



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

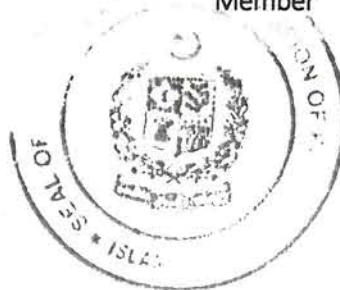
**ACQUISITION OF 25% SHAREHOLDING IN NEWCO BY
M/S GENERAL ELECTRIC COMPANY**

CASE: 860/Merger-CCP/17

Commission

Ms. Vadiyya S. Khalil
Chairperson

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I Background

1 On 26th December 2016, M/s. General Electric Company ("GE" or "Acquirer") through their authorized representative submitted a pre-merger application (the "Application"), notifying the Competition Commission of Pakistan (the "Commission") of the acquisition of [redacted] voting rights of a newly-formed company ("NewCo" or "Target"). The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Competition Act, 2010 (the "Act") and the Competition (Merger Control) Regulations, 2016 (the "Merger Regulations"). The Commission's review of the proposed transaction is as under.

II Merger Parties

Acquirer

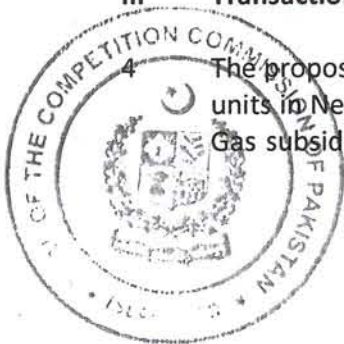
2 GE is an American multinational conglomerate corporation founded on April 15, 1892, incorporated in New York and headquartered in Boston, Massachusetts. GE Oil & Gas, a subsidiary of GE is headquartered in London, United Kingdom. The company supplies mission critical equipment for the global oil and gas industry, used in applications across all segments of the oil and gas value chain, including drilling, subsea and offshore, onshore, LNG, distributed gas, pipeline and storage, refinery and petrochemical. The value of GE Oil & Gas assets as on 30th September 2016 amounted to USD [redacted] (approximately PKR [redacted]) while global revenues totaled approximately USD [redacted] (approximately PKR [redacted]) out of which approximately USD [redacted] (approximately PKR [redacted]) were realized in Pakistan for the year ended 31st December 2015.

Target

3 NewCo, a newly-formed company, will be the new holding company of Baker Hughes Incorporation ("BHI"). Prior to completion of the transaction, BHI will be converted into NewCo LLC. BHI is a public company registered in Delaware, United States. It was formed in 1987 with the merger of Baker International and Hughes Tool Company, both founded over 100 years ago. It is one of the world's largest oil field services companies. It operates in over 90 countries, providing the oil and gas industry with products and services for oil drilling, formation evaluation, completion, production and reservoir consulting. The total assets of BHI as on 30th September 2016 were valued at approximately PKR [redacted], while it generated global revenues of approximately USD [redacted] (approximately PKR [redacted]) out of which USD [redacted] (approximately PKR [redacted]) were generated in Pakistan.

III Transaction

4 The proposed transaction involves GE acquiring approximately [redacted] of the common units in NewCo LLC in exchange for GE's transfer of the whole ownership of its Oil & Gas subsidiaries to NewCo LLC and an amount equal to \$ [redacted] less the Class B



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Stock purchase price, representing _____ of its voting rights in NewCo. NewCo LLC will include BHI's whole business and GE's Oil and Gas business.

- 5 The total value of assets involved amounts to approximately US\$ _____
(approximately PKR _____)
- 6 The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the combined assets of the parties being more than PKR 1 Billion and combined turnover being more than PKR 1 Billion. The transaction value also exceeds PKR 100 million and the percentage of voting shares to be acquired exceeds 10% of the total shareholding of the Target.

IV Relevant Market:

- 7 The relevant Product market in this case is the supply of downstream process chemicals, an area of the downstream chemicals market with numerous players operating in Pakistan.
- 8 The Relevant Geographic market is restricted to Pakistan.

V Findings of the Phase I investigation on the competition assessment

The competition assessment in Phase I have resulted in the following finding:

- 9 The proposed transaction has resulted in GE and BHI's agreement to combine GE's oil and gas business and BHI's activities. Post-transaction, GE will hold _____ of NewCo's voting rights and _____ of NewCo LLC's economic rights. NewCo LLC will hold both BHI's entire business and GE's Oil & Gas business.
- 10 The proposed transaction will result in both the entities combining their resources to deliver more value to their customers by drawing from GE's technology expertise and BHI's capabilities in oilfield services and creating a platform which would enhance their ability to deliver optimized and integrated solutions
- 11 In the downstream market, the parties only overlapped in one area of the market namely downstream process chemicals. This overlap exists between GE Water segment and BHI, and not the GE Oil & Gas business. Currently, BHI only has an _____ market share while GE Water has a _____ share in the downstream chemicals market. Post-transaction the combined share will be _____ which is below the threshold of 40% share of the total market in accordance with Section 2(1)(e) of the Act.
- 12 GE is in the process of selling GE Water which would eventually eliminate any potential overlap between the activities of the Parties globally, including within Pakistan.
- 13 The proposed transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2)(1)(e) read with Section 3 of the Act.



VSC *9H*

VII Conclusion

- 15 In conclusion, there is no evidence suggesting that the proposed transaction is likely to substantially lessen competition through creating or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
- 16 It is so ordered.

Vadiyya S. Khalil
(Vadiyya S. Khalil)
Chairperson

Ikram Ul Haque Qureshi
(Ikram Ul Haque Qureshi)
Member



Islamabad the 26th May, 2017.