

Washington, DC 20580. Comments filed in electronic form should be directed to: [consentagreement@ftc.gov](mailto:consentagreement@ftc.gov), as prescribed in the **SUPPLEMENTARY INFORMATION** section.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:** Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46(f), and Section 2.34 of the Commission's Rules of Practice, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for October 15, 2003), on the World Wide Web, at "<http://www.ftc.gov/os/2003/10/index.htm>." A paper copy can be obtained from the FTC Public Reference Room, Room 130-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580, either in person or by calling (202) 326-2222.

Public comments are invited, and may be filed with the Commission in either paper or electronic form. Comments filed in paper form should be directed to: FTC/Office of the Secretary, Room 159-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580. If a comment contains nonpublic information, it must be filed in paper form, and the first page of the document must be clearly labeled "confidential." Comments that do not contain any nonpublic information may instead be filed in electronic form (in ASCII format, WordPerfect, or Microsoft Word) as part of or as an attachment to email messages directed to the following email box: [consentagreement@ftc.gov](mailto:consentagreement@ftc.gov). Such comments will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with section 4.9(b)(6)(ii) of the Commission's Rules of Practice, 16 CFR 4.9(b)(6)(ii).

**Analysis of Agreement Containing Consent Orders To Aid Public Comment**

**I. Introduction**

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent

Agreement") from GenCorp Inc. ("GenCorp"), which is designed to remedy the anticompetitive effects resulting from GenCorp's acquisition of the propulsion business of Atlantic Research Corporation ("ARC"), a subsidiary of Sequa Corporation ("the Acquisition"). The Consent Agreement includes a proposed Decision and Order ("Order") that would require GenCorp to divest ARC's in-space liquid propulsion business within six (6) months after the date the Acquisition is consummated. The Consent Agreement also includes an Order to Hold Separate and Maintain Assets that requires GenCorp to preserve the ARC in-space liquid propulsion business as a viable, competitive, and ongoing operation until the divestiture is achieved.

The proposed Consent Agreement has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the proposed Consent Agreement and the comments received and will decide whether it should withdraw from the Consent Agreement or make final the Consent Agreement's proposed Order.

On May 2, 2003, Aerojet-General Corporation ("Aerojet"), a subsidiary of GenCorp, entered into an asset purchase agreement with ARC (which was subsequently amended on August 29, 2003) to acquire substantially all of the assets of ARC, as well as the shares of ARC UK Limited, for \$133 million in cash. The Commission's Complaint alleges that the Acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, by lessening competition in the U.S. markets for the research, development, manufacture and sale of monopropellant thrusters, bipropellant apogee thrusters, dual mode apogee thrusters, and bipropellant attitude control thrusters—four different types of in-space propulsion thrusters.

**II. The Parties**

GenCorp is a technology-based manufacturing company headquartered in Rancho Cordova, California. Its businesses are concentrated in three areas: aerospace and defense, fine chemicals and automotive. Through its Aerojet subsidiary, GenCorp researches, develops, manufactures and sells propulsion products and systems for space and defense applications, as well as armament systems for precision tactical weapon systems. Aerojet

produces a full range of in-space propulsion thrusters at its facility located in Redmond, Washington.

Sequa Corporation ("Sequa") is a diversified industrial company that produces a broad range of products through operating units in five business segments: aerospace, propulsion, metal coating, specialty chemicals and other products. The propulsion segment of Sequa's business consists of the ARC business. ARC, headquartered in Gainesville, Virginia, is a leading supplier of liquid and solid fuel propulsion products and systems for military, commercial and civil applications. ARC produces a full range of in-space propulsion thrusters at its liquid propulsion facilities in Niagara, New York, and Westcott in the United Kingdom.

**III. The In-Space Propulsion Markets**

In-space propulsion thrusters (which are, essentially, engines) are used to maneuver spacecraft, such as satellites and interplanetary vehicles, through space after a launch vehicle delivers them to the upper atmosphere. In-space propulsion thrusters are essential components of in-space propulsion systems, which include valves, fuel tanks, fuel lines and other parts necessary to generate the thrust needed to move spacecraft in space.

In-space propulsion thrusters are used primarily to either place spacecraft into their intended orbits, or maintain their proper position while in orbit. The process of transferring a spacecraft to its intended orbit after it has been dropped off by a launch vehicle is referred to as "apogee insertion," and the space propulsion thrusters that perform apogee insertion are known as "apogee thrusters." Apogee thrusters typically generate between 90 pounds and 140 pounds of force.

Attitude control thrusters are used to provide gentle pushes that allow spacecraft to control their angular position while in orbit so that sensors, transponders or other hardware on the spacecraft are properly oriented with respect to the Earth (or other target) to perform their functions. Attitude control thrusters can also perform a function called "station-keeping," which refers to a spacecraft's ability to maintain its position in an assigned orbital slot, in its proper orientation. Because attitude control and station-keeping functions require only small, short bursts of thrust to perform, attitude control thrusters typically produce five pounds of thrust or less.

There are two primary types of in-space propulsion thrusters: monopropellant thrusters and