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CRANE CO /DE/  
Form 8-K  
July 12, 2001

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) June 11, 2001

Crane Co.  
(Exact Name of Registrant as Specified in Charter)

Delaware	0-1657	13-1952290
(State or Other	(Commission File No.)	(IRS Employer
Jurisdiction of		Identification
Incorporation		Number)

100 First Stamford Place, Stamford, CT	06902
(Address of principal executive offices)	(Zip Code)

203-363-7300  
(Registrant's Telephone Number, Including Area Code)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

INFORMATION TO BE INCLUDED IN REPORT

Item 2.

On June 29, 2001, the registrant acquired the Xomox Valve business from Emerson Electric Co. for a purchase price of \$145 million in cash. The Xomox Valve business consists of manufacturing, ales and service operations in the United States, Canada, Europe, Asia and Latin America. The Xomox business, with sales of approximately \$145 million in 2000, is a leading global supplier of quarter-turn valves and actuators. Funds for the purchase were provided by borrowings under the registrant's revolving credit facility with a group of banks and short-term credit lines.

Item 7. Financial Statements, Pro Forma Financial  
Information and Exhibits

(c) Exhibits

- (1) Master Acquisition Agreement dated as of May 25, 2001 between Emerson Electric Co. and Crane Co.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date : July 12, 2001

By: \s\ Augustus I. duPont  
Name: Augustus I. duPont  
Title: Vice President, General  
Counsel and Secretary

EXHIBIT INDEX

(c) Exhibit No.	Description
(1)	Master Acquisition Agreement dated as of May 25, 2001 between Emerson Electric Co. and Crane Co.  Exhibit 1

MASTER ACQUISITION AGREEMENT

THIS MASTER ACQUISITION AGREEMENT (the "Agreement") is entered into as of this 25th day of May, 2001, by and between EMERSON ELECTRIC CO., a Missouri corporation ("Emerson"), and CRANE CO., a Delaware corporation (the "Buyer"). Capitalized terms are defined in Article I.

RECITALS

A. The Buyer and the Buyer Subsidiaries desire to purchase the Business as a going concern, including the purchase of the Shares from the Share Sellers and the purchase of the Purchased Assets and assumption of the Assumed Liabilities from the Business Sellers, on the following terms and conditions; and

B. Emerson desires to cause the Sellers to sell the Business, including the Shares and the Purchased Assets, and to assign the Assumed Liabilities to the Buyer and the Buyer Subsidiaries, on the following terms and conditions.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants, representations, warranties, conditions, and agreements hereinafter expressed, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Without limiting the effect of any other terms defined in the text of this Agreement, the following words shall have the meaning given them in this Article I:

1.1 "Accounting Firm" means the accounting firm appointed under Section 2.5.

1.2 "Accounts Receivable" means accounts, notes and other receivables of the Business as of the Effective Time.

1.3 "Affiliate" means, with respect to any person, any person or entity which is controlling, controlled by, or under common control with, directly or indirectly through any person or entity, the person referred to, and, if the person referred to is a

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natural person, any member of such person's immediate family. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with") as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise.

1.4 "Agreement" means this Agreement as executed on the date hereof and as amended or supplemented in accordance with the terms hereof, including all Schedules and Exhibits hereto.

1.5 "Assumed Liabilities" means all of the debts, liabilities and obligations (including without limitation arising under any Contract) of each of the Business Sellers, as of the Effective Time, arising out of or pertaining to the Business or the Purchased Assets, but does not include any Excluded Liabilities.

1.6 "Base Balance Sheet" has the meaning set forth in Section 2.4.

1.7 "Benefit Plan(s)" has the meaning set forth in Section 3.19.

1.8 "Business" means the business of designing, developing, manufacturing, distributing, promoting or selling quarter-turn process valves, including sleeved plug valves, high performance butterfly valves, ball valves, fluoroplastic lined versions of each of the foregoing, and control and other accessory products used in conjunction therewith, as such business is conducted by the Transferred Subsidiaries and the Xomox Divisions of the Business Sellers on the date hereof.

1.9 "Business Buyer(s)" means, in each case, a wholly owned subsidiary of the Buyer designated by the Buyer as a purchaser of Purchased Assets in accordance with this Agreement.

1.10 "Business Day" means any day which is not a Saturday, Sunday or a legal holiday in the State of Missouri, United States.

1.11 "Business Sellers" means Emerson-Argentina, Emerson-Canada, F-R Brazil, F-R Hungary, F-R Japan, F-R Korea, F-R Singapore, F-R Spain and Xomox-U.K.

1.12 "Business Transfer Agreement(s)" has the meaning set forth in Section 2.6.

1.13 "Buyer" has the meaning set forth in the preamble.

1.14 "Buyer Subsidiaries" means the Business Buyers and the Share Buyers.

1.15 "Buyer's 401(k) Plan" has the meaning set forth in Section 5.2.

1.16 "Canada Employees" has the meaning set forth in Schedule 5.3.

1.17 "Canada Pension Plan" has the meaning set forth in Schedule 5.3.

1.18 "Closing" means the consummation of the transactions contemplated by this Agreement, as provided for in Section 2.3.

1.19 "Closing Balance Sheet" has the meaning set forth in Section 2.4.

1.20 "Closing Date" means June 29, 2001, or

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such other date as shall be mutually agreed upon by the Parties.

1.21 "Code" means the United States Internal Revenue Code of 1986, as amended.

1.22 "Contract" means any contract, agreement, lease, indenture, mortgage, deed of trust, evidence of indebtedness, binding commitment or instrument to which any of the Transferred Subsidiaries or Business Sellers (in respect of the Business) is a party or by which any of them is bound.

1.23 "Effective Time" means the effective time of the Closing, which shall be deemed to be 11:59 p.m., St. Louis, Missouri time, on the Closing Date.

1.24 "Emerson" has the meaning set forth in the preamble.

1.25 "Emerson-Argentina" means Emerson Argentina, S.A., a corporation organized under the laws of Argentina.

1.26 "Emerson-Canada" means Emerson Electric Canada, Limited, a corporation organized under the laws of Canada.

1.27 "Emerson Pension Plans" has the meaning set forth in Section 5.2.

1.28 "Emerson's Savings Programs" has the meaning set forth in Section 5.2.

1.29 "Employees" means individuals who as of the Effective Time are (i) employees of the Transferred Subsidiaries (including active or inactive employees) or (ii) employees of a Business Seller or an Emerson Affiliate (other than the Transferred Subsidiaries, but including active and inactive employees of such Business Seller or Emerson Affiliate) who are primarily engaged (50% or more of their time) in the operation of the Business.

1.30 "Encumbrances" means mortgages, liens, charges, claims, security interests, easements, community or other marital property interests, conditional sale or title retention arrangements, options, pledges, rights of use, rights of first offer or refusal or other encumbrances or restrictions.

1.31 "Environmental, Health and Safety Law" means any Law relating to pollution, protection of the environment or the promotion and protection of worker health and safety with respect to the handling of and exposure to Hazardous Materials, and all permits, approvals, consents or other authorizations by or pursuant to any such Laws, in effect on the date hereof, or enacted, adopted or promulgated on or prior to the Closing Date, in the jurisdictions whose Laws are applicable to the Business, including any Law relating to Hazardous Materials, drinking water, surface water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water run-off, noises, odors, air emissions, waste emissions or wells. Without limiting the generality of the foregoing, the term shall encompass each of the following statutes and the regulations promulgated thereunder, and any similar applicable state, local or foreign Law (a) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, (b) the Solid Waste Disposal Act, (c) the Hazardous Materials Transportation Act,

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(d) the Toxic Substances Control Act, (e) the Clean Water Act, (f) the Clean Air Act, (g) the Safe Drinking Water Act, (h) the National Environmental Policy Act of 1969, (i) the Superfund Amendments and Reauthorization Act of 1986, (j) Title III of the Superfund Amendments and Reauthorization Act, (k) the Federal Insecticide, Fungicide and Rodenticide Act and (l) the provisions of the Occupational Safety and Health Act of 1970 relating to the handling of and exposure to Hazardous Materials.

1.32 "ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

1.33 "Excluded Assets" means all of the assets, properties, rights and interests of the Transferred Subsidiaries and the Business Sellers that are set forth on Schedule 1.32.

1.34 "Excluded Liability" means any liability or obligation (whether known or unknown, assessed or unassessed, absolute or contingent, liquidated or unliquidated, or due or to become due, and whether or not disclosed on any Disclosure Schedule to this Agreement or otherwise disclosed to or known by the Buyer, any of its Affiliates or any of their respective representatives or agents) of or relating to Emerson or any of its past, present or future Affiliates, including any Business Seller or Transferred Subsidiary:

(a) arising prior to, on or after the Effective Time in connection with any Excluded Asset;

(b) arising out of the conduct of the operations of Emerson or any of its past, present or future Affiliates (including any Business Seller but not including a Transferred Subsidiary) after the Effective Time;

(c) arising in connection with any bond, note, debenture or similar instrument or any other indebtedness for borrowed money outstanding at or prior to the Effective Time;

(d) arising in connection with any Inter-company Payable outstanding at or prior to the Effective Time;

(e) arising in connection with any account payable of F-R Mexico outstanding at or prior to the Effective Time;

(f) arising in connection with the payment of the bonus amounts to the key employees of the Business described on Schedule 1.34;

(g) except as otherwise expressly provided in Section 2.7, arising with respect to any Taxes as of or for any Pre-Closing Period;

(h) arising under any Environmental, Health and Safety Law in connection with (i) the disposal of Hazardous Materials off-site from the premises of the Business or (ii) remedial or other liabilities under Environmental, Health and Safety Laws resulting from any contamination on the premises of the Business identified as a result of the assessments described on Schedule 6.2, to the extent that the cost of such remediation exceeds \$500,000 (it being understood that Buyer shall be responsible for the first \$500,000 of such cost);

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(i) arising in connection with any transaction relating to the sale or divestiture of any business unit, product line or real estate, or the divestiture of any other similar property outside the Ordinary Course prior to the Effective Time;

(j) arising in connection with any matter identified on Disclosure Schedule 3.7 as an "Excluded Litigation Matter;"

(k) arising in connection with any claim, action, suit, proceeding or investigation relating to or involving allegations of death or personal injury occurring prior to the Closing Date arising from any product manufactured or service rendered by any such person, to the extent that Losses incurred in connection with any individual such matter exceeds \$100,000 or with respect to all such matters exceeds \$1,000,000 (it being understood that Buyer shall be responsible for the first \$100,000 of Losses with respect to any individual such matter and the first \$1,000,000 with respect to all such Losses), prior to the Effective Time; and

(l) arising in connection with any retroactive, retrospective or similar adjustment relating to any premium, administrative expense or other amount paid or payable with respect to any period prior to the Closing Date under any policy of insurance.

1.35 "F-R Brazil" means Fisher-Rosemount do Brasil Industria e Comercio Ltda., a corporation organized under the laws of Brazil.

1.36 "F-R Hungary" means Fisher-Rosemount Kft, a corporation organized under the laws of Hungary.

1.37 "F-R Japan" means Fisher-Rosemount Japan Co. Ltd., a corporation organized under the laws of Japan.

1.38 "F-R Korea" means Fisher-Rosemount Korea, Ltd., a corporation organized under the laws of Korea.

1.39 "F-R Mexico" means Fisher-Rosemount S.A. de C.V., a corporation with variable capital organized under the laws of Mexico.

1.40 "F-R Singapore" means Fisher-Rosemount Singapore Pte Ltd., a corporation organized under the laws of Singapore.

1.41 "F-R Spain" means Fisher-Rosemount S.A., a corporation organized under the laws of Spain.

1.42 "FXSL" means Fisher-Xomox Sanmar Limited, a corporation organized under the laws of India.

1.43 "Financial Statements" means the unaudited consolidated and consolidating balance sheets of the Business as of September 30, 1998, 1999 and 2000, and the related statements of consolidated and consolidating profit and loss for the periods then ended.

1.44 "GAAP" means the accounting principles and procedures used in preparing the Financial Statements and to be used in preparing the Closing Balance Sheet, which are and shall be U.S. generally accepted accounting principles consistently applied by

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the Business.

1.45 "Hazardous Materials" means each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance that is defined, determined or identified as hazardous or toxic under any Environmental, Health and Safety Law or the release of which is prohibited or restricted under any Environmental, Health and Safety Law. Without limiting the generality of the foregoing, the term shall include (a) "hazardous substances" as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, or Title III of the Superfund Amendments and Reauthorization Act and regulations promulgated thereunder, each as amended, (b) "hazardous waste" as defined in the Solid Waste Disposal Act and regulations promulgated thereunder, each as amended, (c) "hazardous materials" as defined in the Hazardous Materials Transportation Act and the regulations promulgated thereunder, each as amended, (d) "chemical substance or mixture" as defined in the Toxic Substances Control Act and regulation promulgated thereunder, each as amended, (e) petroleum and petroleum products and byproducts and (f) asbestos.

1.46 "Hungary Base Amount" has the meaning set forth in Section 2.13.

1.47 "Hungary Closing Amount" has the meaning set forth in Section 2.13.

1.48 "Hungary Closing Date" has the meaning set forth in Section 2.13.

1.49 "Hungary Payment" has the meaning set forth in Section 2.13.

1.50 "Injured Party" has the meaning set forth in Section 9.3.

1.51 "Indemnifying Party" has the meaning set forth in Section 9.3.

1.52 "Intellectual Property" means patents, inventions (whether or not patentable), designs, models, know-how, trade secrets, trademarks, trade dress, trade names, logos, mask works, service marks, copyrights, business names, domain names and other business identifiers, business methods, registrations and applications and all renewals of the foregoing and rights to apply for any of the foregoing, and all the goodwill associated therewith, and rights to sue or take any other action with respect to any past or future infringement, misappropriation, dilution or other violation of any rights with respect to the foregoing. This term does not include non-proprietary information, know-how or processes otherwise available to or generally known by the industry or public, or rights obtained pursuant to licenses associated with software and the intellectual property generally made available for purchase or use by industry or the public.

1.53 "Intellectual Property Rights" means Intellectual Property used exclusively in the Business.

1.54 "Inter-company Payables/Receivables" means payables or receivables between the Business, on the one hand, and Emerson or any of its other Affiliates, on the other hand, including dividends or distributions payable by or receivable from any

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Transferred Subsidiary, but excluding current trade payables or receivables that were incurred in the Ordinary Course.

1.55 "IRS" means the United States Internal Revenue Service.

1.56 "Japan Employees" has the meaning set forth in Schedule 5.3.

1.57 "Japan Pension Plans" has the meaning set forth in Schedule 5.3.

1.58 "Law" means any constitution, statute, law, ordinance, decree, order, injunction, rule, directive, or regulation of any government or quasi-governmental authority, and includes rules and regulations of any regulatory or self-regulatory authority compliance with which is required by Law, in effect on the date hereof, or enacted, adopted or promulgated on or prior to the Closing Date, to the extent the same is applicable to the Business.

1.59 "Leased Personal Property" has the meaning set forth in Section 3.9.

1.60 "Leased Real Property" has the meaning set forth in Section 3.9.

1.61 "Loss" or "Losses" means each and all of the following items to the extent actually paid or incurred: liabilities, damages, judgments, fines, costs, penalties, amounts paid in settlement and reasonable out-of-pocket costs and expenses incurred in connection therewith (including, without limitation, costs and expenses of claims, suits and proceedings and reasonable fees and disbursements of counsel, accountants, experts and other advisors), but net of any insurance proceeds actually received by the Injured Party with respect to such Losses and net of any reasonably identifiable Tax benefit actually recognized by the Injured Party in respect of such Losses. For the avoidance of doubt, expenses and liabilities for Taxes shall be considered Losses.

1.62 "Material Adverse Effect" means a material adverse effect on the assets, business, financial condition or results of operations of the Business taken as a whole, but shall not be deemed to include any changes resulting from general economic, regulatory or political conditions, changes in foreign currency exchange rates, circumstances that affect the industries in which the Business operates generally, or the announcement or pendency of the transactions provided for in this Agreement.

1.63 "Material Contracts" has the meaning set forth in Section 3.12.

1.64 "Net Book Value" means (a) the sum of (i) the book value of the Purchased Assets plus (ii) the book value of the assets of the Transferred Subsidiaries, less (b) the sum of (i) the Assumed Liabilities plus (ii) the liabilities of the Transferred Subsidiaries, in each case as of the Effective Time, all as determined in accordance with GAAP applied on a basis consistent with the preparation of the Base Balance Sheet, excluding, except as specifically set forth in Sections 2.10(c) and 2.10(d) hereof, the Excluded Assets and the Excluded Liabilities and taking into account the provisions of Schedule 2.4(b).



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1.65 "Non-U.S. Employees" has the meaning set forth in Section 5.3.

1.66 "Non-U.S. Transferred Employees" has the meaning set forth in Section 5.3.

1.67 "Notice of Claim" has the meaning set forth in Section 9.3.

1.68 "Notice of Dispute" means a written notice by the Buyer to Emerson delivered pursuant to Sections 2.5 and 10.1, specifying in reasonable detail all points of disagreement with Emerson's calculation of the Net Book Value or India Closing Amount.

1.69 "Ordinary Course" means, with respect to the Business, the ordinary course of commercial operations, consistent with past practice, customarily engaged in by the Business.

1.70 "Owned Real Property" has the meaning set forth in Section 3.9.

1.71 "Party" means either Emerson or the Buyer, and "Parties" means both of them.

1.72 "Permitted Encumbrances" means, collectively, (a) Encumbrances that are disclosed in the Disclosure Schedules, (b) liens for Taxes, fees, levies, duties or other governmental charges of any kind which are not yet due, (c) liens for mechanics, materialmen, laborers, employees, suppliers or similar liens arising by operation of law with respect to obligations which are not yet due, (d) in the case of real property, any matters, restrictions, covenants, conditions, limitations, rights, rights of way, encumbrances, encroachments, reservations, easements, agreements and other matters of record which, individually or in the aggregate, would not materially interfere with the use or occupancy of the parcel of real property to which they relate, and (e) the provisions of any Law.

1.73 "Post-Closing Periods" means all taxable periods of the Transferred Subsidiaries and taxable periods relating to the Purchased Assets or Assumed Liabilities commencing after the Effective Time and the portion of any Straddle Period commencing after the Effective Time.

1.74 "Pre-Closing Periods" means all taxable periods of the Business Sellers and the Transferred Subsidiaries and taxable periods relating to the Purchased Assets or the Assumed Liabilities ending on or before the Effective Time and the portion of any Straddle Period ending at the Effective Time.

1.71 "Purchase Price" has the meaning set forth in Section 2.2.

1.75 "Purchased Assets" means all of the assets, properties and rights owned by the Business Sellers as of the Effective Time that are primarily used in the Business wherever such assets, properties and rights are located and whether or not such assets, properties or rights are reflected on the Closing Balance Sheet, but does not include any Excluded Assets.

1.76 "Records" has the meaning set forth in Section 6.3.

1.77 "Sellers" means the Share Sellers and the Business Sellers.

