report to the Secretary of State by 18 March 2022 pursuant to section 44 of the Act, i.e., including a decision as to whether the CMA believes that the Transaction may be expected to result in a substantial lessening of competition and whether it would be appropriate to deal with the matter by way of undertakings in lieu of a reference to a Phase 2 investigation;
- (c) On 18 March 2022 the CMA submitted its report to the Secretary of State pursuant to section 44 of the Act. The CMA's report concluded that the Transaction may be expected to result in a substantial lessening of competition in the supply of wheels and brakes to fixed wing aircraft within the Overlap Window, including general aviation aircraft, business jets and military aircraft, as well as to civil and military rotorcraft;
- (d) Under section 45(4) of the Act the Secretary of State has a duty to refer a relevant merger situation for a Phase 2 investigation where he believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation and the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the UK for goods or services and/or the relevant merger situation may be expected to operate against the public interest;

- (e) Under paragraph 3 of Schedule 7 of the Act the Secretary of State may, instead of making such a reference and for the purpose of remedying, mitigating or preventing any of the effects adverse to public interest (including the substantial lessening of competition concerned or any adverse effect which has or may have resulted from it or may be expected to result from it), accept undertakings to take such action as he considers appropriate, from such of the parties concerned as he considers appropriate. In particular, the Secretary of State shall have regard to the need to achieve as comprehensive a solution as is reasonable and practicable to the effects adverse to public interest (including the substantial lessening of competition and any adverse effects resulting from it);
- (f) On 8 April 2022 the Secretary of State requested the CMA pursuant to section 93 of the Act to carry out consultations with the Parties on whether they would be willing to offer undertakings which the Secretary of State would be prepared to accept under paragraph 3 of Schedule 7 of the Act. The Secretary of State requested the CMA to provide a report to the Secretary of State on the outcome of the CMA's consultations, including advice on whether any undertakings offered should be accepted by the Secretary of State;
- (g) The CMA considers that the undertakings given below by Parker would be appropriate to remedy, mitigate or prevent the substantial lessening of competition, or any adverse effect which has or may have resulted from the Transaction, or may be expected to result from it; and
- (h) Prior to the acceptance of these undertakings by the Secretary of State, Parker will enter into a legally binding agreement to divest the Divestment Business as a going concern to a Purchaser on terms to be approved by the Secretary of State. This agreement will be conditional only on Secretary of State acceptance of these undertakings, completion of the Transaction, required approvals or clearances from the United States of America, and the Italian Foreign Direct Investment Authority, as well as approval of the Purchaser by the European Commission, and UK Competition and Markets Authority and/or the Secretary of State. This agreement will include a warranty that the Purchaser has the financial resources, expertise (including the managerial, operational and technical capability), incentive and intention to maintain and operate the Divestment Business as part of a viable and active business in competition with Parker and other competitors.

NOW THEREFORE Parker hereby gives to the Secretary of State the following undertakings for the purpose of remedying, mitigating or preventing the substantial lessening of competition, or any adverse effect which has or may have resulted from it or may be expected to result from it.

1 EFFECTIVE DATE OF THE UNDERTAKINGS

- 1.1 These undertakings shall take effect from the date that, having been signed by Parker, they are accepted by the Secretary of State.

2 DIVESTMENT OF THE DIVESTMENT BUSINESS

- 2.1 Parker shall ensure that the completion of the divestment of the Divestment Business to the Purchaser contemplated by the agreement referred to in recital (h) of these undertakings takes place within a period not exceeding three months from the date the Secretary of State has approved the Purchaser and the terms of sale.
- 2.2 Parker shall use all reasonable endeavours to ensure the transfer of Key Personnel with the divestment of the Divestment Business.
- 2.3 In the event that Parker fails to complete the divestment of the Divestment Business in accordance with paragraphs 2.1 and 2.2 above, the Secretary of State may, whether or not initiating the Trustee Functions as set out in paragraph 4 below, require Parker to divest the Divestment Business as a going concern at no minimum price to a purchaser or purchasers approved by the Secretary of State.

