

TO: All P&W Employees Participating in Trade Association Activities

FROM: Peter Gutermann  
Vice President & General Counsel

RE: Trade Associations and Other Communications with Competitors

Thank you for responding to our recent survey concerning trade association activity. I am sending this message to you as you have indicated that you participate in a trade association.

As you know, each of us may come in contact with representatives of competitors at trade association meetings, social, or business events (such as air shows). Competitor contact is the most serious and sensitive antitrust concern, because the antitrust laws generally require that each company make its own unilateral business decisions free from any 'agreements' with competitors. Therefore great care must be taken whenever the occasion for such competitor contact exists, to avoid not only the actuality but even the appearance of any illegal collusion. An antitrust violation can have severe consequences for individuals, including imprisonment, and can result in major financial penalties and embarrassment for Pratt & Whitney and UTC.

Many antitrust claims by the government and private plaintiffs include allegations that business and social contacts among competitors at trade association or other meetings were the source of illegal arrangements. Thus, it is important that any communications with actual or potential competitors at trade association meetings or other sponsored activities contain only that information needed for the legitimate functioning of the group. There must be no discussion about competitively sensitive matters. Accordingly, you should **NEVER** discuss any of the following with a competitor or potential competitor (or even be present during a conversation where such matters are discussed):

- Pricing or discounts
- Terms and conditions of sale
- Profits
- Profit Margins
- Costs
- Distribution practices
- Bids or intent to bid
- Sales territories
- Selection, rejection or termination of customers
- Capacity additions or reductions
- Research and development initiatives

Additional information, which you should review, is included in Pratt & Whitney Standard Procedure A-12.10 "Compliance With Antitrust Laws" and in the attached document entitled "Trade Association DOs and DON'Ts."

**Trade Association  
DOs & DON'Ts**

These *DOs & DON'Ts* are intended to assist UTC officers and employees worldwide to comply with business unit Legal Policy 3, *Antitrust Compliance*, when participating in trade associations as representatives of UTC. Any deviation from these guidelines should be approved in advance by the business unit Legal Department. For the purposes of these *DOs & DON'Ts*, trade associations include industry associations, professional associations, safety codes and standards committees, and other associations and organizations in which UTC and its competitors participate.

Questions should be directed to your business unit lawyer.

<i>DO</i>	<i>DON'T</i>
<b>DO</b> participate in trade associations connected with your business and that perform useful, legitimate and pro-competitive functions if your participation has been approved in advance by your management.	<b>DON'T</b> participate in any trade association without the prior approval of your operating company's management.
<b>DO</b> remember that UTC must make its own decisions on, and not discuss with competitors, offering and selling its products and services, at what prices and on what other terms and conditions.	<b>DON'T</b> discuss or agree (in writing, orally, or through non-verbal actions) with competitors about: <ul style="list-style-type: none"> <li>Customers, suppliers, or other competitors;</li> <li>Prices, pricing or methods of calculating prices, or the timing of price changes;</li> <li>Costs of products or services, margins or discounts;</li> <li>any terms and conditions of sale or purchase (e.g., credit terms, payment terms, promotion programs, discounts, service charges, delivery terms);</li> <li>decisions to quote or not to quote on products, components, spare parts, or services;</li> <li>sales territories;</li> <li>product or service offerings;</li> <li>sales volumes, production capacity or volume;</li> <li>market shares; and</li> <li>non-public investment decisions, research and development spending, or technology.</li> </ul>

<p><b>DO</b> participate in trade associations which have a written charter that clearly states the mission and purpose of the association. <b>DO</b> review the association's charter with the Legal Department.</p>	<p><b>DON'T</b> participate in a trade association without written charter that clearly states a legitimate (pro-competitive) mission and purpose for the association and prohibits any anti-competitive activities and discussions. <b>DON'T</b> participate in an association that does not carefully follow the legitimate purposes established in a written charter.</p>
<p><b>DO</b> participate in trade associations that focus on legitimate and proper subjects, such as discussing safety improvements, efforts to support pro-consumer government regulations, and code adoption and modifications.</p>	<p><b>DON'T</b> have any formal or informal communication, whether during or after business hours, with any competitor about the prohibited subjects outlined above.</p>
<p><b>DO</b> be certain at all times that any meetings or discussions focus only on pro-competitive activities, such as improving safety, the adoption of codes, changes to existing codes to account for product modernization, and adopting national or local laws which have pro-consumer impact (e.g., tort reform).</p>	<p><b>DON'T</b> participate in trade associations or any other meeting with competitors where the purpose, intent or effect is anti-consumer or to limit competition.</p>
<p><b>DO</b> obtain an agenda before each trade association or committee meeting and <b>DO</b> attend only if the agenda items cover proper subjects for discussion among competitors.</p>	
<p><b>DO</b> object immediately if a prohibited subject is raised at trade association meetings or elsewhere and, if the prohibited conduct continues, <b>DO</b> state your reasons for leaving emphatically, <b>DO</b> take some action which others will remember (e.g., spill your coffee, knock over your chair), <b>DO</b> depart immediately, and <b>DO</b> contact your Legal Department promptly.</p>	<p><b>DON'T</b> participate in a conversation or communication with any competitor if that competitor starts to discuss any of the topics prohibited above. <b>DON'T</b> let others infer or assume your assent or agreement to any anti-competitive statements from your conduct or by your silence.</p>
<p><b>DO</b> obtain information within the trade association only when such information promotes the legitimate purposes of the association as noted above.</p>	<p><b>DON'T</b> provide any information within the trade association on a prohibited subject (outlined above). <b>DON'T</b> provide any marketing information without prior review and approval by your Legal Department.</p>
<p><b>DO</b> recommend that the association provide training once a year to its members on the limitations of competitive discussions and activities. <b>DO</b> request the trade association to issue antitrust compliance guidelines.</p>	<p><b>DON'T</b> participate in any trade association that does not provide antitrust compliance guidelines unless your Legal Department has reviewed your participation.</p>

<p><b>DO</b> send copies of agendas, minutes of meetings, and trade association correspondence to the Legal Department.</p>	
<p><b>DO</b> make notes at each meeting for yourself and <b>DO</b> make the notes available to the Legal Department for future reference.</p>	
<p><b>DO</b> apply these same principles to discussions with competitors outside formal association meetings or activities, and discussions with third parties (e.g., consultants).</p>	<p><b>DON'T</b> indirectly use third parties, including consultants and suppliers, to convey information to a competitor, which would be improper if said directly to the competitor.</p>