

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:       Maureen K. Ohlhausen, Acting Chairman  
                              Terrell McSweeney**

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|------------------------------|---|--------------------------|
| _____                        | ) |                          |
| <b>In the Matter of</b>      | ) |                          |
|                              | ) |                          |
| <b>EMERSON ELECTRIC CO.,</b> | ) |                          |
| <b>a corporation;</b>        | ) |                          |
|                              | ) |                          |
| <b>and</b>                   | ) | <b>Docket No. C-4615</b> |
|                              | ) |                          |
| <b>PENTAIR PLC,</b>          | ) |                          |
| <b>a corporation.</b>        | ) |                          |
| _____                        | ) |                          |

**ORDER TO MAINTAIN ASSETS**

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed acquisition by Respondent Emerson Electric Co. (“Emerson”) of the equity interests of certain subsidiaries (defined herein as “Pentair Valves & Controls Subsidiaries”) and related assets from their ultimate parent entity Pentair plc (“Pentair”) (Emerson and Pentair hereinafter collectively referred to as “Respondents”), and Respondents having been furnished thereafter with a copy of a draft of the Complaint that the Bureau of Competition proposed to present to the

The Commission having thereafter considered the matter and having determined to accept the executed Consent Agreement and to place such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby issues its Complaint, makes the following jurisdictional findings, and issues this Order to Maintain Assets:

1. Respondent Emerson is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Missouri with its principal executive offices located at 8000 West Florissant Avenue, St. Louis, Missouri 63136.
2. Respondent Pentair is a corporation organized, existing, and doing business under and by virtue of the laws of the Republic of Ireland with its principal executive offices located at 43 London Wall, London, EC2M 5TF, United Kingdom, and its United States address for service of process and the Complaint, the Decision and Order, and the Order to Maintain Assets, as follows: General Counsel, Pentair plc, c/o Flow Control US Holding Corporation, 5500 Wayzata Blvd., Suite 800, Golden Valley, Minnesota 55416-1251.
3. The Commission has jurisdiction over the subject matter of this proceeding and over the Respondents, and the proceeding is in the public interest.

## **ORDER**

### **I.**

**IT IS ORDERED** that, as used in this Order to Maintain Assets, the following definitions and the definitions used in the Consent Agreement and the proposed Decision and Order (and when made final and effective, the Decision and Order), which are incorporated herein by reference and made a part hereof, shall apply:

- A. “Emerson” means: Emerson Electric Co.; its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups, and affiliates, in each case controlled by Emerson Electric Co., and the respective directors, officers, employees, agents, representatives, successors, and assigns of each. After the Acquisition, Emerson shall include the Pentair Valves & Controls Subsidiaries.
- B. “Pentair” means: Pentair plc; its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups, and affiliates, in each case controlled by Pentair plc, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- C. “Commission” means the Federal Trade Commission.



1. providing the Business related to each Westlock Product with sufficient working capital to operate at least at current rates of operation, to meet all capital calls with respect to such business, and to carry on, at least at their scheduled pace, all capital projects, business plans, and promotional activities for that Business;
  2. continuing, at least at their scheduled pace, any additional expenditures for each of the Businesses related to each Westlock Product authorized prior to the date the Consent Agreement was signed by the Respondents, including, but not limited to, all research, Development, manufacturing, distribution, marketing, and sales expenditures;
  3. providing such resources as may be necessary to respond to competition against each of the Westlock Products and/or to prevent any diminution in sales of each of the Westlock Products during and after the Acquisition process and prior to the complete transfer and delivery of the Westlock Assets to an Acquirer;
  4. providing such resources as may be necessary to maintain the competitive strength and positioning of each of the Westlock Products that were marketed or sold by Respondents prior to the date the Respondents entered the Acquisition Agreement, at the related High Volume Accounts;
  5. making available for use by the Westlock Business funds sufficient to perform all routine maintenance and all other maintenance as may be necessary to, and all replacements of, the Westlock Assets; and
  6. providing such support services (*e.g.*, handling of accounts receivable, accounts payable, internal and external auditing functions, tax, legal, treasury, payroll, benefits administration, information technology systems and support, and human resources management) to the Westlock Business as were being provided to such Westlock Business by Respondents as of the date the Consent Agreement was signed by Respondents.
- C. Until the Closing Date, Respondents shall maintain a work force that is (i) at least as large in size (as measured in full time equivalents) as, and (ii) comparable in training, and expertise to, what has been associated with the Westlock Business's last fiscal year.