3 APPROVAL OF PURCHASER AND TERMS OF DIVESTMENT

- 3.1 For the purposes of the Secretary of State approving a Purchaser and the terms of the divestment of the Divestment Business in accordance with these undertakings, Parker shall, save as required or permitted by the Secretary of State, satisfy the Secretary of State that:
- (a) the acquisition by the Purchaser of the Divestment Business, on the terms set out above, remedies, mitigates or prevents the substantial lessening of competition concerned or any adverse effect which may be expected to result from it, in particular having regard to the need to achieve as comprehensive a solution as is reasonable and practicable to the substantial lessening of competition and any adverse effects resulting from it;
 - (b) the Purchaser is independent of and unconnected to Parker and the Group of Interconnected Bodies Corporate to which Parker belongs and any Associated Person or Affiliate of Parker or such Group of Interconnected Bodies Corporate;

- (c) the Purchaser has the financial resources, expertise (including the managerial, operational and technical capability), incentive and intention to maintain and operate the Divestment Business as a viable and active business in competition with Parker and other competitors from the date of completion of the divestment of the Divestment Business;
- (d) the Purchaser is reasonably to be expected to obtain all necessary approvals, licences and consents from any regulatory or other authority; and
- (e) the acquisition by the Purchaser of the Divestment Business does not create a realistic prospect of a substantial lessening of competition within any market or markets in the UK.

3.2 The Secretary of State may require Parker to provide him with such information and documentation as he may reasonably require to satisfy the Secretary of State that the Purchaser will fulfil the requirements in paragraph 3.1 above.

4 APPOINTMENT OF A TRUSTEE

4.1 The provisions of paragraph 4.2 to paragraph 4.7 below shall apply only as long as Parker has not satisfied, or where the Secretary of State has reasonable grounds for believing that Parker will not satisfy, all or any part of the obligation to divest the Divestment Business in accordance with paragraph 2 above.

4.2 Within 5 Working Days of the Secretary of State notifying Parker in writing that it must do so, Parker shall propose to the Secretary of State for approval:

- (a) the names of at least two individuals to exercise the Trustee Functions; and
- (b) the full terms of a mandate in accordance with which the Trustee shall carry out the Trustee Functions.

4.3 Parker and/or any individuals nominated pursuant to paragraph 4.2 shall satisfy the Secretary of State that, save as required or permitted by the Secretary of State:

- (a) such nominated individuals have the necessary qualifications to carry out their mandates, and are employees or partners of an investment bank, retail bank, commercial property agent, building society or law firm or

accountancy firm with an established reputation either nationwide or in a substantial part of the UK or in another EU member state;

- (b) such nominated individuals are each independent of Parker and of the Group of Interconnected Bodies Corporate to which Parker belongs and of any Associated Person or Affiliate of Parker or of such Group of Interconnected Bodies Corporate and of any Proposed Purchaser of the Divestment Business to be sold pursuant to these undertakings, and, in the reasonable opinion of Parker, are appropriate to be appointed as Trustee; and
- (c) such nominated individuals neither are, nor are likely to become, exposed, either directly or indirectly, to a conflict of interest that impairs or may be likely to impair their objectivity or independence in discharging the Trustee Functions.

4.4 Within 2 Working Days of the Secretary of State approving, at his discretion, one or more of the persons nominated by Parker and their proposed mandates pursuant to paragraph 4.2 above, and subject to any modifications the Secretary of State deems necessary for the Trustee to carry out the Trustee Functions, Parker shall use its best endeavours to appoint from the persons so approved one person to carry out the Trustee Functions in accordance with the mandate approved by the Secretary of State pursuant to paragraph 4.2 above.

4.5 In the event that:

- (a) Parker fails to propose any person or persons in accordance with paragraph 4.2 above; or
- (b) none of the persons proposed by Parker pursuant to paragraph 4.2 is approved by the Secretary of State; or
- (c) Parker is unable for any reason to appoint within the time limit stipulated in paragraph 4.4 above any such person following approval by the Secretary of State,

Parker shall use its best endeavours to appoint from persons nominated by the Secretary of State one person to carry out the Trustee Functions on the terms of a mandate approved by the Secretary of State. Parker shall use its best endeavours to make such appointment within 5 Working Days of receiving the nominations from the Secretary of State.

4.6 The appointment of the Trustee pursuant to paragraph 4.4 or paragraph 4.5 above shall be irrevocable unless:

- (a) a conflict of interest that impairs or may be likely to impair the objectivity or independence of the Trustee in discharging the Trustee Functions arises;
- (b) the Trustee ceases to perform the Trustee Functions; or
- (c) the Secretary of State is otherwise satisfied that there is good cause for the appointment to be terminated in advance of the satisfactory fulfilment of the Trustee Functions.

