



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, DECEMBER 30, 1997

AT
(202) 616-2765
TDD (202) 514-1888

**GENERAL ELECTRIC CLEARED TO GO FORWARD WITH MERGER
AFTER IT AGREES TO GRANT LICENSE TO COMPETITOR**

**Justice Says Granting License to Competitor Will Preserve
Competition in Maintenance and Overhaul Service for GE Engines**

WASHINGTON, D.C. -- The Department of Justice today cleared General Electric (GE) Corporation's proposed \$600 million purchase of Stewart & Stevenson Services, Inc.'s Gas Turbine Division after GE agreed to license a newly-formed joint venture, TransCanada Turbines, to perform maintenance and overhauls of certain GE-manufactured marine and industrial engines.

The license agreement resolved the Department's concerns that the proposed merger would raise serious issues for competition in the repair of certain GE engines after GE granted a five-year license to TransCanada Turbines of Calgary, Canada to repair these engines.

Stewart & Stevenson was GE's largest competitor worldwide in the provision of maintenance and overhaul services. Its license would have been effective for another four years. To date, it is the only North American company licensed to service certain GE engines.

According to Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division, "This licensing agreement will ensure that consumers who need servicing of GE-manufactured marine and industrial engines continue to reap the benefits of competition -- lower prices and higher quality service." Klein

pointed out that this is another example of the Division working with parties to resolve competitive problems that arise in mergers, so that their deals can proceed once the competitive problems are addressed.

As proposed, TransCanada Turbines will offer repair and overhaul services for the specified GE engines at its new facility located in Calgary, Canada beginning in the summer of 1998. TransCanada Turbines is already a licensed provider of overhauls for Rolls Royce marine and industrial engines.

GE, headquartered in Fairfield, Connecticut, manufactures aeroderivative gas turbine engines which are used for marine and industrial purposes, including electric generation and natural gas compression. GE also provides overhaul service for these engines at its repair facility located in Ontario, California. GE's 1996 sales in all of its product lines were about \$1.19 billion.

Stewart & Stevenson Services, Inc., headquartered in Houston, Texas, sells custom-designed generator sets of GE gas turbine engines. Stewart's Gas Turbine Division is also licensed to overhaul GE marine and industrial engines and is the world's leading overhauler of these engines. Its 1996 sales in all of its product lines were about \$1.18 billion.

TransCanada Turbines is a joint venture between TransCanada Pipelines Limited, a \$7 billion Canadian pipeline company, and the Wood Group, a gas turbine repair company located in Scotland.

###

97-561