1.78 "Share Buyer(s)" means, in each case, a

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wholly owned subsidiary of the Buyer designated by the Buyer as a purchaser of Shares in accordance with this Agreement.

1.79 "Share Sellers" means Emerson Electric (U.S.) Holding Corporation, a Delaware corporation, Xomox-Germany and E.P.G. Corporation.

1.80 "Shares" means all of the issued and outstanding capital stock of, or other ownership interests in, Xomox-Germany/OHG and Xomox-U.S.

1.81 "Straddle Period" means any taxable period of the Transferred Subsidiaries and any taxable periods relating to the Purchased Assets or Assumed Liabilities that begins before and ends after the Effective Time.

1.82 "Stock Purchase Agreement(s)" has the meaning set forth in Section 2.6.

1.83 "Taiwan Employees" has the meaning set forth in Schedule 5.3.

1.84 "Taiwan Pension Plan" has the meaning set forth in Schedule 5.3.

1.85 "Tax" or "Taxes" means all taxes, charges, fees, levies, or other like governmental assessments, including, without limitation, all federal, possession, state, city, county and foreign (or governmental unit, agency, or political subdivision of any of the foregoing) income, profits, employment (including Social Security, unemployment insurance and employee income tax withholding), franchise, gross receipts, sales, use, transfer, stamp, registration, occupation, property, capital, severance, premium, windfall profits, customs, duties, ad valorem, value-added and excise taxes; Pension Benefit Guaranty Corporation premiums and any other governmental charges of the same or similar nature; and all penalties, additions to tax and interest relating to any such taxes, premiums or charges. Any one of the foregoing Taxes shall be referred to sometimes as a "Tax."

1.86 "Transferred Employees" means those Employees who accept employment with the Buyer or any of its Affiliates or whose employment transfers from a Business Seller or an Affiliate of Emerson to Buyer or any of its Affiliates by operation of Law.

1.87 "Transferred Subsidiary(ies)" means each of Xomox-France, Xomox-Mexico, Xomox-Switzerland, Xomox-Germany/OHG, Xomox-Taiwan, Xomox-U.S. and Xomox-Venezuela.

1.88 "U.K. Employees" has the meaning set forth in Schedule 5.3.

1.89 "U.K. Pension Plan" has the meaning set forth in Schedule 5.3.

1.90 "U.S. Employees" has the meaning set forth in Section 5.2.

1.91 "U.S. Transferred Employees" has the meaning set forth in Section 5.2.

1.92 "Workers' Compensation Event" has the meaning set forth in Section 5.2.

1.93 "Workers' Compensation Program" has the meaning set forth in Section 5.2.

1.94 "Xomox-France" means Xomox France S.A., a corporation organized under the laws of France.

1.95 "Xomox-Germany/OHG" means Xomox International GmbH & Co., a general partnership

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organized under the laws of Germany.

1.96 "Xomox-Germany" means Xomox International GmbH, a corporation organized under the laws of Germany.

1.97 "Xomox-India" means a corporation to be formed and organized under the laws of India upon the de-merger of FXSL.

1.98 "Xomox-Mexico" means Xomox Chihuahua S.A. de C.V., a corporation with variable capital organized under the laws of Mexico .

1.99 "Xomox-Switzerland" means Xomox AG, a corporation organized under the laws of Switzerland.

1.100 "Xomox-Taiwan" means Flow Technology Inc., a corporation organized under the laws of the State of Ohio, United States of America.

1.101 "Xomox-U.K." means Xomox Limited, a corporation organized under the laws of England and Wales.

1.102 "Xomox-U.S." means Xomox Corporation, a corporation organized under the laws of the State of Ohio, United States of America.

1.103 "Xomox-Venezuela" means Xomox Corporation de Venezuela, CA, a corporation organized under the laws of Venezuela.

### ARTICLE II

#### PURCHASE AND SALE OF THE BUSINESS

2.1 Transfer of Shares and Purchased Assets and Assumption of Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, at the Closing and as of the Effective Time:

(a) Emerson shall cause the Share Sellers to sell, assign, transfer and convey to the Buyer (or such Share Buyers as the Buyer may direct), and the Buyer (or such Share Buyers or other persons permitted in accordance with Section 10.5 as the Buyer may direct) shall purchase, acquire and accept from such Share Sellers, all right, title and interest to and in all of the Shares, free and clear of all Encumbrances.

(b) Emerson shall cause the Business Sellers to sell, assign, transfer and convey to the Buyer (or such Business Buyers as the Buyer may direct), and the Buyer (or such Business Buyers or other persons permitted in accordance with Section 10.5 as the Buyer may direct) shall purchase, acquire and accept from such Business Sellers, all right, title and interest to and in all of the Purchased Assets, free and clear of all Encumbrances other than Permitted Encumbrances.

(c) The Buyer (and the Buyer's designee, if applicable) shall assume and discharge when and as due all of the Assumed Liabilities and the Buyer (and its designee, if applicable) shall indemnify and hold Emerson and the Sellers harmless with respect thereto.

2.2 Consideration. The consideration that the Buyer shall pay Emerson and the Sellers for the Shares, the Purchased Assets and other rights of the Buyer hereunder shall be One Hundred Forty-Five Million U.S. Dollars (US\$145,000,000.00) (the "Purchase Price"), subject to adjustment as provided in this Agreement.

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2.3 Closing. The Closing shall take place at 9:00 a.m. on the Closing Date at the offices of Bryan Cave LLP, in St. Louis, Missouri, or on such other date (which shall in any event be within five (5) Business Days from the satisfaction or waiver of all applicable conditions to Closing set out herein) and at such other place as the Parties may agree in writing. At Closing, Emerson shall deliver or cause to be delivered to Buyer the documents identified in Article VII, and Buyer shall deliver to Emerson (a) by wire transfer of immediately available funds, in accordance with the wire transfer instructions set forth on Schedule 2.3, the Purchase Price less the Hungary Payment (except to the extent applicable Law requires that payments be made in a different currency or within the country of a Business Seller, and any consent or approval required to avoid such requirement cannot reasonably be obtained), and (b) the documents identified in Article VIII.

2.4 Base Balance Sheet, Closing Inventory and Balance Sheet.

(a) Attached hereto as Schedule 2.4(a) is the consolidating balance sheet of the Business as of March 31, 2001, adjusted pursuant to Schedule 2.4(b) (the "Base Balance Sheet"), which adjusted balance sheet reflects a Net Book Value of the Business as of March 31, 2001 of US\$68,084,000.00.

(b) Concurrently with Closing, the Buyer shall cause to be taken a physical count of all of the inventory of the Business. Emerson may observe the taking of such physical count of inventory. As soon as reasonably practicable following the Closing Date, and in any event no later than 90 days thereafter, the Buyer shall cause to be prepared and delivered to Emerson a balance sheet of the Business as of the Effective Time, prepared consistently with the Base Balance Sheet and Schedule 2.4(b) and in accordance with GAAP and the applicable provisions of this Agreement (the "Closing Balance Sheet"). Such Closing Balance Sheet shall be accompanied by a statement calculating the Net Book Value reflected on the Closing Balance Sheet. The Buyer shall permit Emerson and its accountants to review promptly upon request all records necessary for Emerson's review of such Closing Balance Sheet and computation of Net Book Value and to take copies of the same.

2.5 Post-Closing Adjustment.

(a) If Emerson disputes the Net Book Value as calculated by the Buyer, not more than 90 calendar days after the date Emerson receives the Buyer's calculation thereof, Emerson shall deliver to the Buyer a Notice of Dispute. Upon receipt of the Notice of Dispute, Emerson and the Buyer shall promptly consult with each other with respect to the specified points of disagreement in an effort to resolve the dispute. If any such dispute cannot be resolved by Emerson and the Buyer within 30 calendar days after the Buyer receives the Notice of Dispute, Emerson and the Buyer shall

jointly refer the dispute to PricewaterhouseCoopers ("Accounting Firm"), to finally resolve, as soon as practicable, and in any event within 60 calendar days after such reference, all points of disagreement with respect to the Net Book Value. For purposes of such resolution each of Emerson and the Buyer shall submit a proposed calculation of the Net Book Value. The Accounting Firm shall act as an expert in accounting, and not as an arbitrator, to resolve in accordance with this Agreement only those disputed issues submitted by the Parties based solely on such submissions and not through independent review. Each of the Parties shall bear its own expenses in connection with the determination of the Net Book Value by the Accounting Firm. The fees and expenses of the Accounting Firm incurred in connection with the determination of the Net Book Value shall be shared equally by the Parties. All determinations by the Accounting Firm shall be final, conclusive and binding with respect to the Net Book Value, in the absence of fraud or manifest error.

(b) The Purchase Price shall be adjusted as follows, based on the Net Book Value determined pursuant to Sections 2.4 and 2.5: Emerson shall pay to the Buyer the amount by which the Net Book Value is less than US\$68,084,000.00, or the Buyer shall pay to Emerson the amount by which the Net Book Value exceeds US\$68,084,000.00, in either case, plus interest, compounded annually, calculated from the Closing Date to the date of payment at the prime lending rate of Morgan Guaranty Bank as in effect as of the Closing Date. Any payment so required to be made by either Emerson or the Buyer shall be by wire transfer of immediately available funds, not more than seven (7) Business Days after final determination thereof, to an account to be designated by the payee at least two (2) Business Days prior to the due date.

#### 2.6 Ancillary Sale Agreements.

(a) In connection with the transaction contemplated by this Agreement, at or before the Closing the Buyer (or such Share Buyer as the Buyer may direct) and the applicable Share Seller shall enter into separate Stock Purchase Agreements and/or Share Transfer Forms in substantially the form attached hereto as Exhibit A (each a "Stock Purchase Agreement" and collectively, the "Stock Purchase Agreements") with respect to the Shares of each Transferred Subsidiary being transferred under this Agreement, with only such modifications as are necessary in order to maintain substantially the same legal meaning and effect under local law as provided in this Agreement.

(b) In connection with the transactions contemplated by this Agreement, on or before the Closing the Buyer (or such Business Buyer as the Buyer may direct) and each of the Business Sellers shall enter into separate Asset Purchase

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Agreements in substantially the form attached hereto as Exhibit B, respectively (each a "Business Transfer Agreement" and collectively the "Business Transfer Agreements") with respect to the Purchased Assets and Assumed Liabilities being transferred under this Agreement, with only such modifications as are necessary in order to maintain substantially the same legal meaning and effect under local law as provided in this Agreement.

### 2.7. Taxes.

(a) All sales, use, value-added (net of any input credits or refunds), gross receipts, registration, stamp duty or other similar transfer taxes incurred in connection with the transfer and sale of the Purchased Assets and the Shares to the Buyer and the Buyer Subsidiaries shall be borne by the Buyer and the Buyer Subsidiaries. To the extent of the aggregate amounts reflected on the Closing Balance Sheet, all property, ad valorem and other non-income Taxes that have accrued or have been assessed against the Business or any of the Purchased Assets prior to the Effective Time shall be borne by Buyer, and Sellers shall bear no responsibility for any portion thereof. Except as provided in the immediately preceding sentence, all property, ad valorem and other non-income Taxes that have accrued or have been assessed against the Business or any of the Purchased Assets prior to the Effective Time shall be borne by Sellers, and Buyer shall bear no responsibility for any portion thereof.

(b) Except as provided in Section 2.7(a) or to the extent reflected as a liability on the Closing Balance Sheet, any Taxes with respect to the Purchased Assets or the Business for any Pre-Closing Periods shall be borne by the Sellers. For this purpose, such Taxes shall include, but not be limited to, the liability of any Transferred Subsidiary for Taxes under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law.

All Taxes collected by the Sellers from third parties prior to the Effective Time, including, but not limited to, sales and use taxes and all payroll withholding taxes, including both employee and employer portions, shall be paid by the Sellers to the appropriate governmental authority.

(c) Emerson agrees to indemnify the Buyer for any Taxes resulting from the de-merger of FXSL.

(d) For purposes of determining the allocation of any Tax liability among the Parties in accordance with Section 2.7(b), Emerson will, and the Buyer will cause the Transferred Subsidiaries to, with respect to any taxable period of the Business that would otherwise include but does not end on the Closing Date, to the extent permissible pursuant to applicable law, take all steps as are or may be reasonably necessary, including, without limitation, the filing of elections or returns with applicable

taxing authorities, to cause such period to end on the Closing Date. In any case where applicable law does not permit the Transferred Subsidiaries to close their taxable years on the Closing Date or in any case where Taxes are imposed on the Business Sellers or the Buyer with respect to the Purchased Assets for a taxable period not ending on the Closing Date, then Taxes, if any, attributable to Pre-Closing Periods shall be allocated to the Sellers and Taxes for Post Closing Periods shall be allocated to the Buyer. In the case of any Taxes that are imposed on a periodic basis and are payable for a Straddle Period, the portion of such Tax which relates to the portion of such taxable period ending as of the Effective Time shall (x) in the case of any Taxes other than Taxes based upon or related to income, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending as of the Effective Time and the denominator of which is the number of days in the entire taxable period, and (y) in the case of any Tax based upon or related to income, be deemed to be equal to the amount which would be payable if the relevant taxable period ended as of the Effective Time pursuant to an interim closing of the books. Except as provided in Section 2.7(a), any Taxes incurred by reason of the transactions occurring on or before the Effective Time as contemplated by this Agreement shall be treated as occurring in a Pre-Closing Period.

(e) The Buyer and Emerson agree to furnish or cause to be furnished to each other, upon request, as promptly as practical, such information (including reasonable access to books and records) and assistance as is reasonably necessary for the filing of any Tax return, the conduct of any Tax audit, and for the prosecution or defense of any claim, suit or proceeding relating to any Tax matter. Any Tax audit or other Tax proceeding shall be deemed to be a third party claim subject to the procedures set forth in Section 9.4 of this Agreement.

(f) In the event of a third-party claim for Taxes of the Transferred Subsidiaries or Taxes relating to the Purchased Assets or Assumed Liabilities, the Buyer will permit the Sellers, at their expense, to control any proceeding relating to any taxable year or period ending on or before the Effective Time; provided that the Sellers have retained liability for such Taxes hereunder. The Sellers will not settle or otherwise compromise any issue or matter relating to the non-United States Transferred Subsidiaries without the Buyer's prior written consent, which will not be unreasonably withheld. If the Sellers do not assume the defense of any such proceeding, the Buyer may, without any effect to its right of indemnification by the Sellers under this Section, defend the same in such manner as it may deem appropriate including but not limited to settling

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such proceeding..

(g) Seller will prepare all United States Federal and State income Tax returns for the Transferred Subsidiaries covering taxable periods ending on or before the Effective Time. With respect to any Tax return of a Transferred Subsidiary required to be filed by the Buyer, its Affiliates or the Transferred Subsidiary after the Closing Date for Pre-Closing Periods or Straddle Periods, the Buyer shall provide Emerson and its authorized representatives with copies of such completed Tax return at least 30 days prior to the due date for filing such Tax return, and Emerson and its authorized representatives shall have the right to review such Tax return prior to the filing thereof. The Buyer and Emerson agree to consult and resolve in good faith any issues arising as a result of the review of such Tax return by Emerson or its authorized representatives prior to the filing of such Tax return. The Buyer shall not cause or permit a Transferred Subsidiary or any Affiliate of the Buyer to amend any Tax return, take any Tax position on any Tax return or take any other action for a Pre-Closing Period or carry-back any loss or credit to a Pre-Closing Period that would result in any increased Tax liability for Emerson, any of Emerson's Affiliates or a Transferred Subsidiary with respect to any Pre-Closing Period without the prior consent of Emerson, which consent shall not be unreasonably withheld.

(h) Except as provided in Section 2.7(g), the Buyer shall promptly pay or shall cause prompt payment to be made to Emerson of all refunds of Taxes and interest thereon received by, or credited against Tax liability of the Buyer, any Affiliate of the Buyer, or a Transferred Subsidiary attributable to Taxes paid by Emerson or a Transferred Subsidiary with respect to any Pre-Closing Period; provided, however, no such refund of Taxes and interest will be paid by the Buyer, any Affiliate of the Buyer, or a Transferred Subsidiary to the extent such refund of Taxes and interest was shown as an asset on the Closing Balance Sheet.

(i) Section 338(h)(10) Election. The Buyer and Emerson and their Affiliates, as appropriate, agree to timely make an election pursuant to Section 338(h)(10) of the U.S. Internal Revenue Code, with respect to the sale of Xomox-US and Xomox-Taiwan and to file such forms as are necessary to effectuate such election, or an equivalent election under state law, in accordance with the terms of this Agreement. Emerson and/or its Affiliates, as appropriate, shall include in its federal consolidated income Tax return or separate state income Tax return the income attributable to the deemed sale of assets pursuant to any Section 338(h)(10) election or equivalent election under state law and agree to pay any Tax liability resulting therefrom.

(j) The Buyer hereby agrees that in the



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event it does not make or cause to be made an effective Section 338(g) election under the Code for the Transferred Subsidiaries other than Xomox-U.S. and Xomox-Taiwan, then for the period after Closing and through the close of each such Transferred Subsidiary's taxable year (as defined in the Code), the Buyer shall not cause or permit the Transferred Subsidiaries for which a Code Section 338(g) election has not been made to engage in the following prohibited transactions:

- (i) Declare or pay a dividend;
- (ii) Make or cause to be made any

investment in U.S. property within the meaning of Section 956 of the Code; or

- (iii) Conduct business outside the ordinary course or engage in any transaction outside the ordinary course (in either case based upon the Transferred Subsidiary's historic activities) if such business or activities would impact the amount or character of Emerson's gross income reportable under Section 1248 of the Code, the amount of Emerson's associated deemed-paid foreign taxes within the meaning of Section 902 of the Code that are associated with the Section 1248 inclusion or the amount of Emerson's subpart F income within the meaning of Section 952 of the Code.

(k) The Buyer agrees to indemnify and hold harmless Emerson and its Affiliates from and against any United States consolidated federal income tax liability incurred by Emerson and its Affiliates in excess of the United States consolidated federal income tax liability that Emerson and its Affiliates would have incurred assuming (i) that a valid and effective election under Section 338(h)(10) of the Code had been made by Emerson and the Buyer for Xomox-US, and (ii) for all Transferred Subsidiaries other than Xomox-US, that a valid and effective election under Section 338(g) of the Code had been made by the Buyer (regardless of whether in fact such an election is made or could be made with respect to FXSL, Xomox-India or any Transferred Subsidiary).

In addition to any amount payable pursuant to the preceding sentence, the Buyer shall pay an amount to Emerson to compensate it and its affiliates for the actual income tax costs resulting from such payment (as well as any payment made pursuant to this sentence). Notwithstanding the foregoing, no indemnification will be due under this paragraph if Sellers' actions prevent the Section 338(g) or 338(h)(10) election from being effective.