4.7 In the event that the appointment of the Trustee is terminated in accordance with paragraph 4.6 above, Parker shall, if requested to do so in writing by the Secretary of State, use its best endeavours to appoint from persons nominated by the Secretary of State one person to carry out the Trustee Functions in accordance with such mandate as is approved by the Secretary of State. Parker shall use its best endeavours to make such appointment within seven Working Days of receiving the nominations from the Secretary of State. Where required by the Secretary of State, the outgoing Trustee shall continue as Trustee until a new Trustee is in place and a full handover of all relevant information has taken place.

5 THE MANDATE

5.1 The terms of the mandate proposed by Parker pursuant to paragraph 4.2 above shall, as a minimum, contain all provisions necessary to enable the Trustee to carry out the Trustee Functions including, without limitation to the generality of this paragraph:

- (a) an exclusive, irrevocable mandate to sell the Divestment Business as required by paragraph 6.1 below to a purchaser as directed or approved in writing in advance by the Secretary of State at no minimum price and on such reasonable terms and conditions as the Trustee considers appropriate to effect an expedient sale;
- (b) a mandate to take any other steps necessary for, or incidental to, the Trustee's mandate under sub-paragraph (a) above;
- (c) a comprehensive power of attorney to the Trustee (including the authority to grant sub-powers of attorney to the Trustee's officers, employees and agents) to enable it to take all steps necessary or appropriate to effect the sale of the Divestment Business;
- (d) a mandate to comply with any orders and/or directions given by the Secretary of State; and

- (e) a mandate to appoint at Parker's expense such advisers as the Secretary of State and/or the Trustee reasonably considers necessary or appropriate in connection with the performance of the Trustee Functions.

6 FUNCTIONS OF TRUSTEE

- 6.1 The Trustee shall seek to procure, within such period as may be specified in writing by the Secretary of State, the completion of the sale of the Divestment Business at no minimum price, to a purchaser or purchasers approved by the Secretary of State in accordance with paragraph 6.3 below.
- 6.2 Without prejudice to the generality of paragraph 6.1 above, the Trustee shall take the following measures in relation to the Divestment Business to the extent to which such measures may be necessary to effect the divestment of the Divestment Business in accordance with the provisions of these undertakings:
 - (a) the transfer or vesting of property, assets, rights, personnel, liabilities or obligations (including without prejudice any contracts, licences, authorisations, permits or consents);
 - (b) any other transfer of interests that will take effect with the sale;
 - (c) the adjustment of contracts, whether by discharge or reduction or assignment of any liability or obligation or otherwise;
 - (d) the creation, allotment, transfer, surrender or cancellation of any shares, stock or securities; and
 - (e) the formation or winding up of a company.
- 6.3 The Trustee shall not sell or permit the divestment of the Divestment Business to a Purchaser unless it has been directed to do so by the Secretary of State or has obtained the Secretary of State's prior written approval in respect of the identity of that Purchaser. The Trustee shall notify the Secretary of State of the identity of a Purchaser as soon as reasonably practicable prior to the signing of a legally enforceable agreement and in any event at least 20 Working Days in advance of the proposed completion of the proposed sale and purchase agreement in question.
- 6.4 Pending the divestment of the Divestment Business pursuant to paragraph 6.1 above, the Trustee shall monitor Parker's compliance with its obligations under paragraph 7.1 and paragraph 7.2 below and shall promptly take such measures as it considers necessary to ensure such compliance, as well as

reporting in writing to the Secretary of State, if the Trustee concludes on reasonable grounds that Parker is failing or will fail to comply with such obligations.

6.5 The Trustee may give written directions to Parker to take such steps as may be specified or described in the directions for the purpose of securing Parker's compliance with its obligations under these undertakings or enabling the Trustee to carry out the Trustee Functions. The Trustee may not require Parker to:

- (a) offer any reverse premium or similar inducement to a purchaser; or
- (b) accept any actual or contingent liability towards a purchaser or otherwise in connection with the divestment of the Divestment Business which would be unusual in scope, duration or financially, having regard to the price and usual market practice in relation to similar disposals.

6.6 The Trustee shall, as soon as reasonably practicable, comply at all times with any reasonable instructions or written directions made by the Secretary of State for the purposes of carrying out or securing compliance with the undertakings (or any matter incidental thereto) and shall provide to the Secretary of State such information and reports in relation to the carrying out of the Trustee Functions as the Secretary of State may require. The Trustee shall promptly report in writing to the Secretary of State if the Trustee concludes on reasonable grounds that Parker is failing or will fail to comply with any of its obligations under these undertakings.

6.7 For the purpose of fulfilling the Trustee Functions, the Trustee shall not be bound by instructions of Parker nor shall the Trustee Functions be extended or varied in any way by Parker save with the prior express written consent of the Secretary of State.