Until the Closing Date, Respondents shall not transfer any

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E. Until the Closing Date, provide all Westlock Core Employees with reasonable financial incentives to continue in their positions and to research, Develop, manufacture and/or market the Westlock Product(s) consistent with past practices and/or as may be necessary to preserve the marketability, viability, and competitiveness of the Business related to each Westlock Product(s) and to ensure successful execution of the pre-Acquisition plans for that Westlock Product(s). Such incentives shall include a continuation of all employee compensation and benefits offered by a Respond-2(nc)49 -35.dw (a )2(o)TJ ( )Tj [(e)4(ns)-1(ut)-2(i)-2(on ofl-0.004 Tc 0.004 Cc)49oms 0(, )]Tn

3. maintain and manage inventory levels of the Westlock Products in consideration of the marketing and distribution transition to the Acquirer;
4. continue to manufacture, market, distribute, and sell the Westlock Products;
5. allow the Acquirer access at reasonable business hours to all Confidential Business Information related to the Westlock Products and employees who possess or are able to locate such information for the purposes of identifying the books, records, and files directly related to the Divestiture Products that contain such Confidential Business Information pending the completed delivery of such Confidential

3. institute procedures and requirements to ensure that Respondents' employees:
  - a. do not provide, disclose, or otherwise make available, directly or indirectly, any Confidential Business Information in contravention of this Order to Maintain Assets; and
  - b. do not solicit, access or use any Confidential Business Information that they are prohibited from receiving for any reason or purpose.
- H. Not later than thirty (30) days from the earlier of (i) the Closing Date or (ii) the date this Order to Maintain Assets is issued by the Commission, each Respondent shall provide written notification of the restrictions on the use and disclosure of the Confidential Business Information related to the Divestiture Products by that Respondent's personnel to all of its employees who (i) may be in possession of such Confidential Business Information or (ii) may have access to such Confidential Business Information.
- I. Each Respondent shall give the above-described notification by e-mail with return receipt requested or similar transmission, and keep a file of those receipts for one (1) year after the Closing Date. Each Respondent shall provide a copy of the notification to the Acquirer. Each Respondent shall maintain complete records of all such notifications at that Respondent's registered office within the United States and shall provide an officer's certification to the Commission affirming the implementation of, and compliance with, the acknowledgment program. Each Respondent shall provide the Acquirer with copies of all certifications, notifications, and reminders sent to that Respondent's personnel.
- J. Each Respondent shall monitor the implementation by its employees and other personnel of all applicable restrictions with respect to Confidential Business Information, and take corrective actions for the failure of such employees and personnel to comply with such restrictions or to furnish the written agreements and acknowledgments required by this Order to Maintain Assets.
- K. The purpose of this Order to Maintain Assets is to maintain the full economic viability, marketability and competitiveness of the Westlock Business through their full transfer and delivery to an Acquirer; to minimize any risk of loss of competitive potential for the Westlock Business; and to prevent the destruction, removal, wasting, deterioration, or impairment of any of the Westlock Assets except for ordinary wear and tear.





- c. the Acquirer is able to perform all of the accounts receivable, accounts payable, internal and external auditing functions, tax, legal, treasury, payroll, benefits administration, information technologies, and human resources management of Westlock that had, prior to the Closing Date, been performed by entities within Respondent Pentair or Respondent Emerson outside of Westlock Controls Corporation

*provided, however,* that, with respect to each Divestiture Product, the Monitor's service shall not extend more than four (4) years after the Order Date *unless* the Commission decides to extend or modify this period as may be necessary or appropriate to accomplish the purposes of the Orders.

