



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, AUGUST 29, 2011
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JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN ORDER FOR GENERAL ELECTRIC COMPANY TO PROCEED WITH ITS ACQUISITION OF CONVERTEAM GROUP SAS

Divestiture Will Preserve Competition for Low-Speed Synchronous Electric Motors Used in Reciprocating Compressors in the Oil and Gas Industry

WASHINGTON —The Department of Justice announced today that it has reached a settlement that will require General Electric Company (GE) to divest Converteam Group SAS's Electric Machinery Holding Company in order to proceed with its acquisition of Converteam. The department said that the transaction, as originally proposed, would substantially lessen competition in the development, manufacture and sale of low-speed synchronous electric motors (LSSMs) used in the North American oil and gas industry, resulting in higher prices, less favorable terms of sale and decreased quality of service. LSSMs drive the low-speed reciprocating compressors that oil refineries use for hydrogen compression to support various refinery operations.

The Department of Justice's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court in Washington, D.C., to block the proposed transaction. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the competitive concerns alleged in the lawsuit.

"The divestiture will preserve the benefits of competition for refinery customers in the United States," said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Justice Department's Antitrust Division. "As originally proposed, the acquisition would have lessened the competition that currently exists among manufacturers of low-speed synchronous electric motors."

According to the complaint, the acquisition would remove a significant competitor in the development, manufacture and sale of LSSMs to oil refinery customers in North America. GE and Converteam have consistently bid against each other on LSSM projects since 2007, benefiting customers. The department said that the proposed acquisition would eliminate many customers' preferred alternative to GE and reduce from three to two – or for some bids, from two to one – the number of suppliers of LSSMs in North America.

The proposed settlement requires GE to divest Converteam's Electric Machinery Holding Company, which includes its Minneapolis manufacturing facility that produces all of its LSSMs, as well as all of the tangible and intangible assets associated with the business. The department said that the divestiture will eliminate the anticompetitive effects of the acquisition in the North American market for LSSMs by establishing a new, independent and economically viable competitor.

GE is a New York corporation with its headquarters in Fairfield, Conn. GE's subsidiary, GE Energy manufactures a full range of electric motors, including LSSMs. GE's facility in Peterborough, Canada, manufactures LSSMs sold in North America. In 2010, GE's worldwide revenues were \$150 billion and revenues from its Peterborough large motor and generator facility were \$139.1 million.

Converteam is headquartered in Massy Cedex, France. Converteam manufactures and assembles medium-voltage large electric motors in facilities located in France, the United Kingdom and the United States. In 2010, Converteam's worldwide revenues were \$1.5 billion and revenues from its Minneapolis facility were \$47.7 million.

As required by the Tunney Act, the proposed settlement, along with a competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may approve the proposed settlement upon finding it is in the public interest.

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