7 OBLIGATIONS OF PARKER FOLLOWING APPOINTMENT OF TRUSTEE

7.1 Parker shall not give any instruction or request to the Trustee which conflicts with the Trustee Functions.

7.2 Parker shall take all such steps as are reasonably necessary to enable the Trustee to carry out the Trustee Functions, including but not limited to:

- (a) complying with such written directions as the Trustee may from time to time give pursuant to paragraph 6.6 above; and

- (b) providing the Trustee with all such assistance and information as it may reasonably require in carrying out the Trustee Functions.

8 REMUNERATION OF TRUSTEE

- 8.1 Parker shall pay the Trustee a reasonable remuneration for the services it provides in carrying out the Trustee Functions, and shall pay the Trustee in a way that does not impede the independent and effective fulfilment of the Trustee Functions, which shall be set out in the Trustee's mandate referred to in paragraph 5 above.

9 INTERIM ACTION

- 9.1 Pending the completion of the divestment of the Divestment Business to the satisfaction of the Secretary of State in accordance with the provisions of these undertakings, save as otherwise agreed in advance in writing by the Secretary of State, Parker shall minimise as far as possible any risk of loss of competitive potential of the Divestment Business and in particular ensure that:
 - (a) the Divestment Business is carried on separately from Parker and the Divestment Business's separate sales or brand identity is maintained;
 - (b) the Divestment Business is maintained as a going concern and sufficient resources are made available for the development of the Divestment Business, on the basis of its pre-Transaction business plans;
 - (c) except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within, the Divestment Business;
 - (d) the nature, description, range and quality of goods and services supplied in the UK by the Divestment Business are maintained and preserved;
 - (e) except in the ordinary course of business:
 - (i) all of the assets of the Divestment Business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Divestment Business are disposed of; and
 - (iii) no interest in the assets of the Divestment Business is created or disposed of;
 - (f) the customer and supplier lists of the Divestment Business shall be operated and updated separately and any negotiations with any existing

or potential customers and suppliers in relation to the Divestment Business will be carried out by the Divestment Business alone and for the avoidance of doubt Parker will not negotiate on behalf of the Divestment Business or enter into any joint agreements with the Divestment Business, provided that this clause will have no impact on the ongoing provision of the limited shared services in relation to certain group-level customer support and contract administration functions relating to military aftermarket provided by Parker Retained Personnel to the Divestment Business during the interim period;

- (g) no changes are made to Key Staff of the Divestment Business;
- (h) no Key Staff are transferred between the Divestment Business and Parker;
- (i) all reasonable steps are taken to encourage all Key Staff to remain with the Divestment Business; and
- (j) no Confidential Information relating to either of the Divestment Business or Parker shall pass, directly or indirectly, from the Divestment Business (or any of its employees, directors, agents or affiliates) to Parker (or any of its employees, directors, agents or affiliates), or vice versa, except where strictly necessary in the ordinary course of business (for example, where required for compliance with external regulatory and/or accounting obligations, or to facilitate the provision of shared group services (e.g. IT, HR, legal) during the interim period) or any steps necessary in order for Parker to comply with these undertakings, including the transfer of information necessary for the divestment process, provided that, upon divestment of the Divestment Business, any records or copies (electronic or otherwise) of Confidential Information held by Parker in relation to the Divestment Business (or vice versa) shall be returned to the relevant business and any copies destroyed (except as may be necessary for the purposes of compliance with the obligations above).

9.2 At all times, Parker will actively keep the Secretary of State and the CMA informed of any material developments relating to the Divestment Business, which includes, but is not limited to:

- (a) details of Key Personnel who leave the Divestment Business;
- (b) any interruption of the Divestment Business (including without limitation its procurement, production, logistics, sales and employee relations

arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;

- (c) all substantial customer volumes lost by the Divestment Business; and
- (d) substantial changes in the Divestment Business's contractual arrangements or relationships with key suppliers.