(l) The Buyer hereby agrees with Emerson that this Agreement reflects their agreement with respect to an overall transaction for U.S. federal income tax purposes, which involves the distribution or transfer by Xomox-U.S. pursuant to Section 2.10(a) hereof of any Excluded Assets to its sole shareholder, Emerson Electric (U.S.) Holding Corporation, prior to the sale of Xomox-U.S. shares hereunder as to which

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the Buyer and Emerson will jointly make the Section 338(h)(10) election pursuant to Section 2.7(g) hereof. Emerson hereby confirms that this Agreement and the transactions taken pursuant hereto shall constitute a plan of liquidation for U.S. federal income tax purposes, and that the distribution or transfer of the Excluded Assets to Emerson Electric (U.S.) Holding Corporation will be part of that plan of liquidation.

(m) All Tax sharing agreements or similar agreements (other than this Agreement) between the Transferred Subsidiaries and Emerson and any of its Affiliates shall be terminated as of the Closing Date, and there will be no liability to the Buyer, Emerson, Sellers or the Transferred Subsidiaries under any such agreement following the Closing Date.

### 2.8 Allocation of Purchase Price.

(a) Schedule 2.8 sets forth the allocation of the Purchase Price among the Purchased Assets and the Transferred Subsidiaries. Emerson and the Buyer shall report the acquisition of the Purchased Assets and the Transferred Subsidiaries for all Tax purposes in a manner consistent with such allocation, and shall take no position inconsistent therewith or contrary thereto. The allocation may not be amended or changed without the mutual written consent of the parties.

(b) Within 7 months following the Closing Date, the Buyer will provide a completed Form 8594 for Xomox U.S. and Xomox Taiwan reflecting the allocation of the Aggregate Deemed Sale Price ("ADSP Allocation") to the assets owned by Xomox-U.S. and Xomox-Taiwan, prepared in accordance with the regulation under Section 338 and consistent with Schedule 2.8. Within 20 days after its receipt of the Asset Acquisition Statement and the ADSP Allocation, Emerson shall propose to the Buyer any changes or will be deemed to have indicated its concurrence with the Asset Acquisition Statement and the ADSP Allocation. Thereafter, the Buyer shall provide to Emerson from time to time revised copies of the Asset Acquisition Statement and ADSP Allocation (each, a "Revised Statement") so as to report any matters that require updating. Within 20 days after the receipt of any Revised Statement, Emerson shall propose to the Buyer any changes to the Revised Statement or will be deemed to have indicated its concurrence therewith. The Buyer and Emerson shall endeavor in good faith to resolve any differences with respect to any Revised Statement within 20 days after the Buyer's receipt of notice of objection or suggested changes from Emerson.

(c) If Emerson withholds its consent to such allocation and the Buyer and Emerson are unable to resolve any differences that, in the aggregate, are material in relation to the Purchase Price, then any remaining disputed matters shall be finally and conclusively determined by the Accounting Firm. Promptly, but not later than 10 days after its acceptance of its appointment, the Accounting Firm shall determine those matters in dispute and will render a written report as to the disputed matters and

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the resulting allocation, which report will be conclusive and binding upon the Parties. The Buyer and Emerson shall, subject to the requirements of any applicable Tax law or election, file all Tax Returns and reports consistent with the allocation provided by the Accounting Firm.

### 2.9 Completion of Transfers.

(a) The entire beneficial interest in and to, and the risk of loss with respect to, the Shares, the Purchased Assets and the Assumed Liabilities, shall, regardless of when legal title thereto shall be transferred to the Buyer and the Buyer Subsidiaries, pass to the Buyer and the Buyer Subsidiaries at Closing as of the Effective Time. All operations of the Business shall be for the account of Sellers up to and including the Effective Time and shall be for the account of the Buyer and the Buyer Subsidiaries thereafter. In the event legal title to any of the Shares or the Purchased Assets is not transferred at Closing, the Seller of such Shares or Purchased Assets shall hold such Shares or Purchased Assets as nominee for the Buyer until completion of such transfers.

(b) In the event that the legal interest in any of the Shares or the Purchased Assets to be sold, assigned, transferred or conveyed pursuant to this Agreement, or any claim, right or benefit arising thereunder or resulting therefrom cannot be sold, assigned, transferred or conveyed hereunder as of the Closing Date because any waiting or notice period has not expired or any consents or approvals required for such transfer have not been obtained or waived, then the legal interest in such Shares or Purchased Assets shall not be sold, assigned, transferred or conveyed unless and until such waiting or notice period shall have expired or until approval, consent or waiver thereof is obtained. Emerson shall cause the Sellers, at their expense, and the Buyer shall and shall cause its Affiliates, at their expense, to use commercially reasonable efforts to cooperate in obtaining such consents or approvals as may be necessary to complete such transfers as soon as practicable. The failure of the Seller to obtain any required consents or approvals prior to Closing other than with respect to the transfer of the Shares of Xomox-U.S. and Xomox-Germany shall not affect the Buyer's obligations to close under this Agreement or to pay, or cause to be paid, the Purchase Price. Nothing in this Agreement shall be construed as an attempt to assign to the Buyer or the Buyer Subsidiaries any legal interest in any of the Shares or the Purchased Assets which, as a matter of law or by the terms of any legally binding contract, engagement or commitment to which any of Sellers or the Transferred Subsidiaries are subject, is not assignable without the consent of any other party, unless such consent shall have been given.

(c) Pending the assignments,

conveyances and transfers referred to in paragraph (b), Emerson shall cause Sellers to hold any such non-assigned Shares or Purchased Assets for the benefit and at the risk of the Buyer and shall cooperate with the Buyer, without the payment of any additional consideration by the Buyer, in any lawful and reasonable arrangements designed to provide the benefits of ownership thereof to the Buyer.

2.10 Excluded Assets and Liabilities; Expenses.

(a) Emerson shall cause the Transferred Subsidiaries to transfer to Sellers or their designated Affiliates, without consideration, any assets owned by them which are Excluded Assets and shall cause Sellers or their designated Affiliates to assume and to perform and discharge when due all related liabilities and obligations. Emerson shall use its commercially reasonable efforts to cause such transfers to be made on or prior to Closing. Any and all costs and expenses incurred in transferring ownership of the Excluded Assets to Sellers or their designated Affiliates, including, but not limited to, applicable Taxes, recording, registration and filing fees and preparation of transfer documents, whether incurred before or after Closing, shall be borne by Sellers.

(b) Notwithstanding paragraph (a) above, the Buyer shall bear all costs and expenses associated with the assignment to the Buyer and its Affiliates, and the recordation by them, of Intellectual Property Rights.

(c) The Parties agree and acknowledge that it is their expectation that (i) certain amounts of cash (which the Parties will use their reasonable best efforts to minimize) will be held by or for the account of the Transferred Subsidiaries at the Effective Time and (ii) certain bank accounts which are currently owned by the Transferred Subsidiaries and which will become the property of the Buyer or a Buyer Subsidiary at the Closing will contain certain amounts of cash at the Effective Time. The Parties agree that any amounts of cash referred to in clauses (i) and (ii) above at the Effective Time, notwithstanding the definition of "Net Book Value" as contained herein, shall be included in the Closing Balance Sheet and the calculation of the Net Book Value of the Business.

(d) The Parties agree and acknowledge that it is their expectation that (i) certain amounts of cash (which the Parties will use their reasonable best efforts to minimize) will be held by or for the account of the Business Sellers (in respect of the Business) at the Effective Time and (ii) certain bank accounts which are currently owned by the Business Sellers (in respect of the Business) and which will be transferred to Buyer or a Buyer Subsidiary at the Closing will contain certain amounts of cash at the Effective Time. The Parties agree to cooperate with each other prior to Closing in order to identify each of the

bank accounts of the Business Sellers to be transferred to the Buyer or a Buyer Subsidiary and to take all such reasonable action as may be necessary in order to effectuate the transfer of such bank accounts from the Business Sellers to Buyer or a Buyer Subsidiary. The Parties agree that any amounts of cash held by or for the account of a Business Seller at the Effective Time which exist in a bank account which is transferred to the Buyer or a Buyer Subsidiary at the Effective Time, notwithstanding the definition of "Net Book Value" as contained herein, shall be included in the Closing Balance Sheet and the calculation of the Net Book Value of the Business.

(e) To the extent permitted by law, the entire beneficial interest in and to, and the risk of loss with respect to, the Excluded Assets owned by the Transferred Subsidiaries, shall, regardless of when legal title is transferred, pass to Sellers or their designated Affiliates at Closing as of the Effective Time. All operations with respect to the Excluded Assets owned by the Transferred Subsidiaries shall be for the account of Sellers after the Effective Time.

(f) In the event that the legal interest in any of the Excluded Assets owned by the Transferred Subsidiaries to be assigned, transferred or conveyed as contemplated by this Agreement, or any claim, right or benefit arising thereunder or resulting therefrom cannot be assigned, transferred or conveyed to Sellers or their Affiliates hereunder as of the Closing Date because any waiting or notice period has not expired or any consents or approvals required for such assignment, transfer or conveyance have not yet been obtained or waived, then the legal interest in such Excluded Assets shall not be assigned, transferred or conveyed unless and until such waiting period has expired or until such an approval, consent or waiver thereof is obtained. Emerson shall cause Sellers, at their expense, and the Buyer shall and shall cause its Affiliates, at their expense, to use commercially reasonable efforts to obtain such consents, waivers or approvals as may be necessary to complete such assignments, transfers or waivers and to obtain satisfaction of conditions to transfer as soon as practicable. Nothing in this Agreement shall be construed as an attempt to assign to Sellers any Excluded Assets which, as a matter of law or by the terms of any contract, engagement or commitment to which any Transferred Subsidiary is subject, is not assignable without the consent of any other party, unless such consents shall have been given.

(g) Pending the assignments, conveyances and transfers referred to above, the Buyer or its Affiliates shall cause the relevant Transferred Subsidiaries to hold any such non-assignable Excluded Assets for the benefit and at the risk of Sellers and to cooperate with Sellers in any lawful and reasonable arrangements designed

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to provide the benefits of ownership thereof to Sellers.

(h) Prior to the Closing, Emerson shall cause all Excluded Liabilities to be either (i) paid in full, or (ii) assumed by Emerson (or an Affiliate(s) of Emerson), in which event Emerson (and such Affiliate(s)) will indemnify and hold Buyer and the Transferred Subsidiaries harmless with respect thereto on the terms and subject to the conditions set forth in Article IX.

2.11 Assumed Liabilities. As of the Effective Time, the Buyer agrees and undertakes to, or to cause the Buyer Subsidiaries to, assume and to duly and properly perform and discharge the Assumed Liabilities.

2.12 India Joint Venture.

(a) Xomox-U.S. is the owner of a 49% interest in FXSL (the "FXSL Interest"), which operates a Fisher Valve business (the "Fisher Business"). The ownership interest in such Fisher Business is an Excluded Asset and is not part of the Business. FXSL also conducts operations relating to the Business, and the ownership interest in such Business is a part of the assets to be transferred to the Buyer hereunder. The ownership interest in the Fisher Business shall be transferred to Emerson or its designated Affiliate and the ownership interest in the Business shall be transferred to the Buyer or its designated Affiliate, in accordance with the procedures set forth in this Section 2.12.

(b) As soon as practicable following the Closing, the Parties will take such actions as are necessary to de-merge FXSL (the "De-merger") in accordance with Sections 391 and 394 of the Companies Act, 1956, of India. Pursuant to the De-merger, the portion of the Business held in FXSL shall be transferred to Xomox-India and the Fisher Business shall remain in FXSL. The De-merger shall be on terms and conditions which provide that the Fisher Business shall continue to have substantially the same assets and liabilities and substantially the same legal rights and obligations which it had immediately prior to the Closing, with only those changes which are pre-approved in writing by Emerson, and Xomox-India shall continue to have substantially the same assets and liabilities and substantially the same legal rights and obligations which applied to FXSL's conduct of the Business immediately prior to the Closing, with only those changes which are pre-approved in writing by the Buyer. Both Parties shall be entitled to participate in any and all negotiations and substantive discussions with the majority owner of FXSL regarding the terms of the De-merger. The costs of the De-merger will be borne by Emerson.

(c) Upon completion of the De-merger, the FXSL Interest shall be retained by or transferred to Emerson or its designated Affiliate and the 49% ownership interest in Xomox-India resulting from the De-merger (the "X-I Interest") shall be

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retained by or transferred to Buyer or its designated Affiliate, as follows:

(i) In the event prior to Closing, (A) the necessary approvals and other steps required to allow the transfer of the FXSL Interest to Emerson or its designated Affiliate have been obtained, and (B) agreement has been reached with the owner of the remaining interest in FXSL on the terms of the De-merger, which agreement is acceptable to the Parties, their approval not to be unreasonably withheld, then the FXSL Interest shall be transferred to Emerson or such Affiliate of Emerson and held until completion of the De-merger.

(ii) In the event the conditions specified in subparagraph (i) above have not been satisfied prior to Closing, the FXSL Interest shall be retained by Xomox-U.S. until completion of the De-merger.

(d) Until completion of the De-merger and, if applicable, transfer of the FXSL Interest to Emerson or its designated Affiliate and transfer of the X-I Interest to Buyer or its designated Affiliate, the Parties shall take such steps as necessary so that matters relating to FXSL with respect to the Fisher Business shall be under the control and for the account of Emerson, and matters relating to FXSL with respect to the Business shall be under the control and for the account of Buyer. Without limiting the generality of the foregoing, as applicable:

(i) the Buyer shall consult with Emerson regarding any decision to be made or action to be taken with regard to the Fisher Business by the holder of the FXSL Interest and by the directors of FXSL designated by the holder of the FXSL Interest, and take such actions as are reasonably directed by Emerson with regard to the Fisher Business (and Emerson shall indemnify Buyer with respect to such actions);

(ii) Emerson shall consult with the Buyer regarding any decision to be made on actions to be taken with the regard to the Business by the holder of the FXSL Interest and by the directors of FXSL designated by the holder of the FXSL Interest, and take such actions as are reasonably directed by Buyer with regard to the Business (and Buyer shall indemnify Emerson with respect to such actions);

(iii) the Parties shall not change any of the terms or provisions of the governing documents of FXSL or the joint venture agreements, licenses or other similar agreements related to FXSL, in each case to the extent related to the Fisher Business without the prior written approval of Emerson or to the extent related to the Business without the prior written approval of the Buyer, such approval not to be unreasonably withheld;

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(iv) the Buyer shall promptly provide Emerson with any periodic financial reports received by the Buyer, its Affiliates, or the directors of FXSL designated by it which contain information regarding the Fisher Business and Emerson shall promptly provide the Buyer with any periodic financial reports received by Emerson, its Affiliates or the directors of FXSL designated by it which contain information regarding the Business;

(v) the Parties shall take such actions as may be required to elect and retain on the board of FXSL an equal number of the designees of each of Emerson and the Buyer;

(vi) the Parties shall take such commercially reasonable actions as may be required to obtain for Emerson such information concerning the Fisher Business as Emerson may reasonably request and to obtain for the Buyer such information concerning the Business as the Buyer may reasonably request; and

(vii) any dividend or distribution received by the holder of the FXSL Interest shall be divided between Emerson and the Buyer in proportion to the operating income of the Fisher Business and of the Business as conducted by FXSL.

### 2.13 F-R Hungary and other Deferred Closings.

(a) The closing of the transactions contemplated by this Agreement in relation to the Purchased Assets and Assumed Liabilities of F-R Hungary shall be on such date (the "Hungary Closing Date") as mutually agreed upon by the Parties as soon as practicable following such time as the Buyer has established an Affiliate in Hungary and all governmental and third party consents required for the transfer of such Purchased Assets and Assumed Liabilities shall have been obtained. The Buyer will use all commercially reasonable efforts to promptly establish such entity and obtain such consents and approvals. On the Hungary Closing Date the Buyer shall pay F-R Hungary US\$2,800,000.00 (the "Hungary Payment").

(b) The Base Balance Sheet reflects a net book value of the Xomox Division of F-R Hungary of US\$2,585,155 (the "Hungary Base Amount") and the Hungary Amount will be included on the Closing Balance Sheet.

(c) As soon as reasonably practicable following the Hungary Closing Date, and in any event no later than 90 days thereafter, Buyer shall cause to be prepared and delivered to Emerson a separate balance sheet for F-R Hungary as of the Hungary Closing Date, prepared consistently with the calculation of the Hungary Base Amount and in accordance with GAAP and the applicable provisions of this Agreement. The net book value of F-R Hungary as reflected on such balance sheet is referred to herein as the "Hungary Closing Amount." The Buyer shall permit



Emerson and its accountants to review promptly upon request all records necessary for the review by Emerson of such balance sheet and the calculation of the Hungary Closing Amount.

(d) If Emerson disputes the Hungary Closing Amount as calculated by the Buyer, within 90 calendar days after the date Emerson receives the Buyer's calculation thereof, the Parties shall follow the procedures set forth in Section 2.5; provided, however, that for purposes of this Section 2.13(d), references in Section 2.5 to the "Closing Date" and "Net Book Value" shall be deemed to be references to the "Hungary Closing Date" and "Hungary Closing Amount," respectively.

The Purchase Price shall be adjusted as follows, based on the Hungary Closing Amount determined pursuant to this Section 2.13: Emerson shall pay to the Buyer the amount by which the Hungary Closing Amount is less than the Hungary Base Amount, or the Buyer shall pay to Emerson the amount by which the Hungary Closing Amount exceeds the Hungary Base Amount, in either case, plus interest, compounded annually, calculated from the Hungary Closing Date to the date of payment at the prime lending rate of Morgan Guaranty Bank. Any payment so required to be made by either Emerson or the Buyer shall be by wire transfer of immediately available funds, not more than seven (7) Business Days after final determination thereof, to an account to be designated by the payee at least two (2) Business Days prior to the due date.

(e) Until the Hungary Closing Date, F-R Hungary will conduct business with Xomox-U.S. and its Affiliates on the same price and the same terms and conditions as are existing prior to the Closing Date and neither Emerson nor F-R Hungary will make any material change to the operations of F-R Hungary (in respect of the Business) without the prior consent of the Buyer, which consent will not be unreasonably withheld. All operations of F-R Hungary prior to the Hungary Closing Date shall be for the account of and the benefit of Emerson and F-R Hungary.

(f) In the event that the necessary governmental approvals or third party consents have not been obtained prior to the Closing Date with respect to the transfer of the Purchased Assets or Assumed Liabilities of any Business Seller other than F-R Hungary, then such Purchased Assets and Assumed Liabilities shall be held and transferred in accordance with Section 2.9 of this Agreement. Such delay in the consummation of transfer of ownership shall not delay the Closing or affect the payment of the Purchase Price.

#### ARTICLE III REPRESENTATIONS AND WARRANTIES OF EMERSON

Emerson hereby makes the following representations and warranties, each of which is true and correct on the date hereof and shall survive the Closing Date and the transactions contemplated hereby to the extent set forth herein.

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### 3.1 Existence and Power.

(a) Emerson has the corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. Each of the Sellers has the corporate power and authority to enter into the Business Transfer Agreement or Stock Purchase Agreement to which it will become a party, to transfer the Shares or the Purchased Assets and to consummate the transactions contemplated hereby and thereby.

(b) Each of the Sellers and the Transferred Subsidiaries is duly organized, validly existing and in good standing under the laws of the respective jurisdictions set forth on Disclosure Schedule 3.1.

