



Department of Justice

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**JUSTICE DEPARTMENT REQUIRES DIVESTITURE
IN AB VOLVO'S ACQUISITION OF RENAULT V.I.**

WASHINGTON, DC — The Department of Justice today announced that it will require Aktiebolaget Volvo to divest a line of heavy duty trucks in order to proceed with its proposed \$1.8 billion acquisition of Renault V.I. The Department said the acquisition, as originally proposed, would have substantially lessened competition by combining the only two significant producers of these trucks in the United States.

The Department's Antitrust Division filed a 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 consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

Renault, through its Mack Trucks subsidiary, and Volvo are major producers of a broad range of heavy duty trucks in the U.S., including heavy duty low cab over engine (LCOE) trucks. Together, the companies account for approximately 86 percent of LCOE truck sales in the U.S. The acquisition, as proposed, would have reduced competition in the development, production and sale of heavy duty LCOE trucks.

LCOE trucks are made with the cab placed over or in front of the engine, providing superior visibility and maneuverability. Heavy duty LCOE trucks are capable of carrying the

heaviest payload capacities or gross vehicle weights and are the truck of choice for various heavy hauling applications such as trash collection, home heating oil delivery, concrete pumping, and aircraft refueling.

“The original deal would have led to a near monopoly in heavy duty low cab over engine trucks sold in the U.S.,” said A. Douglas Melamed, Acting Assistant Attorney General in charge of the Department’s Antitrust Division. “The divestiture of Volvo’s line of these trucks ensures that the consumers--the companies and municipalities--that use these trucks will continue to benefit from competition through lower prices, better service, and enhanced innovation.”

The proposed consent decree requires Volvo to divest its line of heavy duty LCOE trucks to a suitable purchaser. If Volvo is unable to find a suitable purchaser, the consent decree provides for the appointment of a trustee to oversee the divestiture. A trustee, if appointed, would have the discretion to sell either the Volvo or Mack heavy duty LCOE truck line.

AB Volvo, headquartered in Gotenburg, Sweden, is an international manufacturer of trucks, construction equipment and engines. The company reported revenues of approximately \$14.7 billion in 1999. Volvo Trucks North America Inc., a subsidiary of AB Volvo, is headquartered in Greensboro, North Carolina and manufactures trucks in Dublin, Virginia.

Renault, headquartered in Boulogne-Billancourt, France, is an international manufacturer of automobiles, trucks, buses and engines. The company reported revenues of approximately \$39 billion in 1999. Renault V.I., headquartered in Lyon, France, is a subsidiary of Renault. Mack Trucks, the U.S. truck producing subsidiary of Renault V.I., is headquartered in Allentown, Pennsylvania.

As required by the Tunney Act, the proposed consent decree, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to J. Robert

Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the Court may enter the consent decree upon a finding that it serves the public interest.

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