10 CONTINUED SEPARATION

10.1 Except with the prior written consent of the Secretary of State, for a period of 10 years following the divestment of the Divestment Business pursuant to these undertakings, Parker, or any member of the Group of Interconnected bodies Corporate to which Parker belongs:

- (a) shall not, directly or indirectly, hold, acquire, re-acquire or use:
 - (i) an Interest in the Divestment Business; or
 - (ii) any Interest in any company carrying on or having Control of the Divestment Business (other than any investments made in the ordinary course of the operation of any of the employee benefit and pension schemes of Parker or of any members of the Group of Interconnected Bodies Corporate to which Parker belongs of not more than three per cent in aggregate of the issued equity share capital in any such company, whose shares are listed or dealt with on any recognised investment exchange, which carries no more than three per cent of the voting rights exercisable at meetings of such company); or
 - (iii) other than in the normal course of business, any of the assets of the Divestment Business;
- (b) shall procure that no employee or director of Parker or any member of the Group of Interconnected Bodies Corporate to which Parker belongs for as long as they are an employee or director of Parker or any member of the Group of Interconnected Bodies Corporate to which Parker belongs holds or is nominated to any directorship or managerial position in the Divestment Business or directorship or managerial position in any company or other undertaking carrying on or having control of the Divestment Business without the Secretary of State' prior written consent;

- (c) shall not participate in the formulation of, or (other than in the ordinary course of business) influence or attempt to influence, the policy of the Divestment Business or any company or other undertaking carrying on or having control of that Divestment Business; and
- (d) shall not enter into or carry out any agreement or arrangement with any person, if the carrying out of the agreement or arrangement is intended to result or will result in any Associated Person or Affiliate of Parker or of any member of the Group of Interconnected Bodies Corporate to which Parker belongs directly or indirectly acquiring the Divestment Business or doing any of the things listed in sub-paragraphs 10.1, 10.1(b) and 10.1(c) above.

11 COMPLIANCE

- 11.1 Parker shall comply promptly with such written directions as the Secretary of State or CMA may from time to time give:
 - (a) to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings; or
 - (b) to do or refrain from doing anything so specified or described which it might be required by these undertakings to do or to refrain from doing.
- 11.2 Parker shall co-operate fully with the Secretary of State or CMA when the Secretary of State or CMA is:
 - (a) monitoring compliance with the provisions of these undertakings; and
 - (b) investigating potential breaches of the provisions of these undertakings.
- 11.3 Parker shall procure that any member of the same Group of Interconnected Bodies Corporate as Parker complies with these undertakings as if it had given them and actions and omissions of the members of the same Group of Interconnected Bodies Corporate as Parker shall be attributed to Parker for the purposes of these undertakings.
- 11.4 Where any Affiliate of Parker is not a member of the same Group of Interconnected Bodies Corporate as Parker, Parker shall use its best endeavours to procure that any such Affiliate shall comply with these undertakings as if it had given them.

12 PROVISION OF INFORMATION

- 12.1 Parker shall furnish promptly to the Secretary of State and the CMA such information as the Secretary of State and the CMA considers necessary in relation to or in connection with the implementation and/or enforcement of and/or the compliance with these undertakings, including for the avoidance of doubt, any Confidential Information.

13 EXTENSION OF TIME LIMITS

- 13.1 The Secretary of State may, in response to a written request from Parker, or otherwise at his own discretion, grant an extension to any time period referred to in these undertakings.

14 SERVICE

- 14.1 Parker hereby authorises its legal representatives Freshfields Bruckhaus Deringer LLP, whose address for service is c/o Alex Potter / Michele Davis, Freshfields Bruckhaus Deringer LLP, 100 Bishopsgate, London EC2P 2SR, to accept service on its behalf of all documents, orders, requests, notifications or other communications connected with these undertakings (including any document of any kind which falls to be served on or sent to Parker, or any of its Subsidiaries in connection with any proceedings in Courts in the UK, orders, requests, notifications or other communications connected with these undertakings).
- 14.2 Unless Parker informs the Secretary of State and the CMA in writing that their legal representatives Freshfields Bruckhaus Deringer LLP has ceased to have authority to accept and acknowledge service on its or any of its Subsidiaries' behalf, any document, order, request, notification or other communication shall be validly served on Parker if it is served on Freshfields Bruckhaus Deringer LLP; and service shall be deemed to have been acknowledged by Parker if it is acknowledged by Freshfields Bruckhaus Deringer LLP or such other nominee.
- 14.3 Paragraph 14.2 above has effect irrespective of whether, as between Parker and Freshfields Bruckhaus Deringer LLP or other nominees, Freshfields Bruckhaus Deringer LLP or other nominees have or continue to have any authority to accept and acknowledge service on Parker's or any of its respective Subsidiaries' behalf.
- 14.4 No failure or mistake by Freshfields Bruckhaus Deringer LLP or other nominees (including a failure to notify Parker of the service of any document, order, request, notification or other communication) shall invalidate any action taken in respect of these undertakings including any proceedings or judgment.