(c) No Seller or any Transferred Subsidiary is a party to, subject to or bound by any Contract, Encumbrance or Law which would (i) be breached or violated or its obligations thereunder accelerated or increased (whether or not with notice or lapse of time or both) in any material respect by the execution or delivery by Emerson of this Agreement or the performance by any Seller of the transactions contemplated by this Agreement, or (ii) prevent the carrying out of the transactions contemplated hereby. Except as set forth in this Agreement or on Disclosure Schedule 3.1, no permit, consent, waiver, approval or authorization of, or declaration to or filing or registration with, any governmental or regulatory authority or third party is required in connection with the execution, delivery or performance of this Agreement by Emerson or the consummation by the Sellers of the transactions contemplated hereby. The consummation of the transactions contemplated hereby will not result in the creation of any Encumbrance against the Purchased Assets or any Transferred Subsidiary or any of its properties or assets. Except as set forth in this Agreement or on Disclosure Schedule 3.1, no Contract to which any Business Seller (in respect of the Business) or any Transferred Subsidiary is a party or is otherwise bound has been modified or amended, or any provision thereof waived, in connection with obtaining any consent or approval required to carry out the transactions contemplated by this Agreement.

(d) Each of the Business Sellers and the Transferred Subsidiaries has the power and authority to own, lease and use its assets and to transact the business in which it is engaged, and holds all material authorizations, franchises, licenses and permits required therefor. Each of the Transferred Subsidiaries is duly licensed or qualified to do business and is in good standing in each jurisdiction where such license or qualification is required, except those jurisdictions where the failure to be so licensed or qualified would not, individually or in the aggregate, have a Material Adverse Effect.

### 3.2 Valid and Enforceable Agreement;

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Authorization. This Agreement has been duly executed and delivered by Emerson and constitutes a legal, valid and binding obligation of Emerson, enforceable against Emerson in accordance with its terms. Each of the Business Transfer Agreements and Stock Purchase Agreements to be entered into pursuant to this Agreement, shall, when executed and delivered, have been duly executed and delivered by the applicable Seller and shall constitute the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized, approved and ratified by all necessary corporate action on the part of Emerson. Emerson has full corporate authority to enter into and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. Emerson has full power and authority to cause each of the Business Sellers and Share Sellers to consummate the transactions contemplated hereby.

3.3 Capitalization and Ownership. All of the outstanding shares of capital stock or other equity interests in each of the Transferred Subsidiaries are held of record and beneficially owned solely by Xomox-U.S. or the Share Sellers (or by their respective nominees set forth on Disclosure Schedule 3.3), free and clear of all Encumbrances, and are validly issued and are fully paid and non-assessable. Except as set forth on Disclosure Schedule 3.3, the Transferred Subsidiaries do not, directly or indirectly, beneficially own or hold of record capital stock or other securities of, or any proprietary interest in, any person or control the management policies of any other person. Disclosure Schedule 3.3 sets forth for each of the Transferred Subsidiaries (a) the number of shares of authorized capital stock or other equity interests, (b) the number of issued and outstanding shares of each class of its capital stock or other equity interests, and (c) the names of its directors (supervisory and management) and elected officers. Emerson has made available, or will make available prior to Closing, to the Buyer correct and complete copies of the organizational documents relating to each of the Transferred Subsidiaries, each as amended to date. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights or other contracts or commitments that could require any Seller to sell, transfer or otherwise dispose of any capital stock or other equity interest of any Transferred Subsidiary, or that could require any Transferred Subsidiary to issue, sell or otherwise cause to become outstanding any of its own capital stock or other equity interests. There are no outstanding stock appreciation, phantom stock, profit participation or similar rights with respect to any Transferred Subsidiary. There are no voting trusts, proxies or other agreements or understandings with respect to the voting of any capital stock or other equity interests of any Transferred Subsidiary. The minute books, stock certificate books and stock

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record books of each of the Transferred Subsidiaries are correct and complete in all material respects. None of the Transferred Subsidiaries is in material default under or in material violation of any provision of its organizational documents.

3.4 Financial Statements. Attached as Disclosure Schedule 3.4(a) are the Financial Statements. The Financial Statements (i) were derived from the books and records of the Business and (ii) present fairly the financial position and results of operations of the Business at the dates and for the periods indicated in accordance with GAAP except as described in Disclosure Schedule 3.4(a). Subject to the adjustments set forth on Schedule 2.4(b), the Base Balance Sheet was prepared in accordance with GAAP (subject to the exclusion of footnotes and normal year-end adjustments, none of which are expected to be material), applied on a basis consistent with that used in the preparation of the Financial Statements, and presents fairly the financial condition of the Business as of the date indicated therein. Subject to the adjustments set forth on Schedule 2.4(b), the Financial Statements and the Base Balance Sheet are consistent in all material respects with the books and records of the Business, which books and records are correct and complete in all material respects.

3.5 Absence of Certain Developments. Except for the pre-closing restructuring transactions set forth on Schedule 6.1 and the impact of the transfer or other exclusion of the Excluded Assets and Excluded Liabilities, and except as set forth in Disclosure Schedule 3.5, since September 30, 2000, neither the Business nor Sellers (in respect of the Business) nor any of the Transferred Subsidiaries has:

(a) suffered a Material Adverse Effect;

(b) incurred any liability or entered into any transaction except in the Ordinary Course and except for liabilities and transactions that have not, individually or in the aggregate, had a Material Adverse Effect;

(c) suffered any material adverse change in its relationship with any of the suppliers, customers, distributors, lessors, licensors, licensees or other third parties which are material to the Business;

(d) increased the rate or terms of compensation or benefits payable to or to become payable by it to its directors, officers or employees receiving an annual salary in excess of the equivalent of US \$100,000 or increased the rate or terms of any bonus, pension or other employee benefit plan covering any of its directors, officers or employees, except in each case increases occurring in the Ordinary Course in accordance with its customary practice (including normal periodic performance reviews and related compensation and benefits increases);

(e) waived any claims or rights of material value other than in the Ordinary Course;

(f) sold, leased, licensed or otherwise disposed of any of its material assets, other than in the Ordinary Course;

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(g) amended or terminated any material Contract to which it is or was a party other than in the Ordinary Course; or

(h) except as required as the result of changes in GAAP, changed in any material respect any of its accounting principles or practices or revalued in any material respect any of its assets or properties, other than write-downs of inventory or accounts receivable in the Ordinary Course or changes resulting from the matters set forth of Schedules 2.4(b) and 6.1;

(i) tendered any bid, entered into any Contract or commitment or engaged in any transaction not in the Ordinary Course;

(j) made any Tax election, settled or compromised any Tax liability or executed any waiver of restrictions on assessment or collection of any Tax which would have an adverse impact on the Transferred Subsidiaries for any Post-Closing Period;

(k) materially accelerated the collection of accounts receivable or materially delayed the payment of accounts payable;

(l) settled or compromised any material claim, action, suit, proceeding or investigation;

(m) committed to do any of the things set forth in clauses (a) through (l) above.

### 3.6 Taxes.

(a) Except as set forth on Disclosure Schedule 3.6, all Tax returns in respect of Pre-Closing Periods required to be filed with respect to the Transferred Subsidiaries or Purchased Assets have been filed in a timely manner. All such Tax returns are true, correct and complete in all material respects. Except as set forth on Disclosure Schedule 3.6, Sellers and the Transferred Subsidiaries have not requested any extension of time to file any Tax return for any period that has not since been filed. All Taxes of the Transferred Subsidiaries and all Taxes relating to the Purchased Assets (other than Excluded Liabilities and Taxes reflected as liabilities on the Closing Balance Sheet), have been paid to the extent due.

(b) The Transferred Subsidiaries have and will have no additional liability for non-income Taxes with respect to any Tax Return which was required by applicable legal requirements to be filed on or before the Closing Date, other than those reflected as liabilities on the Closing Balance Sheet. The amounts reflected as liabilities on the Closing Balance Sheet for all non-income Taxes are adequate to cover all unpaid liabilities for all non-income Taxes, whether or not disputed, that have accrued with respect to or are applicable to the period ended on and including the Closing Date or to any years and periods prior thereto and for which any Transferred Subsidiary may be directly or contingently liable in its own right or as a transferee of the assets of, or successor to, any Person.

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(c) No federal, state, local or foreign audits or other proceedings exist with regard to any Taxes or Tax returns relating to the Transferred Subsidiaries, FXSL, or the Purchased Assets. Neither the Sellers nor the Transferred Subsidiaries have received any written notice that an audit or other proceeding is pending or threatened with respect to any Taxes due from or with respect to the Transferred Subsidiaries or the Purchased Assets or any Tax Return filed by or with respect to the Transferred Subsidiaries or the Purchased Assets. Except as set forth on Disclosure Schedule 3.6, neither the Sellers nor the Transferred Subsidiaries have granted or been requested to grant any waiver of any statutes of limitations applicable to any claim for Taxes. Except as disclosed on Disclosure Schedule 3.6 all Tax deficiencies that have been claimed, proposed or asserted in writing against Sellers or the Transferred Subsidiaries have been fully paid or finally settled, and no issue has been raised in writing in any examination which, by application of similar principles, could be expected to result in the proposal or assertion of a Tax deficiency for any other year not so examined.

(d) To Emerson's knowledge, no position has been taken on any Tax return with respect to the Business for a taxable year, for which the statute of limitations for the assessment of any Taxes with respect thereto has not expired, that is contrary to any publicly announced position of a taxing authority or that is substantially similar to any position which a taxing authority has successfully challenged in the course of an examination of a Tax return of the Sellers or any Transferred Subsidiary.

(e) There are no outstanding requests for rulings with any taxing authority that to Emerson's knowledge would affect the Transferred Subsidiaries for any Post-Closing Period. None of the Transferred Subsidiaries has (i) executed, become subject to, or entered into any closing agreement pursuant to Code Section 7121 or any similar or predecessor provision thereof under the Code or other Tax law or (ii) received approval to make or agreed to a change in accounting method, which closing agreement or change in accounting method would materially affect any Post-Closing Period. None of the Transferred Subsidiaries has any application pending with any taxing authority requesting permission for any change in accounting method.

(f) All Taxes that each Transferred Subsidiary is required by law to withhold or collect, including sales and use taxes and amounts required to be withheld for Taxes of employees, have been duly withheld or collected and, to the extent required, have been paid over to the proper taxing authority or are held in separate bank accounts for such purpose.

(g) None of the Transferred Subsidiaries is or has been a United States real

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property holding corporation (as defined in Code Section 897(c)(2)) during the applicable period specified in Code Section 897(c)(1)(A)(ii).

(h) There are no Encumbrances relating to the payment or non-payment of Taxes upon any of the Purchased Assets or the assets owned by the Transferred Subsidiaries, other than Permitted Encumbrances.

(i) No Transferred Subsidiary has made or become obligated to make, and no Transferred Subsidiary will, as a result of any transaction contemplated by this Agreement, become obligated to make, any payments that could be nondeductible by reason of Section 280G (without regard to subsection (b)(4) thereof) or 162(m) of the Code.

No Transferred Subsidiary shall be required to "gross up" or otherwise compensate any individual because of the imposition of any excise tax on such a payment to the individual.

(j) Emerson Electric (U.S.) Holding Corporation filed a consolidated federal income tax return with Xomox U.S. and Xomox-Taiwan for the taxable year immediately preceding the current taxable year and that Emerson Electric (U.S.) Holding Corporation is eligible to make an election under Section 338(h)(10) of the Code (and any comparable election under state, local or foreign tax law) with respect to Xomox U.S. and Xomox-Taiwan.

(k) Except for the group of which Xomox-U.S. and Xomox-Taiwan are currently a member, neither company has ever been a member of an affiliated group of corporations, within the meaning of Section 1504 of the Code.

(l) The Transferred Subsidiaries will not be a party to any tax-sharing or tax-allocation agreements as of the Effective Time.

(m) Seller has not, and will not, make a "check-the-box" election to treat Xomox-Germany/OHG as a partnership for U.S. federal income tax purposes.

(n) None of the Purchased Assets and none of the assets of the Transferred Subsidiaries directly or indirectly secures any debt the interest on which is tax exempt under Section 103 of the Code. None of the assets of the Business is "tax-exempt use property" within the meaning of section 168(h) of the Code.

(o) To Emerson's knowledge, except as disclosed in Disclosure Schedule 3.6, none of the Transferred Subsidiaries has a permanent establishment as defined in any applicable Tax treaty or convention. in any country other than its country of incorporation or organization.

(p) Except as disclosed in Disclosure Schedule 3.6, none of the Transferred Subsidiaries is a party to any partnership or other arrangement that would be treated as a partnership for federal income tax purposes.

3.7 Litigation. Except as set forth on Disclosure Schedule 3.7, there are no claims, actions, suits, proceedings or known investigations pending or,

to Emerson's knowledge, threatened against any Transferred Subsidiary or any of the Business Sellers (in respect of the Business). The Transferred Subsidiaries and Business Sellers (in respect of the Business) are not subject to any orders, judgments, writs, injunctions or decrees of any court or governmental or regulatory authority or body (excluding any such matters of general applicability or applicable to entities situated similarly to the Transferred Subsidiaries or Business Sellers rather than to them specifically). Disclosure Schedule 3.7 sets forth each instance in which any Transferred Subsidiary or Business Seller (in respect of the Business) has settled or otherwise compromised any claim, action, suit, proceeding or investigation since January 1, 1998. There are no claims, actions, suits, proceedings or known investigations pending or threatened against the Emerson, any of the Seller's or any of Emerson's other Affiliates, at law or in equity, which if adversely determined would have a material adverse effect on Emerson's and the Sellers' performance under this Agreement or the consummation of the transactions contemplated hereby. There are no injunctions, decrees, orders or unsatisfied judgments outstanding against or related to Emerson or any of the Sellers which will interfere with Emerson's and the Sellers' ability to consummate the transactions contemplated by this Agreement.

3.8 Product Warranty and Liability Claims. Disclosure Schedule 3.8 sets forth the form of standard product warranties and guaranties extended by the Business Sellers (in respect of the Business) and the Transferred Subsidiaries with respect to products sold and services rendered in connection with the operation of the Business prior to the date of this Agreement. To Emerson's knowledge, except as set forth on Disclosure Schedule 3.8, there have not been any material deviations from such warranties and guaranties that would be binding on any Business Buyer or Transferred Subsidiary after the Closing Date. Except as set forth on Disclosure Schedule 3.8, no Transferred Subsidiary or Business Seller (in respect of the Business) has (a) recalled any of its products (whether on a voluntary basis or as required by Law) since January 1, 1998 or (b) received notice of any unresolved claim in excess of \$50,000 for personal injury, death, or property or economic damages, or any unresolved claim for injunctive relief in connection with any product manufactured or sold by the Transferred Subsidiaries or the Business Sellers (in respect of the Business) excluding, however, claims not involving personal injury, death or the assertion of punitive, exemplary or other special damages made under or pursuant to standard contractual product or service warranties of the Transferred Subsidiaries or the Business Sellers (in respect of the Business) in the forms set forth on Disclosure Schedule 3.8.

3.9 Title to Properties.

(a) Disclosure Schedule 3.9(a) sets forth a complete list of all real property (other than leasehold interests and Excluded Assets) owned by any Transferred Subsidiary or Business



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Seller in relation to the Business as of the date hereof (the "Owned Real Property"). The Transferred Subsidiaries and Business Sellers have good fee simple (or equivalent) title to each of the parcels of Owned Real Property, in all cases free and clear of all Encumbrances, except Permitted Encumbrances.

(b) Disclosure Schedule 3.9(b) sets forth a list of all leases with respect to real property providing for annual rental and other payments in excess of the equivalent of US \$25,000 to which any Transferred Subsidiary or Business Seller (in relation to the Business) is a party as of the date hereof (the "Leased Real Property"). Emerson has made available to the Buyer correct and complete copies of each lease agreement listed on Disclosure Schedule 3.9(b), each as amended to date. Each of the lease agreements set forth on Disclosure Schedule 3.9(b) constitutes the material terms of the agreement to which the Transferred Subsidiaries and Business Sellers are a party with respect to the real property leased thereunder.

(c) Disclosure Schedule 3.9(c) sets forth a list of all material leases with respect to personal to which any Transferred Subsidiary or Business Seller (in relation to the Business) is a party as of the date hereof (the "Leased Personal Property"). Emerson has made available to the Buyer correct and complete copies of each lease agreement listed on Disclosure Schedule 3.9(c), each as amended to date.

(d) Each of the leases set forth on Disclosure Schedule 3.9(b) and Disclosure Schedule 3.9(c) is legal, valid and binding on the applicable Transferred Subsidiary or Business Seller and, to Emerson's knowledge, the other party or parties thereto. Except as set forth on Disclosure Schedule 3.9(c), (i) no Transferred Subsidiary or Business Seller or, to Emerson's knowledge, any other party thereto is in breach in any material respect of any term of any such lease or has repudiated any term of any such lease, (ii) no event, occurrence or condition exists that, with the lapse of time, the giving of notice, or both, would become a material default under any such lease by any Transferred Subsidiary or Business Seller or, to Emerson's knowledge, any other party thereto and (iii) no Transferred Subsidiary or Business Seller has waived or released any of its rights under any such lease.

(e) Except as set forth on Disclosure Schedules 3.9(a), 3.9(b) or 3.9(c), there are no leases, tenancy agreements, easements, written covenants, or written restrictions to which any of the Transferred Subsidiaries or Business Sellers is a party as of the date hereof which create or confer on any person other than the Transferred Subsidiaries and Business Sellers a right to use, occupy or possess all or any of the Owned Real Property or Leased Real Property or any portion thereof or interest therein.

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(f) There are no pending or, to Emerson's knowledge, threatened or contemplated condemnation or eminent domain proceedings that affect the Owned Real Property or the Leased Real Property.

(g) None of the Owned Real Property or Leased Real Property or any part thereof has suffered any material damage by fire or other casualty that has not been restored.

(h) Except as set forth on Disclosure Schedule 3.9(h), no parcel of Owned Real Property or Leased Real Property is shared by the Business and any other subsidiary, division or business unit of Emerson or its Affiliates.

3.10 Condition of Real and Personal Property.

(a) Except as listed on Disclosure Schedule 3.10, all of the buildings, offices and other structures located on the Owned Real Property or Leased Real Property have been maintained in reasonable condition in the Ordinary Course in a manner consistent with past maintenance practices of the Business.

(b) Except as set forth in Disclosure Schedule 3.10, all tangible personal property has been maintained in reasonable operating condition and repair, in the Ordinary Course in a manner consistent with past maintenance practices of the Business.

