

UTC finalizes Goodrich deal

By Ely Portillo

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United Technologies Corporation closed its \$18.4 billion acquisition of Charlotte-based Goodrich Corp. Thursday, after regulators required the company to sell some of Goodrich's assets to satisfy antitrust concerns.

The companies first announced their plan to combine in September. And while the deal will bring a new aerospace unit headquarters in Charlotte, it also represents the loss of one of the Charlotte region's nine Fortune 500 headquarters.

The deal is one of United Technologies' largest. "Throughout the history of our company, we have made many acquisitions, but Goodrich is among the few that stand out as truly transformational," said United Technologies chief executive Louis Chênevert, in a statement after the deal officially closed. The Hartford, Conn.-based company had revenues of more than \$58 billion last year, while Goodrich made more than \$8 billion.

Goodrich CEO Marshall Larsen will join the new company's board of directors in September, at UTC's annual meeting, the company said.

United Technologies is planning to create a new headquarters in Charlotte for its aerospace business, with 325 jobs paying an average of \$200,000. Goodrich currently employs about 200 people in Charlotte, and the city has said it expects about 100 Charlotte-based employees to remain in the new division headquarters.

The city of Charlotte is giving United Technologies \$2.5 million worth of incentives for the headquarters, much of it upfront to help defray moving expenses. The state is also giving United Technologies \$2.5 million worth of incentives.

The U.S. Department of Justice filed both an antitrust lawsuit and a proposed settlement Thursday, issuing conditional approval of the acquisition. European and Canadian regulators also worked with the DOJ, and also signed off on the deal.

United Technologies must sell several units, including Goodrich's engine control systems unit, and Goodrich's shares of Aero Engine Controls, an aircraft turbine manufacturing joint venture with Rolls-Royce.

"The acquisition, as originally proposed, likely would have resulted in higher prices, less favorable contractual terms and less innovation for several critical aircraft components, including generators, engines and engine control systems," DOJ officials said in a statement.

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Those units United Technologies is required to divest generate a combined \$250 million in sales, Chênevert told analysts during a conference call. He said he was pleased with the limited nature of the required sales.

“These are attractive businesses with great employees, so we expect a robust auction,” Chênevert said.

John Moran, a spokesman for United Technologies, said the planned sales of Goodrich business units won’t affect the number of jobs at the aerospace headquarters in Charlotte.

UTC recently sold several of its other subsidiary businesses for more than \$4 billion to help raise cash for the acquisition.

Also Thursday, United Technologies reported that its profit for the second quarter rose about 1 percent, to \$1.3 billion. Revenue slumped 5 percent, to \$13.8 billion, compared with the same quarter a year ago. The company also cut its full year earnings per share guidance to between \$5.25 and \$5.35 a share, down from previous estimates of \$5.30 to \$5.50 a share.

Shares of United Technologies closed up 32 cents, less than 1 percent, at \$72.93 a share on Thursday.

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