14.5 Any communication from Parker to the Secretary of State under these undertakings shall be addressed to the Secretary of State at the Department for Business, Energy & Industrial Strategy, 1 Victoria Street, London, SW1H 0ET, United Kingdom or such other person or address as the Secretary of State may direct in writing.

15 EFFECT OF INVALIDITY

15.1 Should any provision of these undertakings be contrary to law or invalid for any reason, Parker undertakes to continue to observe the remaining provisions.

16 GOVERNING LAW

16.1 Parker recognises and acknowledges that these undertakings shall be governed and construed in all respects in accordance with English law.

16.2 In the event that a dispute arises concerning these undertakings, Parker undertakes to submit to the courts of England and Wales.

17 TERMINATION

17.1 Parker recognises and acknowledges that these undertakings shall be in force until such time as they are varied, released or superseded under the Act.

17.2 Parker recognises and acknowledges that the variation, release or supersession of these undertakings shall not affect the validity and enforceability of any rights or obligations that arose prior to such variation, release or supersession.

18 INTERPRETATION

18.1 The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.

18.2 References in these undertakings to any English law term for any legal status, interest, concept or thing shall in respect of any jurisdiction other than England and Wales be deemed to include what most nearly approximates in that jurisdiction to the English law term.

18.3 In these undertakings the word "including" shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word "include" and its derivatives shall be construed accordingly.

18.4 For the purposes of these undertakings:

“**the Act**” means the Enterprise Act 2002;

“**Affiliate**” a person is an affiliate of another person if they or their respective enterprises would be regarded as being under common control for the purposes of section 26 of the Act;

“**Associated Person**” means a person or persons associated with Parker within the meaning of section 127(4) of the Act and includes any Subsidiary of such a person or persons;

“**AWB Division**” means Parker’s aircraft wheels and brakes division, located in Avon, Ohio, USA;

“**business**” has the meaning given by section 129(1) and (3) of the Act;

“**CMA**” means the Competition and Markets Authority or any successor body;

“**Closing**” means the transfer of the legal title to the Divestment Business to the Purchaser.

“**Confidential Information**” means any business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature;

“**Control**” shall be construed in accordance with section 26 of the Act, and in the case of a body corporate, a person shall be deemed to Control it if he holds, or has an interest in, shares of that body corporate amounting to 10 per cent or more of its issued share capital or carrying an entitlement to vote at meetings of that body corporate of 10 per cent or more of the total number of votes which may be cast at such meetings;

“**Divestment Business**” means the AWB Division which is to be divested to the Purchaser as described in **Schedule 1**;

“**enterprise**” has the meaning given in section 129(1) of the Act;

“**Group of Interconnected Bodies Corporate**” has the meaning given in section 129(2) of the Act; references to a Group of Interconnected Bodies Corporate shall be to the Group of Interconnected Bodies Corporate as constituted from time to time;

“**Interest**” includes shares, an interest in shares and any other interest carrying an entitlement to vote at shareholders’ meetings but does not include

a contract to acquire shares in the future; and for this purpose "an interest in shares" includes an entitlement by a person other than the registered holder, to exercise any right conferred by the holding of these shares or an entitlement to Control the exercise of such right;

"Key Personnel" means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the Divestment Business, as the case may be, as further specified in **Schedule 1**;

"Meggitt" means Meggitt PLC, a public limited company registered in England and Wales with registered number 00432989, with its registered office at Pilot Way, Ansty Business Park, Coventry, CV7 9JU;

"Parker" means Parker-Hannifin Corporation, a corporation registered in Ohio with registered number 34-0451060, whose registered office is at 6035 Parkland Boulevard, Cleveland, Ohio, 44124-4141, United States of America;

"Parker Retained Personnel" means the retained personnel as specified in Schedule 1, para. 1.3(b);

"the Parties" means Parker and Meggitt;

"Personnel" means all staff currently employed by the Divestment Business, including staff seconded to the Divestment Business, shared personnel as well as the additional personnel listed in **Schedule 1**.

"Purchaser" means any purchaser of the Divestment Business;

"Secretary of State" means the Secretary of State for Business, Energy and Industrial Strategy of the United Kingdom;

"Subsidiary" shall be construed in accordance with section 1159 of the Companies Act 2006 (as amended), unless otherwise stated;

"the Transaction" means the acquisition of Meggitt by Parker;

"TSA" means a transitional service agreement;

"Trustee" means the person appointed pursuant to paragraph 4.4, paragraph 4.5 or paragraph 4.7 to carry out the Trustee Functions;

"Trustee Functions" means the functions set out in paragraph 6;

"UK" means the United Kingdom of Great Britain and Northern Ireland;

“Working Day” means any day of the week other than a Saturday or a Sunday or any day that is a public holiday in England and Wales ; and

unless the context requires otherwise, the singular shall include the plural and vice versa.