3.11 Property; Title. The Purchased Assets, including without limitation the Business Sellers' rights in the Leased Real Property and the Leased Personal Property, and the assets, rights and properties that the Transferred Subsidiaries will own or have the right to use on the Closing Date, together with the shared facilities, personnel or services to which they will have access pursuant to the Transition Services Agreement, constitute all property, real and personal, tangible and intangible, primarily used by the Transferred Subsidiaries and the Business Sellers to transact the Business as presently conducted, other than the Excluded Assets. The Transferred Subsidiaries and the Business Sellers (in respect of the Business) are the sole owners of all right, title and interest in and to their respective assets reflected as owned on the Financial Statements, free and clear of all Encumbrances other than Permitted Encumbrances. The shared facilities, personnel and services to be covered by the Transition Services Agreement are of a type and character that they can typically be replaced over a reasonable period of time at reasonable expense. There are no agreements in effect between Emerson or any of its Affiliates and the Transferred Subsidiaries, other than commercial agreements relating to purchases and sales in the Ordinary Course, which would impose a liability for payments in excess of \$100,000 on the Transferred Subsidiaries following the Effective Time.

3.12 Contracts.

(a) Disclosure Schedule 3.12 sets forth a list of all Contracts (other than Contracts with the Business' sales representatives or distributors) to which a Business Seller (with respect to the Business) or a Transferred

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Subsidiary is a party as of the date hereof that (i) involve payments in excess of US\$100,000 in any 12 month period, (ii) include guarantees of any financial obligation of another person (other than a Transferred Subsidiary), (iii) require such Business Seller or Transferred Subsidiary to provide a letter of credit or bond to any other person, (iv) relate to any joint venture or partnership, with another person or (v) include provisions which impose non-competition obligations on the Business following the Effective Time (collectively, the "Material Contracts"). Emerson has made available to the Buyer correct and complete copies of each Material Contract, each as amended to date.

(b) Each of the Material Contracts is legal, valid and binding on the applicable Transferred Subsidiary or Business Seller and, to Emerson's knowledge, the other party or parties thereto. The terms of all Material Contracts have been complied with in all material respects by the applicable Business Seller or Transferred Subsidiary and, to Emerson's knowledge, by the other parties to such Material Contract, no event, occurrence or condition exists that, with the lapse of time, the giving of notice, or both, would become a material default under any Material Contract by any Transferred Subsidiary or Business Seller or, to Emerson's knowledge, any other party thereto, and no Transferred Subsidiary or Business Seller has waived or released any of its rights under any Material Contract other than in the Ordinary Course.

(c) No applicable Business Seller or Transferred Subsidiary has received any written notice of any intention to terminate, repudiate or disclaim any such Material Contract.

3.13 Licenses and Permits. Except as set forth on Disclosure Schedule 3.13, the Transferred Subsidiaries and the Business Sellers (in respect of the Business) have all governmental permits, licenses and authorizations necessary for the conduct of the Business as presently conducted, and all such permits, licenses and authorizations are valid and in full force and effect in all material respects.

3.14 Compliance with Laws. Except as set forth in Disclosure Schedule 3.14, the Transferred Subsidiaries and the Business Sellers (in respect of the Business) have complied in all material respects with all applicable Laws.

3.15 Environmental, Health and Safety Matters. Except as set forth on Disclosure Schedule 3.15, the Transferred Subsidiaries and the Business Sellers (in respect of the Business) have complied with all applicable Environmental, Health and Safety Laws. Except as set forth on Disclosure Schedule 3.15, the Transferred Subsidiaries and the Business Sellers (in respect of the Business) have no remedial or other liabilities, under any Environmental, Health and Safety Law with respect to the operations or properties of the Business. Except as set forth in Disclosure Schedules 3.8 or 3.15, there is no civil, criminal or

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administrative claim, action, suit, proceeding or known investigation pending or, to Emerson's knowledge, threatened against any of the Transferred Subsidiaries or Business Sellers (in respect of the Business) relating to or arising from any Environmental, Health and Safety Laws. No notices of any alleged violation of, alleged non-compliance with or any liability under any Environmental, Health and Safety Law relating to the operations or properties of the Business have been received by the Emerson or any of its Affiliates since January 1, 1998. Except as set forth on Disclosure Schedule 3.5, no underground tank or other underground storage receptacle for Hazardous Materials is located on the Owned Real Property or the Leased Real Property.

No material changes or alterations in the practices or operations of the Business as presently conducted are anticipated to be required under any Environmental, Health and Safety Law or under any permit, authorization or license issued to pursuant to any Environmental, Health and Safety Law.

3.16 Intellectual Property.

(a) Disclosure Schedule 3.16 sets forth a list of all registered Intellectual Property Rights which are used or held for use by the Business Sellers in connection with the Business as of the date of this Agreement, all of which will be transferred by the Business Sellers to the Buyer or its designated Affiliate at Closing and all registered Intellectual Property Rights which are used or held for use by the Transferred Subsidiaries as of the date of this Agreement, all of which will be owned by Transferred Subsidiaries upon Closing. Each of the foregoing Intellectual Property Rights shall be owned and available for use by the Buyer Subsidiaries and the Transferred Subsidiaries immediately after the Closing Date on substantially the same terms and conditions as in effect as of the date of this Agreement.

(b) Except as indicated on Disclosure Schedules 3.16, no claim by any person or entity contesting the validity or ownership of any of the Intellectual Property Rights is pending and, to Emerson's knowledge, the use of the Intellectual Property Rights listed on Disclosure Schedules 3.16, and the conduct of the Business as presently conducted, do not conflict with, infringe upon, misappropriate, or otherwise violate any proprietary rights of any person, nor, to Emerson's knowledge are any of such Intellectual Property Rights being infringed upon, misappropriated or otherwise violated by any other person.

(c) Disclosure Schedule 3.16(c) sets forth a list of each license or sublicense agreement with respect to a item of Intellectual Property to which any Transferred Subsidiary or Business Seller (in respect of the Business) is a party or is otherwise bound (whether as licensor, licensee, sublicensor or sublicensee) other than rights with respect to software generally available to the public on commercially reasonable terms. Emerson has made available to the Buyer

correct and complete copies of each such license or sublicense, each as amended to date. Each such license or sublicense is legal, valid and binding on the applicable Transferred Subsidiary or Business Seller and, to Emerson's knowledge, the other party or parties thereto. The terms of all such licenses and sublicense have been complied with in all material respects by the applicable Business Seller or Transferred Subsidiary and, to Emerson's knowledge, by the other parties to such license or sublicense, no event, occurrence or condition exists that, with the lapse of time, the giving of notice, or both, would become a default under any such license or sublicense by any Transferred Subsidiary or Business Seller or, to Emerson's knowledge, any other party thereto, and no Transferred Subsidiary or Business Seller has waived or released any of its rights under any such license or sublicense. Each of item of Intellectual Property licensed by the Business pursuant to the foregoing agreements shall be available for use by the Buyer Subsidiaries and the Transferred Subsidiaries immediately after the Closing Date on substantially the same terms and conditions as in effect as of the date of this Agreement.

3.17 Insurance. Disclosure Schedule 3.17 sets forth a summary of the insurance maintained by Emerson and its Affiliates in connection with the Business. All such policies are in full force and effect, are sufficient for compliance with all applicable requirements of Law and all Material Contracts to which the Business Sellers (in respect of the Business) and the Transferred Subsidiaries are parties or subject.

3.18 Labor Matters.

(a) Except as set forth on Disclosure Schedule 3.18, there is no material controversy existing, pending or, to Emerson's knowledge, threatened with any association or union or collective bargaining representative of the Employees of the Business.

(b) Except as set forth on Disclosure Schedule 3.18, there is no charge or complaint relating to unfair labor practice pending against any Transferred Subsidiary or Business Seller arising out of its activities in relation to the Business, nor is there any labor strike, work stoppage, material grievance or other material labor dispute pending or, to Emerson's knowledge, threatened against any Transferred Subsidiary or Business Seller in relation to the Business.

(c) Except as set forth on Disclosure Schedule 3.18, there is no employment agreement in force between a Transferred Subsidiary or Business Seller (in respect of the Business) and any of their respective directors or officers which is not terminable by the appropriate Transferred Subsidiary or Business Seller without compensation on less than three months' notice given at any time. Except as set forth on Disclosure Schedule 3.18, there are no material consultancy or

management services agreements in existence between any Transferred Subsidiary or Business Seller (in respect of the Business) and any other person, firm or company, and there are no material collective bargaining agreements between any Transferred Subsidiary or Business Seller (in respect of the Business) or any employers' or trade association of which the Transferred Subsidiary or Business Seller is a member and any trade union, staff association or other body representing employees or a substantial number of them. Emerson has provided or made available to the Buyer correct and complete copies of each agreement listed on Disclosure Schedule 3.18, each as amended to date. Each such agreement is legal, valid and binding on the applicable Transferred Subsidiary or Business Seller and, to Emerson's knowledge, the other party or parties thereto. The terms of all such agreements have been complied with in all material respects by the applicable Business Seller or Transferred Subsidiary and, to Emerson's knowledge, by the other parties to such agreements, no event, occurrence or condition exists that, with the lapse of time, the giving of notice, or both, would become a default under any such agreement by any Transferred Subsidiary or Business Seller or, to Emerson's knowledge, any other party thereto, and no Transferred Subsidiary or Business Seller has waived or released any of its rights under any such agreement.

(d) Disclosure Schedule 3.18 (or a letter dated the date hereof with respect to the executive officers and other key managers of the Business) sets forth a true and complete list of all Employees, indicating their respective positions and base salaries.

(e) Disclosure Schedule 3.18 sets forth a true and complete list of each works council, union or other labor organization which has to be notified or consulted or with which negotiations need to be conducted in connection with the transactions contemplated by this Agreement and each collective bargaining agreement which has any impact on the terms and conditions of employment with respect to the Employees.

3.19 Employee Benefit Matters.

(a) Disclosure Schedule 3.19 sets forth all material U.S. and Non-U.S. employee benefit plans, programs, policies and agreements of the Transferred Subsidiaries or Business Sellers (in respect of the Business) or otherwise applicable to Employees as of the date hereof, including plans and programs providing for pension, retirement, profit sharing, savings, bonus, deferred or incentive compensation, hospitalization, medical, life or disability insurance, vacation and paid holiday, termination or severance pay, restricted stock, stock option or stock appreciation rights benefit plans ("Benefit Plans"). Benefit Plans maintained in the United States are hereinafter referred to as "U.S. Benefit Plans"; other Benefit Plans are

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referred to as "Non-U.S. Benefit Plans." With respect to each U.S. Benefit Plan, Emerson has made available to the Buyer a copy of the plan document or a summary thereof and, if applicable, the most recent copies of the following: summary plan description, actuarial estimates of Benefit Plan liabilities, Form 5500 with all attachments for the last three years, audited financial statements for the Benefit Plans for the last three years, trust agreements, and determination or qualification letter from the IRS. With respect to each Non-U.S. Benefit Plan, the Buyer or its agents have been afforded the opportunity to obtain a copy of the plan document or a summary thereof, and where applicable, the most recent copies of the following: summary plan description, actuarial estimates of Benefit Plan liabilities, audited financial statements for the Benefit Plans, and trust agreements.

(b) Except as set forth in Disclosure Schedule 3.19, each Benefit Plan has been maintained and administered in compliance with applicable Laws in all material respects.

(c) Disclosure Schedule 3.19 identifies each of the U.S. Benefit Plans that is intended to meet the requirements of Section 401(a) of the U.S. Internal Revenue Code (the "Qualified Plans"). With respect to each Qualified Plan, a favorable IRS qualification determination letter remains in effect and has not been revoked. No issue concerning qualification of any Qualified Plan is pending before or, to Emerson's knowledge, is threatened by the IRS. Each Qualified Plan complies in form and operation with the Code and ERISA and has been administered according to its terms, except for those terms that are inconsistent with the changes required by statutes, regulations, and rulings for which changes are not yet required to be made, in which case each Qualified Plan has been administered in all material respects in accordance with the provision of applicable statutes, regulations and rulings.

(d) No Qualified Plan has suffered any "accumulated funding deficiency," within the meaning of ERISA Section 302 and Section 412 of the U.S. Internal Revenue Code, whether or not waived. Emerson and its Affiliates have made full and timely payment of, or have accrued pending full and timely payment of, all amounts which are required under the terms of each Qualified Plan and in accordance with applicable laws to be paid as a contribution to each Qualified Plan.

(e) None of the U.S. Benefit Plans set forth on Disclosure Schedule 3.19 is a "multi-employer plan" within the meaning of the Multiemployer Pension Plan Amendments Act of 1980, and no Business Seller or Transferred Subsidiary presently maintains, contributes to or has any liability (including current or potential withdrawal liability) with respect to any such "multi-employer plan".

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(f) Neither Emerson nor any of its Affiliates has any liability to the Pension Benefit Guaranty Corporation ("PBGC") with respect to any Plan other than current quarterly premiums payable to the PBGC in the Ordinary Course. Except as set forth on Disclosure Schedule 3.19, there has been no "reportable event," as defined in Section 4043(b) or (c) of ERISA, with any respect to any Benefit Plan, for which notice has not been waived.

(g) Neither Emerson nor any of its Affiliates have made nor are they obligated to make any nondeductible contributions to any Qualified Plan.

(h) Except as listed in Disclosure Schedule 3.19, no Benefit Plan is subject to Title IV of ERISA. No Seller, Transferred Subsidiary or any Affiliate has incurred any outstanding liability under Section 4062 of ERISA, or has terminated any employee pension benefit plan subject to Title IV of ERISA. No proceeding by the PBGC to terminate any such plan has ever been instituted or threatened, no notice of any such termination has been received and no conditions exists which presents a material risk of termination of any such plan.

(i) Neither Emerson nor any of its Affiliates has engaged in any "prohibited transaction," as defined in Section 4975 of the U.S. Internal Revenue Code or ERISA Section 406 with respect to the U.S. Benefit Plans, and, to Emerson's knowledge, all "fiduciaries," as defined in Section 3(21) of ERISA, with respect to the U.S. Benefit Plans, have complied with the requirements of Section 404 of ERISA.

(j) Other than routine claims for benefits, there are no actions, audits, investigations, suits, or claims pending or, to Emerson's knowledge, threatened against any of the U.S. Benefit Plans or any fiduciary thereof or against the assets of any of the U.S. Benefit Plans.

(k) Except as set forth in Disclosure Schedule 3.19, the consummation of the transactions contemplated hereby will not accelerate or increase any of the rights or benefits to which Employees may be entitled under any Benefit Plan.

(l) Except as set forth in Disclosure Schedule 3.19, no Business Seller or Transferred Subsidiary presently maintains, contributes to or has any liability under any funded or unfunded medical, health, or life insurance plan or arrangement for retirees or terminated Employees, except as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or state COBRA-type laws.

(m) Disclosure Schedule 3.19 sets each forth the name of each Employee who is entitled to a "change-in-control" or other similar payment as a result of the transactions contemplated by this Agreement, and the amount of such payment. No



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amount payable to any Employee or former Employee as a result of the transactions contemplated by this Agreement will be an "excess parachute payment" which is non-deductible under Section 280G of the Code.

(n) There has been no act which would result in a disallowance of a deduction or the imposition of a tax under Section 4980B of the Code, or any regulations promulgated thereunder, for failure to comply with the group health plan continuation coverage requirements.

(o) No Business Seller or Transferred Subsidiary has promised or announced, or has any commitment to make any material benefit increases or improvements, any amendment, modification or restatement of any Benefit Plan, or any new employee benefit plan, program or arrangement.

(p) The Financial Statements reflect the cash costs of the pension benefits under the German Benefit Plan, and the accrued reserves reflected on the Financial Statements for the German Benefit Plan have been calculated in accordance with FAS 87 consistent with the actuarial assumptions set out in the most recent actuarial report for the German Benefit Plan (a copy of which has been provided to Buyer).

3.20 Xomox-India. Xomox-U.S. is the record holder and sole beneficial owner, free and clear of all Encumbrances (other than as are imposed by the joint venture and other formation and governing documents relating to FXSL, copies of which have been made available to Buyer), of a 49% interest in FXSL. To the knowledge of Emerson (a) the statutory accounts of FXSL attached hereto as Disclosure Schedule 3.20 were prepared in accordance with the requirements of applicable Law in all material respects, (b) since the date of such statements the business of FXSL has been operated in the Ordinary Course, and (c) there are no pending proposals which would require the approval of Xomox-U.S. pursuant to the terms of the joint venture and other formation and governing documents relating to FXSL.

3.21 Brokers, Finders. Other than JP Morgan Division of Chase Securities Inc., whose fee shall be paid by Emerson, no finder, broker, agent, or other intermediary, acting on behalf of the Sellers, is entitled to a commission, fee, or other compensation in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

3.22 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III, neither Emerson, nor any other person, makes any other express or implied representation or warranty on behalf of Emerson, the Sellers or any other Affiliate of Emerson with respect to the Business, the Transferred Subsidiaries, the Purchased Assets, the Assumed Liabilities or otherwise with respect to the subject matter of this Agreement.

### ARTICLE IV

#### REPRESENTATIONS AND WARRANTIES OF BUYER

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Buyer hereby makes the following representations and warranties to Emerson and the Sellers, each of which is true and correct on the date hereof and shall survive the Closing Date and the transactions contemplated hereby to the extent set forth herein.

### 4.1 Existence and Power.

(a) The Buyer has the corporate power and authority to enter into this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. Each of the Buyer Subsidiaries has or will have as of the Closing Date the corporate power and authority to purchase the Shares or the Purchased Assets and to consummate the transactions as contemplated hereby.

(b) The Buyer is, and each of the Buyer Subsidiaries will be on the Closing Date, duly organized, validly existing and in good standing under the laws of the respective jurisdictions set forth on Disclosure Schedule 4.1.

(c) Neither Buyer nor any Buyer Subsidiary is a party to, subject to or bound by any Contract, Encumbrance or Law which would (i) be breached or violated or its obligations thereunder accelerated or increased (whether or not with notice or lapse of time or both) by the execution or delivery by Buyer of this Agreement or the performance by Buyer or any Buyer Subsidiary of the transactions contemplated by this Agreement, or (ii) prevent the carrying out of the transactions contemplated hereby. Except as set forth on Disclosure Schedule 4.1 or otherwise provided for herein, no permit, consent, waiver, approval or authorization of, or declaration to or filing or registration with, any governmental or regulatory authority or third party is required in connection with the execution, delivery or performance of this Agreement by the Buyer or the consummation by the Buyer Subsidiaries of the transactions contemplated hereby, except for any such permits, consents, waivers, approvals, authorizations, declarations, filings or registrations the failure of which to obtain would not have a material adverse effect on Emerson or its Affiliates or upon the consummation of the transactions contemplated hereby.

4.2 Valid and Enforceable Agreement; Authorization. This Agreement constitutes a legal, valid and binding obligation of the Buyer, enforceable against it in accordance with its terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized, approved and ratified by all necessary action on the part of the Buyer. The Buyer has full authority to enter into and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby.

4.3 Brokers, Finders. No finder, broker, agent, or other intermediary, acting on behalf of the Buyer or any of the Buyer Subsidiaries, is entitled to a commission, fee, or other compensation in connection

with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

4.4 Compliance with Securities Laws. The Buyer and the Buyer Subsidiaries, as applicable, are acquiring the Shares for investment and not with a view to distribution thereof, and will not sell, offer for sale, pledge, transfer or otherwise dispose of the Shares or any interest therein except in compliance with the U.S. Securities Act of 1933, as amended, and any other applicable federal, state or non-U.S. securities laws.