- E. Subject to any demonstrated legally recognized privilege, the Monitor shall have full and complete access to each Respondent's personnel, books, documents, records kept in the ordinary course of business, facilities, and technical information, and such other relevant information as the Monitor may reasonably request, related to that Respondent's compliance with its obligations under the Orders, including, but not limited to, its obligations related to the relevant assets. Each Respondent shall cooperate with any reasonable request of the Monitor and shall take no action to interfere with or impede the Monitor's ability to monitor that Respondent's compliance with the Orders.
- F. The Monitor shall serve, without bond or other security, at the expense of Respondent Emerson, on such reasonable and customary terms and conditions as the Commission may set. The Monitor shall have authority to employ, at the expense of Respondent Emerson, such consultants, accountants, attorneys and other representatives and assistants as are reasonably necessary to carry out the Monitor's duties and responsibilities.
- G. Each Respondent shall indemnify the Monitor and hold the Monitor harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Monitor's duties, including all reasonable fees of counsel and other reasonable expenses incurred in connection with the preparations for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from gross negligence, willful or wanton acts, or bad faith by the Monitor.
- H. Each Respondent shall report to the Monitor in accordance with the requirements of the Orders and as otherwise provided in any agreement approved by the Commission. The Monitor shall evaluate the reports submitted to the Monitor by a Respondent, and any reports submitted by each Acquirer with resp

- I. Respondents may require the Monitor and each of the Monitor's consultants, accountants, attorneys, and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, that such agreement shall not restrict the Monitor from providing any information to the Commission.
- J. The Commission may, among other things, require the Monitor and each of the Monitor's consultants, accountants, attorneys, and other representatives and assistants to sign an appropriate confidentiality agreement related to Commission materials and information received in connection with the performance of the Monitor's duties.
- K. If the Commission determines that the Monitor has ceased to act or failed to act diligently, the Commission may appoint a substitute Monitor in the same manner as provided in this Paragraph.
- L. The Commission may on its own initiative, or at the request of the Monitor, issue such additional orders or directions as may be necessary or appropriate to assure compliance with the requirements of the Orders.
- M. The Monitor appointed pursuant to this Order to Maintain Assets may be the same person appointed as a Divestiture Trustee pursuant to the relevant provisions of the Decision and Order.

#### IV.

**IT IS FURTHER ORDERED** that within thirty (30) days after the date this Order to Maintain Assets is issued by the Commission, and every (30) days thereafter until Respondents have fully complied with this Order to Maintain Assets, Respondents shall submit to the Commission a verified written report setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with the Orders. Each Respondent shall submit at the same time a copy of its report concerning compliance with the Orders to the Monitor, if any Monitor has been appointed. Each Respondent shall include in its reports, among other things that are required from time to time, a detailed description of its efforts to comply with the relevant paragraphs of the Orders, including:

- A. a detailed description of all substantive contacts, negotiations, or recommendations related to (i) the divestiture and transfer of all of the Westlock Assets and Westlock Business, (ii) the maintenance of the Westlock Business, and (iii) transitional services being provided by the relevant Respondent to the Acquirer; and
- B. a detailed description of the timing for the completion of such obligations.

*provided, however*, that, after the Decision and Order in this matter becomes final and effective, the reports due under this Order to Maintain Assets may be consolidated with, and submitted to the Commission on the same timing as, the reports required to be submitted by Respondents pursuant the Decision and Order.

**V.**

**IT IS FURTHER ORDERED**

C. with respect to any Westlock Product or related Product Intellectual Property or Manufacturing

C. the day after the all of the Product Intellectual Property has been provided to the Acquirer and the Manufacturing Technology related to each Westlock Product has been provided to the Acquirer in a manner consistent with the Technology Transfer Standards and the Monitor (if one has been