FOR AND ON BEHALF OF Parker

Signature

Name

Title

Date

DATE ACCEPTED BY THE Secretary of State:

Schedule 1: The Divestment Business

- 1.1 The Divestment Business operates as a discrete standalone business within Parker, with its own production and R&D facility, management and other personnel, with minimal reliance on the rest of Parker for its operations.
- 1.2 The Divestment Business includes, but is not limited to:
- (a) the following main tangible assets:
 - (i) all of the land, land improvements, buildings, and leasehold improvements relevant for the Divestment Business, specifically the production site of the AWB Division located at Avon, Ohio, USA; and
 - (ii) all tangible assets used by the Divestment Business, including but not limited to all equipment, machines and tooling used in design, testing, qualification, certification, production and product support by the AWB Division as well as all office inventory and office equipment used by the AWB Division at the time of Closing as well as certain assets used by the AWB Division which are located at a plant in [X] which supplies limited basic machining to the AWB Division.

All assets referred to above are included in **Annex-001**.

- (b) the following main intangible assets, used by the Divestment Business, including all documentation, and copies of customer records:¹
 - (i) **Brand:** The “Cleveland Wheels & Brakes” brand, which is the prominent brand used by the AWB Division. In addition, Parker will provide a non-exclusive, royalty-free licence for the trademarks containing Parker group branding currently used by the AWB Division for a transitional period of up to [X] after Closing, provided that after the first [X] of the licence period the Purchaser’s use of the trademarks will be limited to the purpose of identifying the Purchaser as the new owner of the legacy Parker AWB Division, in all cases provided that such trademarks are used solely in a manner consistent with the usage of the Parker brands by the AWB Division prior to Closing (i.e., the Parker brand may not be used for products other than the AWB products the AWB Division is selling prior to Closing), it being understood that there is no obligation on the Purchaser to re-brand inventory of Parker branded products existing at the time of Closing, even if sold more than [X] after Closing. For a period of [X] after Closing, Parker will procure that Meggitt will not use

¹ All of the design rights, patents and other intellectual property used by the AWB Division will be transferred as part of the Divestment Business. The AWB Division does not utilise design rights, patents, or other intellectual property held by other Parker divisions. All design rights and other intellectual property are owned by Parker-Hannifin Corporation, with the exception of the two AWB Patents used by the AWB Division, which are owned by Parker Intangibles, LLC.

the Parker name in relation to the products of Meggitt's AWB business, save that Parker will at all times be permitted to add the Parker name to the corporate names of Meggitt or any Affiliated Undertakings controlled by Meggitt and to reflect this in relevant publicity or other materials;

- (ii) **Design rights:** Any designs/drawings developed (or co-developed) by the AWB Division;
 - (iii) **Patents:** The patents used by the AWB Division, as detailed in **Annex-002 (AWB Patents)**;
 - (iv) **R&D:** (A) [X], including any construction plans, design specifications, test results, IP and know-how for the [X] and specifications of any components thereof, the AWB Division staff working on this project, and the contracts with the third-party supplier; and (B) the results of the in-house [X] "proof of concept" R&D project, which is anticipated to be completed by August 2022, as well as the AWB Division staff working on this R&D project; in both cases this will include but is not limited to the transfer of all know-how, reports, engineering notebooks or copies thereof, design files and test records;
 - (v) **Other R&D projects:** All other R&D projects currently being pursued by the AWB Division, including projects relating to [X]; this will include but is not limited to the transfer of all know-how, reports, engineering notebooks or copies thereof, design files and test records; and
 - (vi) **Trade secrets:** The majority of the AWB Division's IP consists of trade secrets in the form of technical knowledge. This IP focuses on application engineering knowledge for wheels and brakes such as design limits for [X].
- (c) the following main licences, permits and authorisations:
- (i) EASA Part-145 Approval Certificate;
 - (ii) FAA – Parts Manufacturer Approval;
 - (iii) FAA – Repair Station Certificate;
 - (iv) AS 9100 / ISO 9001 certification; and
 - (v) Export licences for each relevant product / aircraft model issued by the US Department of Commerce.
- (d) subject to obtaining any necessary consents from contractual counterparties, which Parker will use its best efforts to procure, the following main contracts:
- (i) the transfer of all the customer contracts, leases, commitments and customer orders related to the AWB Division;