4.5 Litigation. There are no actions, suits, proceedings, orders or investigations pending or threatened against the Buyer, any of the Buyer Subsidiaries or any of the Buyer's other Affiliates, at law or in equity, which if adversely determined would have a material adverse effect on the Buyer's and the Buyer Subsidiaries' performance under this Agreement or the consummation of the transactions contemplated hereby. There are no injunctions, decrees or unsatisfied judgments outstanding against or related to the Buyer or any of the Buyer Subsidiaries which could interfere with the Buyer's and the Buyer Subsidiaries' ability to consummate the transactions contemplated by this Agreement.

4.6 Funds. Buyer has, and at all times will have, sufficient funds on hand or available pursuant to unconditional commitments to pay the Purchase Price and any adjustment thereof.

4.7 No Knowledge of Breach of Emerson Representation. Buyer does not have actual knowledge of any breach by Emerson of any of its representations or warranties contained in this Agreement or any other agreements contemplated hereby.

4.8 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, neither Buyer, nor any other person, makes any other express or implied representation or warranty on behalf of Buyer or the Buyer Subsidiaries.

#### ARTICLE V EMPLOYEES

5.1 The Buyer's Obligations.

(a) In regard to the Closing (i) where applicable law or rules provide for the automatic transfer of employment of the Employees upon the sale of the Business, (A) the Buyer or one of its Affiliates shall assume and honor all terms and conditions of employment in respect of the Employees to the extent required to accomplish such transfer of employment, (B) the Buyer and Emerson agree to take such actions as are reasonably practicable such that the employment of the Employees will transfer to the Buyer or its Affiliate as a matter of law as of the Effective Time, and (C) the Buyer or one of its Affiliates shall employ each Employee at the same salary and wages payable by Emerson or its Affiliates to such Employee immediately prior to the Closing Date and, as and to the extent required by Law, shall maintain terms and conditions of employment which are substantially comparable, taken as a

whole, to those provided by Emerson or its Affiliates immediately prior to the Effective Time, and (ii) where applicable Law or rules do not provide for the automatic transfer of employment of the Employees upon the sale of the Business, the Buyer or one of its Affiliates shall make an offer of employment, to be effective as of the Effective Time, to such Employees at the same salary and wages (and, to the extent required to avoid, if possible, under applicable Law or rules, statutory severance obligations arising solely out of the transactions contemplated by this Agreement and the consequent transfers of employment, any such other forms and amounts of compensation and benefits) provided by Emerson or its Affiliates to such Employees immediately prior to the Effective Time.

(b) The Buyer and Emerson shall use their commercially reasonable efforts to take any and all required actions necessary to minimize to the greatest extent practicable the possibility that severance benefits and/or government-required termination liabilities shall be payable to an Employee regardless of whether such Employee becomes employed by the Buyer or one of its Affiliates or accepts the Buyer's or one of its Affiliates' offer of employment; provided, however, that to the extent the payment of severance benefits and/or government-required termination liabilities to any such Employee is nevertheless required as a result of the consummation of the transactions contemplated by this Agreement as a result of the failure of such Employee to accept a transfer of employment, notwithstanding that the Buyer or one of its Affiliates has made an offer of employment to such Employee in accordance with the provisions of this Agreement, such severance benefits and government-required termination liabilities shall be the sole responsibility of Emerson. The Buyer shall indemnify Emerson and its Affiliates and hold them harmless from and against any Losses which may be incurred or suffered by any of them in connection with any claim made by a Transferred Employee for any reason due to a Transferred Employee's termination or deemed termination of employment after the Effective Time for any reason. Emerson shall indemnify and hold harmless the Buyer and its Affiliates from any Losses as a result of any severance, termination indemnity, compensation or benefit or amount under any Benefit Plan with respect to:

- (i) any Employee who is not a Transferred Employee;
- (ii) provided the Buyer complies with its obligation as set forth in Section 5.1(a), any Employee who would otherwise be a Transferred Employee, but who withholds his individual consent or objects to the transfer under local law and thus refuses to become an employee of the Buyer or an Affiliate of the Buyer, as the case may be; and

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(iii) any former Employee who terminated employment for any reason prior to or on the Closing Date.

(c) The Buyer shall credit (or cause to be credited) service accrued by Transferred Employees as of the Effective Time for purposes of vesting and eligibility (but not benefit accruals) under its Benefit Plans.

(d) Each Transferred Employee shall be immediately eligible to participate, without any waiting time, in welfare benefit plans of the Buyer or one of its Affiliates made available to such Transferred Employees (to the extent that coverage replaces coverage under a comparable welfare benefit plan of a Seller, in which such Transferred Employee participated immediately prior to the Closing). For purposes of each welfare benefit plan of the Buyer or one of its Affiliates providing medical, dental, pharmaceutical and/or vision benefits to any Transferred Employee, the Buyer shall cause all pre-existing condition exclusions and actively-at-work requirements of such plans to be waived for such Transferred Employee and his or her covered dependents (other than limitations or waiting periods that are already in effect with respect to such Employees and dependents and that have not been satisfied as of the Effective Time).

(e) With respect to Benefit Plans in which benefits are subject to co-payments, deductibles or similar thresholds, the Buyer or one of its Affiliates will take any and all required actions necessary to give full credit for all co-payments and deductibles satisfied prior to the Effective Time in the same plan year as if there had been a single continuous employer and shall take into account any amounts previously paid and thresholds previously met for the benefit of each Transferred Employee towards any applicable annual and/or lifetime maximum benefits.

(f) During the twelve month period commencing with the Effective Time, neither the Buyer nor any of its Affiliates shall solicit the employment, in connection with the Business, of any employee of Emerson or any of its Affiliates who is not an Employee without the prior written consent of Emerson. For this purpose, non-directed advertising shall not be considered solicitation.

(g) During the period between the date of this Agreement and the Effective Time, neither Emerson nor any of its Affiliates shall (i) transfer to the Business any individual primarily employed in connection with any other business unit of Emerson, (ii) transfer any individual primarily employed in connection with the Business to any other business unit of Emerson or (iii) solicit the employment of any individual primarily employed in connection with the Business with respect to employment by Emerson or its Affiliates after the Effective Time, in each case without the prior written consent of the Buyer. During twelve

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month period commencing with the Effective Time, neither Emerson nor any of its Affiliates shall solicit the employment of any Transferred Employee without the prior written consent of the Buyer. For these purposes, non-directed advertising shall not be considered solicitation.

### 5.2 U.S. Employment Matters.

(a) (i) Pension Plan. Emerson shall, effective as of the Effective Time, cease benefit accruals for each Employee employed by the Business in the United States ("U.S. Employees") who become Transferred Employees ("U.S. Transferred Employees") in Emerson's tax-qualified and nonqualified defined benefit pension plans (collectively, "Emerson Pension Plans") in which such individual is then participating. Emerson shall remain solely liable for benefits accrued and vested under the Emerson Pension Plans on or prior to the Effective Time. Emerson will fully vest the accrued benefits of each U.S. Transferred Employee (to the extent not then fully vested) under Emerson's U.S. tax-qualified defined benefit pension plan.

(ii) Individual Account Plans. Emerson shall, effective as of the Effective Time, cease all contributions in respect of each U.S. Transferred Employee in Emerson's tax-qualified and nonqualified defined contribution plans in which such individual is then participating. Effective as of the Effective Time, the Buyer or one of its Affiliates shall have in effect one or more defined contribution plans that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code ("Buyer's 401(k) Plan"). Each U.S. Transferred Employee who was a participant in one or more of the Qualified Plans that are individual account plans as set forth on Disclosure Schedule 3.19 ("Emerson's Savings Programs") immediately prior to the Effective Time shall become a participant in Buyer's 401(k) Plan as of the Effective Time. Buyer's 401(k) Plan shall comply with Section 411 (d) (6) of the Code with respect to the account balances to be transferred to the Buyer's 401(k) Plan. As of the date of the transfer described in the following paragraph, Emerson will fully vest the account balances of each U.S. Transferred Employee (to the extent not then fully vested), if any, under Emerson's Savings Programs.

As soon as practicable following the later of (i) the Effective Time, and (ii) the date the Buyer provides Emerson a copy of a favorable determination letter from the Internal Revenue Service to the effect that Buyer's 401(k) Plan meets the requirements for qualification under Section 401(a) of the Code, Emerson shall cause to be transferred to Buyer's 401(k) Plan cash or such

other assets (only to the extent provided below) as the parties may agree having a fair market value equal to the aggregate value of the account balances in Emerson's Savings Programs as of the date of transfer for U.S. Transferred Employees (such transfer to be in notes evidencing loans to U.S. Transferred Employees from their account balances, marketable securities reasonably acceptable to the Buyer and the balance in cash), and shall also transfer all qualified domestic relations orders, within the meaning of Section 414(p) of the Code, applicable to U.S. Transferred Employees. Following such transfer of assets, Emerson and its Affiliates shall have no further liability to any U.S. Transferred Employee under Emerson's Savings Programs.

(b) Welfare Benefits.

(i) Emerson shall be responsible in accordance with its applicable welfare plans in effect prior to the Effective Time for all medical and dental claims for expenses incurred prior to the Effective Time by U.S. Transferred Employees and their spouses/dependents. Reimbursement for medical and dental expenses associated with such claims shall be determined in accordance with the terms of Emerson's medical and dental programs as in effect immediately prior to the Effective Time. The Buyer shall be responsible for all medical and dental claims for expenses incurred on and after the Effective Time by U.S. Transferred Employees and their spouses/dependents pursuant to and in accordance with the terms of plans maintained by the Buyer or one of its Affiliates and in which U.S. Transferred Employees and their spouses/dependents become enrolled following the Effective Time.

(ii) The Buyer shall be responsible for all other insurance and disability benefit coverage claims of U.S. Transferred Employees and their spouses/dependents for claims incurred by such U.S. Transferred Employees or spouses/dependents on and after the Effective Time under group life, travel, disability accident, and accidental death and dismemberment insurance policies of the Buyer in which U.S. Transferred Employees and/or spouses/dependents become enrolled. Emerson shall be responsible for claims incurred under policies of Emerson by U.S. Transferred Employees prior to the Effective Time.

(iii) The Buyer shall assume and retain sole liability for all post-retirement health benefits accrued as of the Effective Time by all U.S. Transferred Employees and their spouses/dependents and Emerson shall assume and retain sole liability for all post-retirement health benefits accrued as of the Effective Time by all former employees of the Business and their spouses/dependents who were principally

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employed in the United States and whose employment with the Sellers or their predecessors terminated prior to the Effective Time for any reason.

(iv) For purposes of this Section, the following claims and liabilities shall be deemed to be incurred as follows: (A) life, accidental death and dismemberment and business travel accident insurance benefits, upon the death or accident giving rise to such benefits; (B) hospital-provided health, dental, prescription drug or other benefits that become payable with respect to any hospital confinement, in accordance with customary hospital billing industry practice; and (C) non-hospital-provided health, dental and/or prescription drug benefits, upon provision of such services, materials or supplies.

(c) Workers' Compensation. Emerson currently sponsors a program (the "Workers' Compensation Program") that provides workers compensation benefits for certain participating Employees. Emerson shall be responsible for all claims for workers compensation benefits which are incurred prior to the Effective Time by participating U.S. Transferred Employees that are payable under the terms and conditions of Emerson's Workers' Compensation Program. The Buyer's workers' compensation program shall be responsible for all claims for benefits which are incurred at and after the Effective Time by participating U.S. Transferred Employees, including with respect to U.S. Transferred Employees who became eligible for workers compensation benefits prior to the Effective Time.

For purposes of this Section 5.2(d), a claim for workers compensation benefits shall be deemed to be incurred when the event giving rise to the claim occurs (the "Workers' Compensation Event").

In the event the Workers' Compensation Event occurs over a period both preceding and following the Effective Time, the claim shall be the joint responsibility and liability of Emerson and the Buyer and shall be equitably apportioned between them based upon the relevant periods of time that the Workers' Compensation Event transpired preceding and following the Effective Time.

### 5.3 Non-U.S. Employment Matters.

(a) Transfer of Employment. Effective as of the Effective Time, in accordance with the principles set forth in Section 5.1(a), the Buyer or one of its Affiliates shall offer employment to or shall continue the employment of Employees who are employed by Emerson or one of its Affiliates outside of the United States ("Non-U.S. Employees") (at the same level of remuneration each such Employee is receiving as of the Effective Time) on terms and conditions of employment which are substantially comparable, taken as a whole, to those provided to such Non-U.S. Employees who become Transferred Employees



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("Non-U.S. Transferred Employees") immediately prior to the Effective Time.

(b) Non-U.S. Employee Benefit Plans.

(i) As of the Closing Date, Buyer or its relevant Affiliate shall:

(1) assume the Non-U.S. Benefit Plans which it is required under the laws of the applicable jurisdiction to assume or which it, with the consent of Emerson or its appropriate Affiliate, has agreed to assume (the "Assumed Benefit Plans");

(2) establish new Non-U.S. Benefit Plans;

(3) cover the Transferred Employees under its existing Non-U.S. Benefit Plans; or

(4) any combination of (1) - (3) above;

as the Buyer or its Affiliate, as the case may be, deems necessary or advisable in furtherance of its obligations under this Article V. Emerson and its Affiliates agree to cooperate in good faith and do all things reasonably necessary to assist the Buyer and its Affiliates in this regard. Further, Emerson and its Affiliates agree not to withhold their consent if any Non-U.S. Benefit Plan is, under the laws of the applicable jurisdiction, capable of being assumed.

(ii) Except as otherwise provided hereunder or as may be agreed to between the Buyer and Emerson, effective as of the Effective Time, Non-U.S. Transferred Employees shall cease to be active participants in any Benefit Plans of Emerson or its Affiliates and all such persons shall become eligible to participate in such Benefit Plans, to be established by the Buyer or one of its Affiliates in connection with the Buyer's obligations hereunder.

(c) Employment Liabilities.

(i) Emerson shall retain and be responsible for all liabilities in connection with claims incurred prior to the Effective Time by Non-U.S. Transferred Employees and their eligible dependents under any of Emerson's Benefit Plans covering such Non-U.S. Transferred Employees, including claims filed following the Effective Time. The Buyer shall be responsible for all liabilities in connection with claims incurred at and after the Effective Time by Non-U.S. Transferred Employees under any of the Buyer's Benefit Plans.

(ii) Workers' compensation claims of any Non-U.S. Transferred Employees shall be the responsibility and liability of Emerson if the Workers' Compensation Event occurred prior to the Effective Time. The Buyer shall be responsible for all workers' compensation claims of any Non-U.S.

Transferred Employee if the Workers' Compensation Event occurs at or after the Effective Time. In the event the Workers' Compensation Event occurs over a period both preceding and following the applicable Effective Time, the claim shall be the joint responsibility and liability of Emerson and the Buyer and shall be equitably apportioned between them based upon the relevant periods of time that the Workers' Compensation Event transpired preceding and following the Effective Time.

(d) Transfers of Assets and Liabilities. The pension plan assets and liabilities related to Transferred Employees located in the United Kingdom, Germany, Canada, Japan and Taiwan shall be transferred in accordance with the provisions of Schedule 5.3. In the event there are specified funds set aside with a third party to fund benefits to Non-U.S. Transferred Employees under Non-U.S. Benefit Plans for which the Buyer is assuming the obligations hereunder, such funds shall be transferred to Buyer.

5.4 Vacation. With respect to all Transferred Employees, the Buyer will recognize all accrued and unused vacation days and/or holidays and any personal and sickness days which have accrued to the Transferred Employees through the Effective Time.

5.5 Retained and Transferred Obligations.

(a) Retained Obligations. Emerson and its Affiliates shall retain all liabilities for all obligations to Employees and former employees of the Business pursuant to the Emerson Deferred Compensation Plan and the Emerson Incentive Stock Plan, in each case, in accordance with the terms thereof.

(b) Transferred Obligations.

Notwithstanding anything in this Agreement to the contrary, Emerson and the Buyer acknowledge and agree that for those U.S. defined benefit pension plans or post-retirement medical plans as set forth on Schedule 3.19 for which an accrual is required pursuant to GAAP, the sum of the aggregate combination of assets of such plans that will transfer to the Buyer or an Affiliate of the Buyer (either directly or indirectly) plus the provision for reserves on the Closing Balance Sheet for such plans shall equal or exceed the liabilities under such plans transferred to the Buyer or one of its Affiliates, with such liabilities determined as follows:

(i) with respect to those Benefit Plans that are defined benefit pension plans, the Accumulated Benefit Obligation (as calculated under Financial Accounting Standard 87) as of the Effective Time using actuarial assumptions utilized by the Sellers in calculation of the most recent FAS liabilities, and

(ii) with respect those Benefit Plans providing post-retirement medical

benefits, the Accumulated Post-Retirement Benefit Obligation (as calculated under Financial Accounting Standard 106) as of the Effective Time using actuarial assumption utilized by the Sellers in calculation of the most recent FAS liabilities.

5.6 No Third Party Beneficiaries. No agreement between the parties hereto nor any action by Emerson, the Buyer or their Affiliates shall be deemed to create any third party beneficiary rights in any employees of Emerson, the Buyer, or any Affiliate of either, and no person other than the parties to this Agreement shall have any rights to enforce any provision hereof.

5.7 Collective Bargaining Agreements. The Buyer agrees to assume, or to cause to be assumed by an Affiliate, the obligation to observe, and to cause the Transferred Subsidiaries to continue to observe, the terms of the collective bargaining, works council and similar agreements listed on Schedule 5.7.

5.8 Employee Notifications. Where required under local law, the Buyer, Seller or the Transferred Subsidiary will prior to the Closing Date (or the date of a deferred closing, as contemplated by Section 2.13), properly and timely notify, or where appropriate, consult or negotiate with, the local works council, union, labor board or relevant governmental agency concerning the transactions contemplated by the Agreement. In the event any payment is required in lieu of such notice, the Buyer and Emerson shall each bear one-half of such expense.

#### ARTICLE VI

##### ADDITIONAL COVENANTS OF THE PARTIES

6.1 Conduct of Business Until Closing. Except as set forth on Schedule 6.1 or otherwise provided in this Agreement, or as the Buyer may otherwise consent to or approve in writing on and after the date hereof and prior to the Closing Date with respect to the Business, which consent shall not be unreasonably withheld, Emerson agrees to cause the Transferred Subsidiaries and the Business Sellers (in respect of the Business):

(a) not to enter into or engage in discussions (i) relating to the disposal of any of the Shares or the merger or consolidation of any Transferred Subsidiary or Business Seller with or into any person or entity, or (ii) relating to the disposition of any material part of the assets of the Transferred Subsidiaries or the Purchased Assets, other than in the Ordinary Course or transfers to another Affiliate;

(b) (i) to conduct their business, operations, activities and practices in all material respects in the Ordinary Course in accordance with past practice, (ii) to use their commercially reasonable efforts to preserve their current business organization and existing business relationships and prospects in all material respects, and (iii) to maintain the Owned Real Property and Leased Real Property in substantially the condition currently existing, normal wear and tear excepted;

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(c) not to increase the compensation payable or to become payable to, any management employee or director, except increases in compensation or benefits as may be required by existing executive and employee compensation plans, mandated by Law or consistent with past practices in the Ordinary Course;

(d) neither to (i) merge with or into, consolidate with or acquire all or substantially all of the stock or assets of any other corporation, partnership, limited partnership, joint venture, association or other entity; (ii) change the overall character of their business, operations, activities and practices in any material way; (iii) enter into or amend in any material respect any Material Contract (except to the extent necessary to obtain the consents for transfer contemplated by this Agreement); nor (iv) except in the Ordinary Course, sell, lease, or grant any option to sell or lease, give a security interest in or otherwise create any Encumbrance (other than a Permitted Encumbrance) on any material part of their assets;

(e) not to make any individual commitment or agreement for capital expenditures in excess of US\$100,000.00;

(f) not to (i) make any change in the terms of any Plans, except to the extent required to maintain compliance with the U.S. Internal Revenue Code or other applicable Law, or (ii) adopt or create any new employee benefit plan;

(g) not to sell, license or transfer any Intellectual Property Rights;

(h) not to make any change in their charter documents, bylaws or equivalent governing instruments;

(i) not to create or issue or grant any option or other right to subscribe, purchase or redeem any of their securities;

(j) not to enter into any material transaction with Emerson or any of its other Affiliates in relation to the Business other than transactions in the Ordinary Course on arm's length terms;

(k) not to enter into any binding agreement or arrangement with the IRS (or any similar Tax authority), or execute any waiver of restrictions on assessment of any Tax, with respect to its Business, or file any Tax election (including any consent to extend the time for assessing any Tax) relating to the Business, which in any such case would adversely impact a Transferred Subsidiary following the Effective Time;

(l) comply in all material respects with all applicable Laws affecting or relating to the Business;

(n) not to enter into any agreement (conditional or otherwise) to do any of the foregoing.

6.2 Access Pending Closing. Emerson shall, at all reasonable times prior to Closing, make the

plants, properties, books and records of the Transferred Subsidiaries and the Business Sellers (in respect of the Business) available during normal business hours to the Buyer, its representatives, financial advisors, lenders and auditors, and Emerson shall cause the Transferred Subsidiaries and Business Sellers (in respect of the Business) to furnish or cause to be furnished to such persons during such period all such information and data concerning the same as such persons may reasonably request. Without limiting the generality of the foregoing, the Buyer and its representatives shall be permitted prior to the Closing Date to conduct the additional environmental assessments described on Schedule 6.2 and Buyer shall share samples gathered in and the results of such assessment with Emerson. Notwithstanding the above, Emerson may limit access to the extent it reasonably deems necessary to avoid disruption of the Business.

6.3 Books and Records. From and after the Closing, the Buyer shall provide Emerson and its Affiliates and their representatives with reasonable access, for any reasonable purpose, including but not limited to (a) preparing Tax returns, (b) defending any claim in respect of which a Notice of Claim has been served on Emerson, or (c) preparing the Closing Balance Sheet as referred to in Section 2.4, during normal business hours, to all books and records of the Business, including, but not limited to, accounting and Tax records, sales and purchase documents, notes, memoranda, test records and any other laboratory, electronic or written data ("Records") pertaining or relating to the period prior to the Effective Time. To the extent deemed necessary by Emerson and its Affiliates with respect to their other business operations, Emerson and its Affiliates may retain copies of such Records prior to providing the originals to the Buyer, or, as soon as practicable after Closing, the Buyer shall provide to Emerson and its Affiliates copies of all or any portion of such Records as requested by Emerson and its Affiliates. Unless otherwise consented to in writing by Emerson, the Buyer shall not, for a period of seven (7) years following the Closing Date or such longer period as retention thereof is required by applicable Law, destroy, alter or otherwise dispose of (or allow the destruction, alteration or disposal of) any material Records without first offering to surrender to Emerson such Records. The obligations of the Buyer hereunder with respect to access to Records shall not apply to any Records the Buyer reasonably determines are protected by any attorney-client, work product, investigative or other legal privilege if providing copies of or access to such Records to Emerson would, in the Buyer's reasonable determination, result in the loss of any such privilege.

6.4 Confidentiality; Announcements.  
(a) In addition to the terms, provisions and covenants of the Confidentiality Agreement dated April 5, 2001, between the Buyer and Emerson, which shall remain in full force and effect until Closing, the Buyer acknowledges that, in the course of its investigations of the

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Business, the Buyer and its representatives have and will become aware of confidential information and documents of the Business, and that its use of such confidential information and documents, or communication of such information to third parties, could be detrimental to the Business. The Buyer covenants that prior to Closing all information and documents concerning the Business reviewed by the Buyer or its representatives in connection with this Agreement or the transactions contemplated hereby and, following either Closing or termination of this Agreement, all such information and documents to the extent related to any of the Excluded Assets or the Excluded Liabilities and any confidential information known to the Buyer (including through any Transferred Employee) with respect to other businesses operated by Emerson or any of its Affiliates, shall be maintained in confidence and shall not be disclosed or used by the Buyer or its representatives without Emerson's prior written consent, unless the Buyer can demonstrate that such information is (i) otherwise publicly available, (ii) required to be disclosed pursuant to judicial order, regulation or law, (iii) required to be disclosed by the rules of a securities exchange on which the Buyer may from time to time be listed, or (iv) disclosed to any person that proposes to finance, in whole or in part, the purchase of the Shares and the Purchased Assets, solely for the purpose of permitting such party to evaluate the advisability of providing such financing. With respect to information and documents related to the Business, at Emerson's request in the event that the Closing shall not occur, and, with respect to information and documents related to the Excluded Assets, the Excluded Liabilities or other businesses operated by Emerson or any of its Affiliates, as soon as practicable following Closing, (i) the Buyer shall, and shall cause its representatives to, promptly destroy all information and documents concerning the Business, the Excluded Assets, the Excluded Liabilities or other businesses operated by Emerson or any of its Affiliates, as the case may be (including any copies thereof or extracts therefrom), and (ii) the Buyer shall keep confidential and shall not use any such information or documents unless required to disclose such information or documents pursuant to judicial order, regulation or law. In the event that the Buyer or any of its representatives becomes legally compelled to disclose any such information or documents as referred to in this paragraph, the Buyer shall provide Emerson with prompt written notice before such disclosure, sufficient to enable Emerson either to seek a protective order, at its expense, or other appropriate remedy preventing or prohibiting such disclosure or to waive compliance with the provisions of this Section 6.4 or both.

(b) Following the Closing, Emerson

shall maintain, and shall cause its Affiliates to maintain, in confidence any information it or they may have in relation to the Business, other than with respect to the Excluded Assets and the Excluded Liabilities, and such information shall not be disclosed or used by Emerson or its Affiliates without the Buyer's prior written consent, unless such information is (i) otherwise publicly available, (ii) required to be disclosed pursuant to judicial order, regulation or law or (iii) required to be disclosed by the rules of the New York Stock Exchange or any other applicable exchange or quotation system. In the event that Emerson or any of its Affiliates becomes legally compelled to disclose any such information or documents as referred to in this paragraph, to the extent reasonably practicable Emerson shall provide the Buyer with prompt written notice before such disclosure, sufficient to enable the Buyer either to seek a protective order, at its expense, or other appropriate remedy preventing or prohibiting such disclosure or to waive compliance with the provisions of this Section 6.4 or both.

(c) The parties agree that no press release or other public statement concerning the negotiation, execution and delivery of this Agreement or the transactions contemplated hereby shall be issued or made without the prior approval of both Emerson and the Buyer (which approval shall not be unreasonably withheld), except as required by the rules of the New York Stock Exchange or applicable law or regulation. If either Party determines that any such press release or public statement is required, to the extent practicable it shall provide the other Party with prior notice of such fact and shall provide to the other Party for its review and comment copies of the press release or statement such Party proposes to make.

(d) In connection with the proposed sale of the Business, Emerson has entered into certain confidentiality agreements with prospective purchasers of the Business other than the Buyer as set forth on Schedule 6.4 hereof. Emerson hereby assigns to the Buyer, to the extent assignable under the terms of such agreements, the right to enforce the provisions of such agreements to the extent they relate to the Business. To the extent such rights are not assignable by Emerson, Emerson agrees to cooperate and assist the Buyer, at the Buyer's reasonable request and at its expense, in connection with the enforcement of the provisions of such agreements to the extent they relate to the Business.

#### 6.5 Filings; Cooperation.

(a) Prior to the Closing, the Parties shall proceed with due diligence and in good faith to make such filings and take such other actions as may be reasonably necessary to satisfy the conditions to Closing set forth in Sections 7.2 and 8.2, including, without limitation, making any filings required to be made pursuant to the Hart-

Scott-Rodino Antitrust Improvements Act of 1976, as amended. The foregoing will not be deemed to require the Buyer to enter into any agreement, consent decree or other commitment requiring the Buyer or any of its Affiliates (including for this purpose any of the Transferred Subsidiaries) to divest or hold separate any assets or to take any other action that would have a material adverse effect on the Business.

(b) On or after the Closing Date, the parties shall, on request, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and instruments, including contract assignments, and doing any and all such other things as may be reasonably required by the Parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement. In connection with the liabilities assumed by the Buyer or retained by the Transferred Subsidiaries pursuant to this Agreement, and the liabilities retained by Sellers pursuant to this Agreement, each of the Parties hereto shall, and shall cause their Affiliates and employees to, aid, cooperate with and assist the other Party in their defense of such assumed or retained liabilities, by, among other things, providing such other Party with full access to pertinent records at such times as such other party or parties may reasonably request, subject to the limitations provided in Section 6.4. With respect to the assignment of Intellectual Property, Sellers and the Buyer shall reasonably cooperate for the purposes of transferring the responsibility to administer and maintain the Intellectual Property to the Buyer, including but not limited to the furnishing to the Buyer of all material computer files, correspondence, and other records relating to the taxes, renewals, and all other filings and maintenance relating to the Intellectual Property for the period of six (6) months following the Closing Date.

6.6 Covenant Not to Compete.

(a) In light of the extensive knowledge of the Business possessed by Sellers, it is mutually agreed that, for the period commencing on the Closing Date and ending on (i) the fifth anniversary of the Closing Date, in the case of the United States and (ii) the second anniversary of the Closing Date, in the case of all other jurisdictions, neither Emerson nor any of its Affiliates, shall engage (including through the provision of management, advisory or technical formulation services or through a joint venture, partnership or licensing relationship), in the design, development, manufacture, distribution, promotion or sale of sleeved plug valves ("Competitive Activities"). Notwithstanding the foregoing, the Buyer hereby agrees that the foregoing covenant shall not be deemed breached as a result of (i) the ownership by Emerson or any of its Affiliates of: (A) less than an aggregate of



10% of any class of stock of a person engaged, directly or indirectly, in Competitive Activities; or (B) a person which engages, directly or indirectly, in Competitive Activities if such Competitive Activities account for less than 15% of such person's consolidated annual revenues, provided that this Section 6.6 shall not be deemed to be violated if the Competitive Activities of a person account for 15% or more of such person's consolidated annual revenues if such person is acquired after the date hereof and, within one year following the consummation of such person's acquisition by Emerson or one or more of its Affiliates, Competitive Activities account for less than 15% of such person's consolidated annual revenues or (ii) the design, development, manufacture, distribution, promotion or sale by Emerson or any of its Affiliates of actuators, positioners, limit switches, surge tanks, solenoid valves, and similar valve control accessories for use with sleeved plug valves.

(b) Without limiting the remedies available, the parties to this Agreement agree that damages at law would be an insufficient remedy in the event of breach of this Section 6.6 and that the injured party should be entitled to injunctive relief or other equitable remedies, without posting any bond or other indemnity, in the event of any such breach.

(c) If any of the provisions of this Section 6.6 are held to be unenforceable in any jurisdiction, then, as to such jurisdiction, such provision shall be ineffective to the extent of its unenforceability in such jurisdiction, without affecting the remaining provisions of this Section in such jurisdiction, or affecting in any other jurisdiction the validity or enforceability of such provision or of this Section. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 6.6 is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability will have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing and is consistent with the intention of the invalid or unenforceable term or provision, and provided such modification does not impose greater restrictions on Emerson and its Affiliates, this Agreement will be enforceable as so modified.

6.7 Emerson's Guarantees. The Buyer shall use its commercially reasonable efforts promptly following Closing to obtain the complete release and discharge of Emerson and its Affiliates from all obligations related to the Business on which Emerson or its Affiliates (other than the Transferred Subsidiaries) is directly or contingently obligated as a guarantor or otherwise contingently liable (including

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any guaranties with respect to workers' compensation liabilities, staywell letters or letters of indemnification and guarantees of financing) except for Excluded Liabilities, to the extent Emerson notifies Buyer of or Buyer and its Affiliates otherwise become aware of any such obligation. In the event that Buyer is unable to obtain any such release, Buyer agrees that (a) it shall not extend the term or otherwise modify any such obligation in a manner which would expand the financial exposure of Emerson or its Affiliates (other than the Transferred Subsidiaries), and (b) it shall use its commercially reasonable efforts to substitute itself or an Affiliate as primary guarantor of such obligations, and (c) it shall defend, indemnify and hold harmless Emerson and its Affiliates and their directors, officers and employees against any and all Losses whatsoever incurred or suffered by any of them as a result of any obligation referred to in this Section.

### 6.8 Change of Names.

(a) As soon as practical following the Closing Date, each of the Business Sellers shall change their respective corporate names to some other names which do not contain the word "Xomox" and shall otherwise discontinue their use of the "Xomox" name and logo on any signage, business forms, stationary, Internet web sites or advertising materials.

(b) As soon as practical following the Closing Date, the Buyer and its Affiliates shall discontinue their use of the name and logo of Emerson or any of its Affiliates on any signage, business forms, stationery, Internet sites or advertising materials.

6.9 Notice of Developments. Emerson shall give prompt written notice to the Buyer of any material development affecting the Business of which it has knowledge. Each Party shall give prompt written notice to the other of any material development of which it has knowledge affecting the ability of the Parties to consummate the transactions contemplated by this Agreement. No such notice of a material development shall be deemed to have amended any Disclosure Schedule to this Agreement, to have qualified the representations and warranties contained herein and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of such material development.

6.10 Financial Information. Emerson, within 20 days after the end of each monthly accounting period after the date of this Agreement and prior to the Closing Date, shall provide the Buyer with copies of the regularly prepared monthly unaudited balance sheets and statements of income and cash flow for the Business. The Buyer acknowledges and agrees that confidential or proprietary information regarding the Business disclosed to or obtained by the Buyer pursuant to this Section 6.10 shall be held and used by the Buyer and its Affiliates in accordance with the terms and conditions of Section 6.4.

ARTICLE VII

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

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The obligation of the Buyer to proceed with the Closing shall be subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions precedent, any of which may be waived in whole or in part by the Buyer:

7.1 Accuracy of Representations and Warranties and Performance of Obligations. All representations and warranties made by Emerson in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representation or warranty by its terms relates to an earlier date, and except to the extent of any change permitted by the terms of this Agreement or consented to by the Buyer, and Emerson shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement on its part required to be performed or complied with at or prior to the Closing.

Emerson shall deliver to the Buyer at the Closing a certificate of an officer of Emerson certifying that the conditions stated in this Section 7.1 have been fulfilled.

7.2 Governmental Consents and Approvals. All filings with government authorities listed on Schedule 7.2 shall have been made and any necessary authorizations, consents or approvals required from such authorities shall have been obtained and shall be in full force and effect, except as contemplated by Section 2.13. The filing and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have been duly complied with.

7.3 No Litigation or Contrary Judgment. There shall not be any action, suit or proceeding pending before any court or administrative agency of any federal, state, local or foreign jurisdiction or before any arbitrator, in each case wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (a) prevent consummation of any of the transactions contemplated by this Agreement, (b) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, (c) affect adversely the right of the Buyer to own the Shares or the Purchased Assets or to control the Transferred Subsidiaries in a manner materially adverse to the Business as a whole or (d) affect, including through the imposition of any divestiture requirement, the right of any Transferred Subsidiary to own its assets or to operate its business substantially as presently operated in a manner materially adverse to the Business as a whole (and no such injunction, judgment, order, decree, ruling or charge shall be in effect).

7.4 Deliveries. Emerson shall have made or tendered, or caused to be made or tendered, delivery to the Buyer of the following documents:

(a) a Stock Purchase Agreement with respect to the Shares of each Transferred Subsidiary, duly executed by the appropriate Share Seller;

(b) Business Transfer Agreements with

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respect to the Purchased Assets, duly executed by the appropriate Business Seller, including any necessary bills of sale or other applicable documents of transfer;

(c) a Transition Services Agreement, containing the terms described in Exhibit C, duly executed by the applicable Sellers;

(d) stock certificates, copies of share registers or other documents reasonably acceptable to the Buyer evidencing ownership of the Shares in accordance with applicable law, which certificates or other documents, if applicable, shall be either duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed and in proper form for transfer to the Buyer under applicable law;

(e) the certificate required by an officer of Emerson pursuant to Section 7.1;

(f) with respect to each Transferred Subsidiary, signed resignations effective as of the Effective Time for each of the non-employee officers and directors of the Transferred Subsidiary, provided, however, if the Shares of any such Transferred Subsidiary or its parent are not able to be transferred at Closing, such resignations and revocations shall not be tendered until such time as the Shares of such Transferred Subsidiary are able to be transferred pursuant to this Agreement or the relevant Stock Purchase Agreement;

(g) An affidavit stating, under penalty of perjury, Emerson Electric U.S. Holding Co.'s taxpayer identification number and that it is not a "foreign person" as defined in Section 1445 of the Code; and

(h) such other customary documents, instruments or certificates, including Intellectual Property conveyance documents, as shall be reasonably requested by the Buyer and as shall be consistent with the terms of this Agreement.

### ARTICLE VIII

#### CONDITIONS PRECEDENT TO OBLIGATIONS OF EMERSON

The obligation of Emerson to proceed with the Closing shall be subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions precedent, any of which may be waived in whole or in part by Emerson:

8.1 Accuracy of Representations and Warranties and Performance of Obligations. All representations and warranties made by the Buyer in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representation or warranty by its terms relates to an earlier date, and except to the extent of any change permitted by the terms of this Agreement or consented to by Emerson, and the Buyer shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement on its part

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required to be performed or complied with at or prior to the Closing. The Buyer shall deliver to Emerson at the Closing a certificate of an officer of the Buyer certifying that the conditions stated in this Section 8.1 have been fulfilled.

8.2 Consents and Approvals. All filings with government authorities listed on Schedule 8.2 shall have been made and any necessary authorizations, consents or approvals required from such authorities shall have been obtained and shall be in full force and effect, except as contemplated by Section 2.13. The filing and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have been duly complied with.

8.3 No Litigation or Contrary Judgment. On the Closing Date there shall exist no valid judicial order which prohibits the consummation of the transactions contemplated by this Agreement.