- (ii) the transfer of all of the contracts with suppliers related to the AWB Division;
 - (iii) the transfer of all of the contracts with distributors related to the AWB Division, namely the distribution contracts with [REDACTED], which are exclusively related to the AWB Division. **Annex-003** contains a list of Parker's distribution contracts, including revenue and date of renewal; and
 - (iv) the transfer of all partnership and cooperation agreements related to the AWB Division.
- (e) the following customer, credit and other records: all documentation and records relating to the AWB Division, and which are necessary to run the Divestment Business.
- (f) the following Personnel: all staff engaged in supporting the Divestment Business including two engineers to be hired by the AWB Division in Avon, Ohio, for the purposes of supervising and further developing the in-house [REDACTED] being handed over by Parker's central engineering team, following training and knowledge transfer.
- (g) the following Key Personnel:
- (i) [REDACTED];
 - (ii) [REDACTED];
 - (iii) [REDACTED];
 - (iv) [REDACTED];
 - (v) [REDACTED];
 - (vi) [REDACTED];
 - (vii) [REDACTED];
 - (viii) [REDACTED];
 - (ix) [REDACTED];
 - (x) [REDACTED];
 - (xi) [REDACTED].
- (h) arrangements for the supply of transitional support services for IT, software, logistical and/or other business support services, minor commodity products, and basic machining services as referred to in paragraph Schedule 1Part A1.3(e) below, by Parker for a short transitional period of up to [REDACTED] after Closing which can be extended to a maximum of [REDACTED] upon request by the Purchaser.
- (i) arrangements for the training of, and transfer of skills and knowledge to, the Divestment Business and/or the personnel set out at paragraph **Error! Reference source not found.** above, by Parker for a period of

[REDACTED] after Closing (or, in respect of the personnel set out at paragraph **Error! Reference source not found.** above, if later, 12 months after each is hired), for the purposes of transitioning relevant skills and knowledge held by Parker's central engineering team in relation to the Divestment Business. This period can be extended by an additional [REDACTED] at the option of the Purchaser.

1.3 The Divestment Business will not include:

- (a) **Assets:** any assets (including laboratory equipment, tools, software etc.) located at the premises of Parker's group-level central engineering team with the exception of all results relating to the [REDACTED] R&D project as further specified at paragraph Schedule 1Part A1.2(b)(iv) above.
- (b) **Personnel:** the following Parker group-level personnel, having very limited interactions with the AWB Division:
 - (i) Group-level Customer Support Operations (**CSO**) personnel currently supporting the AWB Division to a very limited degree with contract administration services relating to the military aftermarket;
 - (ii) Group-level Key Account Managers (**KAM**) who currently provide very limited background support services on few specific customers to the AWB Division;
 - (iii) Personnel of Parker's group-level central engineering team (**Central Engineering**) who provide very limited engineering services to the AWB Division.
- (c) **Intellectual property:** Parker's company name, general brand name, mark, or logo in any form or deviations thereof, except on a transitional basis as set out in paragraph Schedule 1Part A1.2(b)(i) above.
- (d) **Non-transferrable licences:** Parker's ITAR registration.
- (e) **Basic machinist work:** the machinist work supplied to Parker from a plant in [REDACTED], which supplies a de minimis amount of basic machining services for the AWB Division, as this facility and its personnel does not form part of the AWB Division, nor is it owned by Parker.
- (f) **Logistics contracts:** any logistics contracts that the AWB Division benefits from, but which are managed at a Parker's central level.
- (g) **Corporate functions:** any business support functions which are currently supplied at central level including legal support, tax support, IT support, payroll support and benefits.

1.4 In relation to AWB contracts existing or being negotiated after award as of 11 April 2022 with customers represented by a KAM (being [REDACTED]), and with the exception of contracts existing or being negotiated after award for programmes which are multi-sourced as between Parker and Meggitt where the customer would otherwise expect competition between the two Parties, Parker will not compete to take over the Divestment Business' current supply position on these

existing contracts (or relevant parts of these existing contracts) that are included in the Divestment Business for a period of [~~3~~] months after Closing.

- 1.5 If there is any asset or personnel which is not covered by paragraph Schedule 1Part A1.2 of this Schedule but which is both used (exclusively or not) in the Divestment Business and necessary for the continued viability and competitiveness of the Divestment Business, that asset or adequate substitute will be offered to potential purchasers.