8.4 Deliveries. The Buyer shall have made or tendered, or caused to be made or tendered, delivery to Emerson of the Purchase Price in accordance with Section 2.3 and the following documents:

(a) a Stock Purchase Agreement, duly executed by the Buyer or the appropriate Share Buyer, with respect to the Shares of each Transferred Subsidiary;

(b) Business Transfer Agreements with respect to the Purchased Assets, duly executed by the Buyer or the appropriate Business Buyer;

(c) an Assumption of the Assumed Liabilities, duly executed by the Buyer and, if applicable, the appropriate Business Buyer;

(d) a Transition Services Agreement, containing the terms described in Exhibit C, duly executed by the Buyer;

(e) the certificate required by an officer of the Buyer pursuant to Section 8.1; and

(f) such other customary documents, instruments or certificates as shall be reasonably requested by Emerson and as shall be consistent with the terms of this Agreement.

### ARTICLE IX

#### INDEMNIFICATION

9.1 Indemnification by Emerson. Emerson shall indemnify and hold harmless the Buyer and the Buyer Subsidiaries and, following the Closing, the Transferred Subsidiaries against and in respect of any and all Losses arising from:

(a) any breach or violation of the covenants made in this Agreement or any Stock Purchase Agreement or Business Transfer Agreement by Emerson or any of its Affiliates;

(b) any breach of any of the representations and warranties made in Article III by Emerson;

(c) the ownership, use or possession of any of the Excluded Assets;

(d) any of the Excluded Liabilities; or

(e) for Taxes in accordance with

Article II.

Any indemnification provided for under this Section 9.1 shall be deemed also to extend to directors,

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shareholders, officers and employees (in their capacity as such) of the Buyer and, following the Closing, of the Transferred Subsidiaries and the Buyer Subsidiaries. To the extent any Losses with respect to which the Buyer is entitled to indemnification result from or arise out of any Excluded Liability, the Buyer shall be entitled to be indemnified from and against the entirety of such Losses pursuant to Section 9.1(d) notwithstanding the fact the matter giving rise to such Losses may also constitute a breach of Emerson's representations, warranties or covenants contained in this Agreement.

9.2 Indemnification by Buyer. The Buyer shall indemnify and hold harmless Emerson and the Sellers against and in respect of any and all Losses arising from:

(a) any breach or violation of the covenants made in this Agreement or any Stock Purchase Agreement or Business Transfer Agreement by the Buyer or any of its Affiliates, including, following Closing, the Transferred Subsidiaries and the Buyer Subsidiaries;

(b) any breach of any of the representations or warranties made in Article IV by the Buyer;

(c) the ownership, use or possession of the Shares, the Transferred Subsidiaries, the interest in Xomox-India or the Purchased Assets, or the conduct or operation of the Business, occurring prior to, at or after the Effective Time (except, in each such case, to the extent that the Buyer is entitled to be indemnified pursuant to Section 9.1); or

(d) any of the Assumed Liabilities.

Any indemnification provided for under this Section 9.2 shall be deemed also to extend to directors, shareholders, officers and employees (in their capacity as such) of Emerson and its Affiliates.

9.3 Notice and Payment of Losses. Upon obtaining knowledge of any Loss, the party entitled to indemnification (the "Injured Party") shall promptly notify the party liable for such indemnification (the "Indemnifying Party") in writing of such Losses which the Injured Party has determined have given or could give rise to a claim under Section 9.1 or 9.2 (such written notice being hereinafter referred to as a "Notice of Claim"); provided, however, that failure of an Injured Party timely to give a Notice of Claim to the Indemnifying Party shall not release the Indemnifying Party from its indemnity obligations set forth in this Article IX except to the extent that such failure adversely affects the ability of the Indemnifying Party to defend such claim or increases the amount of indemnification which the Indemnifying Party is obligated to pay hereunder, in which event the amount of indemnification which the Injured Party shall be entitled to receive shall be reduced to an amount which the Injured Party would have been entitled to receive had such Notice of Claim been timely given. The Injured Party shall use commercially reasonable efforts to mitigate any continuing Losses (including without limitation by using its commercially reasonable

efforts to obtain any applicable insurance proceeds) and to obtain or use any Tax savings, benefit, relief, deduction or credit available to the Injured Party. If the Injured Party settles or compromises any third party claims prior to giving a Notice of Claim to the Indemnifying Party, the Indemnifying Party shall be released from its indemnity obligation. A Notice of Claim shall specify in reasonable detail, to the extent known by the Injured Party, the nature and, to the extent reasonably calculable, estimated amount of any such claim giving rise to a right of indemnification. The Indemnifying Party shall satisfy its obligations under Section 9.1 or 9.2, as the case may be, within sixty (60) days of its receipt of a Notice of Claim; provided, however, that for so long as the Indemnifying Party is disputing its liability or defending a third-party claim in good faith pursuant to Section 9.4, its obligations to indemnify the Injured Party with respect thereto shall be suspended until a final unappealable judgment of a court of competent jurisdiction is given in relation to such claim. The Indemnifying Party shall have thirty (30) business days (or such shorter period of time that the Injured Party may be required to respond to any suit or governmental action) after receipt of a Notice of Claim to notify the Injured Party (a) whether or not it disputes its liability to the Injured Party with respect to such Notice of Claim and (b) whether it elects to defend a third-party claim pursuant to Section 9.4.

9.4 Defense of Third-Party Claims. With respect to any action or any claim set forth in a Notice of Claim relating to a third-party claim, other than a third-party claim for Taxes, which shall be governed by Section 2.7(f), or as otherwise provided in Section 9.7), the Indemnifying Party may defend, in good faith and at its expense, any such claim or demand, and the Injured Party, at its expense, shall have the right, but not the obligation, to participate (but not control) at its expense in the defense of any such third-party claim; provided that if the Injured Party reasonably determines that the counsel selected by the Indemnifying Party to defend such claim or demand is subject to an actual or potential material conflict of interest which precludes such counsel from adequately representing the interests of both the Indemnified Party and the Injured Party in connection with such matter, the Injured Party shall be entitled to retain its own counsel (the reasonable fees and expenses of which shall be paid as incurred by the Indemnifying Party) to defend the interests of the Injured Party with respect to such matter. So long as the Indemnifying Party is defending any such third-party claim, the Injured Party shall not settle or compromise such third-party claim without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld. If such claim is settled by the Injured Party without the Indemnifying Party's reasonable consent, the Injured Party shall be deemed to have waived all rights hereunder for money damages arising out of such claim. The Indemnifying Party may settle or compromise such third-party claim without the consent of the Injured Party, unless there has not been

a complete release of the Injured Party, in which case the Indemnifying Party may not settle or compromise such third-party claim without the consent of the Injured Party, which consent shall not be unreasonably withheld. The Injured Party shall make available to the Indemnifying Party or its representatives all records and other materials reasonably required for use in contesting any third-party claim. The Injured Party shall cooperate fully with the Indemnifying Party in the defense of all such claims. If the Indemnifying Party elects not to defend any such third-party claims, the Injured Party shall have no obligation to do so, but may settle or compromise any such third-party claim at the risk and expense of the Indemnifying Party. The Indemnifying Party will not, however, be responsible for any Losses if and to the extent that they arise from action taken or omitted to be taken by the Injured Party in bad faith, fraudulently or as a result of a breach of this Agreement by the Injured Party.

9.5 Survival of Representations and Warranties. All of the representations and warranties made by any Party in Articles III and IV shall survive until the second anniversary of the Closing Date and thereafter to the extent a Notice of Claim is made prior to such expiration with respect to any breach of such representation or warranty occurring prior to such expiration and set out in such Notice of Claim; provided that the representations and warranties (a) set forth in Section 3.1(a), 3.2, 3.3(first two sentences), 3.21, 4.1(a), 4.2 and 4.3 shall survive forever after the Closing Date, (b) set forth in Sections 3.6 and 3.19 shall survive until 60 days after the expiration of all statutes of limitation applicable to the matters covered thereby and (c) set forth in section 3.15 shall survive until the fourth anniversary of the Closing Date, and, in each case, thereafter to the extent a Notice of Claim is made prior to such expiration with respect to any breach of such representation or warranty occurring prior to such expiration and set out in such Notice of Claim. No party shall be entitled to indemnification for breach of any representation and warranty set forth in Articles III and IV unless a Notice of Claim of such breach has been given to the Indemnifying Party within the period of survival of such representation and warranty as set forth herein.

9.6 Limitation on Indemnification.

(a) The provisions for indemnity under sections 9.1(b) and 9.2(b), as the case may be, shall be effective only when the aggregate amount of all Losses for which indemnification is sought from Emerson or the Buyer, under Sections 9.1(b) or 9.2(b), respectively, exceeds Two Million Seven Hundred Fifty Thousand U.S. Dollars (US\$2,750,000) in which case the Injured Party shall be entitled to indemnification of the Injured Party's Losses only in excess thereof; provided that such limitation shall be reduced (i) by One Million Dollars (\$1,000,000.00) if the Losses borne by Buyer pursuant to Section 1.34(k) exceed One Million Dollars (\$1,000,000.00) and (ii) by Five Hundred Thousand Dollars (\$500,000) if the costs



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borne by Buyer pursuant to Section 1.34(h) exceed Five Hundred Thousand Dollars (\$500,000). This paragraph shall not apply to indemnification for Taxes or for breaches of the representations and warranties set forth in Sections 3.21 or 4.3.

(b) The indemnification obligations of Emerson or the Buyer pursuant to Sections 9.1(b) or 9.2(b), as the case may be, shall be effective only until the dollar amount paid by the Indemnifying Party in respect of all Losses indemnified against under such Sections aggregates Seventy-Five Million U.S. Dollars (US\$75,000,000).

This paragraph shall not apply to indemnification for Taxes or for breaches of the representations and warranties set forth in Sections 3.21 or 4.3.

(c) All indemnification obligations shall be paid in U.S. Dollars in the United States.

(d) Notwithstanding anything in this Agreement to the contrary, no liability, obligation, contract or other matter shall constitute a breach of any representation or warranty of Emerson or entitle the Buyer to indemnification hereunder:

(i) if the liability, obligation, contract or other matter is set out in the Disclosure Schedules in a manner reasonably sufficient to inform the Buyer of the nature thereof; or

(ii) to the extent that the liability, obligation, contract or other matter was provided for, or specifically referred to, in the Closing Balance Sheet.

(iii) if the breach was actually known to the Buyer as of the date of this Agreement or actually known to the Buyer as of the Closing Date and would have given the Buyer the right not to proceed with the Closing had the Buyer elected to exercise such right.

9.7 Special Indemnification Rules for On-site Environmental Liabilities. Notwithstanding the provisions of Section 9.4, the Buyer shall be entitled to control the defense of any governmental or third party claim, action, suit or proceeding relating to any actual or alleged violation of or liability under any Environmental, Health and Safety Law if the relief sought in such matter would result in Buyer becoming obligated to undertake material remedial activities affecting the Owned Real Property or Leased Real Property. The Buyer will notify Emerson of each such matter in accordance with Section 9.4, will apprise Emerson of material developments in connection with the defense of such matter, and will permit counsel for Emerson, at Emerson's expense, to participate in (but not control) the defense of such matter. Any remedial activities affecting the Owned Real property or Leased Real Property for which Emerson may have any responsibility hereunder will be planned by Buyer, in consultation with Emerson, in a commercially reasonable manner so as to minimize the cost thereof consistent with complying with the applicable requirements of

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Environmental, Health and Safety Laws, and shall be subject to the approval of Emerson, which will not be unreasonably withheld.

### 9.8 Characterization of Indemnity Payments.

Any indemnification payments made pursuant to this Agreement shall be considered, to the extent permissible under Law, as adjustments to the Purchase Price for all Tax purposes.

9.9 Exclusive Remedy. In the absence of fraud or the intentional breach of this Agreement, the indemnification provisions set forth in this Article IX shall provide the exclusive remedy for breaches of any covenant, agreement, representation or warranty set forth in this Agreement or any Stock Purchase Agreement or Asset Purchase Agreement or any other agreement ancillary hereto executed pursuant to this Agreement.

## ARTICLE X

### MISCELLANEOUS PROVISIONS

10.1 Notice. All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made upon being delivered by courier delivery to the Party for whom it is intended, or five (5) business days after having been deposited in the mail, certified or registered (with receipt requested) and postage prepaid, addressed at the address shown in this Section 10.1 for, or such other address as may be designated in writing hereafter by, such Party:

If to the Buyer:

Crane Co.

100 First Stamford Place  
Stamford, Connecticut 06902  
Telephone: (203) 363-7201  
Fax: 203-363-7280  
Attention: Eric C. Fast

President and CEO

With copies (which will not constitute notice) to:

Crane Co.

100 First Stamford Place  
Stamford, Connecticut 06902  
Telephone: (203) 363-7223  
Fax: (203) 363-7350  
Attention: Augustus I. duPont

Vice President, General Counsel and Secretary

and

Baker & McKenzie

One Prudential Plaza

130 East Randolph Drive

Chicago, Illinois 60601

Telephone: (312) 861-8000

Fax: (312) 861-2899

Attention: John E. Morrow

Craig A. Roeder

If to Emerson or Sellers:

Emerson Electric Co.

8000 W. Florissant

St. Louis, Missouri 63136

Telephone: (314) 553-2015

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Fax: (314)553-1605  
Attention: Robert M. Cox, Jr.  
With copies (which will not constitute notice) to:  
Emerson Electric Co.  
8000 W. Florissant  
St. Louis, Missouri 63136  
Telephone: (314)553-3822  
Fax: (314)553-3867  
Attention: Timothy G. Westman  
and  
Bryan Cave LLP  
One Metropolitan Square  
211 North Broadway, Suite 3600  
St. Louis, Missouri 63102  
Telephone: (314)259-2000  
Fax: (314)259-2020  
Attention: Don G. Lents

10.2 Termination. This Agreement may only be terminated by (i) by mutual written consent of Emerson and the Buyer or (ii) by Emerson or the Buyer, if the Closing shall not have occurred on or before September 30, 2001, other than as a result of the breach of this Agreement by the Party seeking to so terminate this Agreement. In the event of any termination of the Agreement as provided in this Section 10.2, this Agreement shall forthwith become wholly void and of no further force and effect and there shall be no liability on the part of the Buyer or Emerson, except with respect to any breach of this Agreement occurring prior to termination and except that the provisions of Section 6.4(a) shall survive any such termination of this Agreement.

10.3 Entire Agreement. This Agreement and the Schedules and Exhibits hereto embody the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements and understandings relative to such subject matter.

10.4 Severability. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof, as long as the remaining provisions, taken together, are sufficient to carry out the overall intentions of the Parties as evidenced hereby.

10.5 Assignment; Binding Agreement. This Agreement and various rights and obligations arising hereunder shall inure to the benefit of and be binding upon the Parties hereto and their successors and permitted assigns. Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be transferred, delegated, or assigned by the Parties hereto without the prior written consent of the other Party, except that the Buyer shall have the right to transfer and assign its rights hereunder before or after the Closing Date (a) to any entity which is controlled by the Buyer or by the Affiliates of the Buyer and (b) to any third party designated by the Buyer to acquire the portions of the Business conducted in one or more of the jurisdictions set forth on

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Schedule 10.5. No such assignment shall relieve Buyer of any liability or obligation hereunder.

10.6 Counterparts. This Agreement may be executed simultaneously in multiple counterparts, and in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

10.7 Headings; Interpretation. The article and section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of the Agreement.

Each reference in this Agreement to an Article, Section, Schedule or Exhibit, unless otherwise indicated, shall mean an Article or a Section of this Agreement or a Schedule or Exhibit attached to this Agreement, respectively. References herein to "days", unless otherwise indicated, are to consecutive calendar days. All Parties have participated substantially in the negotiation and drafting of this Agreement and agree that no ambiguity herein should be construed against the draftsman. References to a "person" shall be construed so as to include any individual, firm, company, government, joint venture, partnership or other legal entity. For the purposes of determining whether any amount of local currency exceeds or is less than any U.S. Dollar amount referred to in this Agreement, the exchange rate prevailing on the relevant date (or, if the relevant date is not a business day, on the immediately preceding business day) as published by the New York Times shall be used. References to a "corporation" or "company" shall be construed so as to include any corporation, company or other body corporate, wherever and however incorporated or established.

10.8 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware applicable to contracts to be carried out wholly within such State.

10.9 Submission to Jurisdiction. Each of the Parties hereto irrevocably submits to the exclusive jurisdiction of (a) the state courts located in Wilmington, Delaware, and (b) the United States District Court for the District of Delaware for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto in the United States District Court for the District of Delaware or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the state courts located in Wilmington, Delaware. Each of the Parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth above shall be effective service of process for any action, suit or proceeding in Missouri with respect to any matters to which it has submitted to jurisdiction in this Section 10.9. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the state courts located in

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Wilmington, Delaware or (ii) the United States District Court for the District of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum or to raise any similar defense or objection.

10.10 Disclosure Generally. The inclusion of any information in any Disclosure Schedule shall not be deemed to be an admission or acknowledgment that such information is material or outside the Ordinary Course.

10.11 No Third Party Beneficiaries or Other Rights. Nothing herein shall grant to or create in any person not a party hereto, or any such person's Affiliates, any right to any benefits hereunder, and no such party shall be entitled to sue either Party to this Agreement with respect thereto. The representations and warranties contained in this Agreement are made for purposes of this Agreement only and shall not be construed to confer any additional rights on the Parties under applicable state or federal or foreign securities laws.

10.12 Knowledge. Whenever "to Emerson's knowledge," "to its knowledge," "known" or a similar phrase is used with respect to any of Emerson or the Sellers, the "knowledge" so referred to shall be deemed to be the current, actual knowledge, of any of the individuals listed on Schedule 10.12(a). Whenever "to Buyer's knowledge," "to its knowledge," "known" or a similar phrase is used with respect to the Buyer, the "knowledge" so referred to shall be deemed to be the current actual knowledge of any of the individuals listed in Schedule 10.12(b).

10.13 Guaranties of the Buyer and Emerson. The Buyer hereby guarantees to Emerson the performance of any and all obligations of the Buyer Subsidiaries under this Agreement, the Stock Purchase Agreements, the Asset Purchase Agreements, any other agreement ancillary hereto executed pursuant to this Agreement and the assumption of the Assumed Liabilities as contemplated hereby. Emerson hereby guarantees to the Buyer the performance of any and all obligations of the Share Sellers and the Business Sellers under this Agreement, the Stock Purchase Agreements and the Asset Purchase Agreements and any other agreement ancillary hereto executed pursuant to this Agreement.

10.14 HSR Fees. In the event the transactions provided for in this Agreement are not consummated, Emerson shall reimburse Buyer for one-half of the filing fee paid pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

[Signatures on following page]

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be executed as of the date first above written.

"BUYER"  
CRANE CO.

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By:

Name: Augustus I. duPont  
Title Vice President

"EMERSON"

EMERSON ELECTRIC CO.

By:

Name: Robert M. Cox  
Title: Senior Vice  
President -  
Acquisitions  
and Development