

**Standard notification of a concentration to the Norwegian Competition Authority**

regarding

the proposed acquisition by Andritz AG  
of certain assets belonging to the hydroelectric power plant equipment business  
of General Electric Company

**CONTAINS BUSINESS SECRETS – EXTERNAL COUNSEL ONLY**

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### 1. NOTIFYING PARTY (ACQUIRER)

Name Andritz AG ("Andritz")		Enterprise reg. no.: FB 50935f, Landesgericht für ZRS Graz, Austria
Address Stattegger Strasse 18	ZIP 8045	City Graz, Austria
Telephone +43-316-6902-0	Fax +43-316-6902-415	
<b>Contact person</b>		
Name Kvale & Co advokatfirma ANS v/Camilla Tellefsdal Robstad		Enterprise reg. no.: 947 996 053
Address Postboks 1752 Vika	ZIP 0122	City Oslo
Telephone 22 47 97 00	Fax 22 47 97 01	E-mail robstad@kvaleco.no

### 2. OTHER PARTY (SELLER)

Name General Electric Company ("GE")		Enterprise reg. no.: U.S. I.R.S. Employer identification no. 14-0689340
Address 3135 Easton Turnpike	ZIP 06828-0001	City Fairfield, Connecticut, USA
Telephone +1-203-373-2211	Fax	
<b>Contact person</b>		
(See Notifying Party)		

### 3. THE NATURE OF THE CONCENTRATION

The notified concentration consists of the acquisition by Andritz from GE of certain assets belonging to GE's hydroelectric power plant equipment business ("GE Hydro"). The Asset Purchase Agreement ("APA") between Andritz and GE regarding the notified concentration was signed on 30 April 2008.

The concentration does not raise any competition concerns in Norway, cf. especially Section 6 below.

As explained in more detail below, GE Hydro in 2007 exited the Norwegian market for power plant equipment through a sale of its local activities to the Nordheim Larsen Industrier group (“NLI”). GE Hydro’s only remaining activities in Norway relate to certain contracts that were not assigned to NLI, [REDACTED]

[REDACTED]. The acquisition by Andritz of assets under the APA will therefore not have any impact in Norway. The present filing is submitted in case the Norwegian Competition Authority should nonetheless take the view that a filing is required.

#### 4. THE STRUCTURE AND OPERATIONS OF THE PARTIES

##### 4.1. Andritz

The acquirer Andritz is the ultimate parent company of a group of companies which develops and markets high tech production systems and industrial process solutions on a worldwide basis. The Andritz group's activities are focused on production systems and industrial process solutions that are used in five strategic business areas:

- (i) **pulp and paper** (supply of systems, equipment and services for the production of fiber and pulp for all paper/board/tissue grades, for chemical recovery in pulp mills and for sludge dewatering/handling);
- (ii) **hydro power** (turnkey installations, general overhaul/rehabilitation, upgrading and modernization and related services);
- (iii) **rolling mills and strip processing** (designing and building complete lines for the production of cold-rolled carbon steel, stainless steel, non-ferrous metals strip, and building plants for punching and metal forming);
- (iv) **environment and process** (technologies, products, and services for mechanical and thermal solid/liquid separation); and
- (v) **feed and biofuel** (development and production of equipment for production of feed and related industries).

The proposed transaction relates to the business area “hydro power”. Andritz is active in this area mainly through the hydro power business of VA Technologie AG, which it acquired from Siemens Austria AG in 2006 (cf. the standard notification to the Norwegian Competition Authority of 11 April 2006, Andritz AG – VA Tech Hydro GmbH). Following this acquisition, Andritz created its hydro power business area to manage its hydro power business activities, which are primarily carried on by VA Tech Hydro GmbH and its subsidiaries and certain of its former subsidiaries (ownership of which has been transferred to other companies of the Andritz group) (“VA Tech Hydro”).

The only subsidiary of Andritz group in Norway is VA Tech Hydro AS Norge (Contact details: Bergermoen, 3520 Jevnaker, Tel. +47 61 31 52 00, att. Erik Pike, erik.pike@vatech.no), which is a 100% subsidiary of VA Tech Hydro. VA Tech Hydro has production sites worldwide, in Austria, Germany, Switzerland, Spain, Norway, Mexico, India,

China. For more detailed information on Andritz group's business activities, see [www.andritz.com](http://www.andritz.com).

#### 4.2. GE/GE Hydro

**GE/GE Energy.** GE is a publicly owned company made up of six primary business units, each with its own divisions. Its primary business units include: GE Commercial Finance, GE Money (formerly known as GE Consumer Finance), GE Industrial, GE Healthcare, GE Infrastructure, and NBC Universal. Within GE Infrastructure, GE Energy is the division of which GE Hydro forms part.

For further information on GE and GE Energy and the 2007 annual report, please see its websites:

GE: [www.ge.com](http://www.ge.com)  
GE Energy: [www.gepower.com](http://www.gepower.com)  
Annual report 2007: [www.ge.com/ar2007/pdf/ge\\_ar2007\\_full\\_book.pdf](http://www.ge.com/ar2007/pdf/ge_ar2007_full_book.pdf)

**GE Hydro.** GE Hydro is engaged in the equipping of hydroelectric power stations, comprising all the mechanical and electrical components of a power station, such as water turbines, generators, instrumentation and controls, hydraulic control systems, pump turbines, valves, etc, but not the construction work itself. As detailed in 4.3 below, the notified concentration concerns the acquisition of certain GE Hydro assets. To understand the context of the proposed concentration, it is necessary to explain the recent development of GE Hydro.

In 1999, GE Energy expanded its GE Hydro business generally and in particular to Europe by acquiring the business relating to hydroelectric power equipment of Kvaerner Energy. [REDACTED]

[REDACTED]

[REDACTED]

In November 2007, GE Hydro sold its remaining two Norwegian sites to Rainpower ASA ("Rainpower"), which belongs to the Norwegian Nordheim Larsen Industrier group ("NLI") (cf. standard notification to the Norwegian Competition Authority of 9 October 2007, NLI AS – GE Norway AS). NLI had already acquired one Norwegian site from GE Hydro in September 2005 (cf. standard notification to the Norwegian Competition Authority of 16 October 2005, NLI Sørumsand Verksted AS – GE Energy AS). As part of the 2007 transaction, NLI acquired certain project backlogs from GE Hydro. [REDACTED]

[REDACTED]

NLI also acquired certain assets, [REDACTED]

#### 4.3. The transaction

Under the APA dated 30 April 2008, Andritz will acquire from GE Hydro [REDACTED]

[REDACTED] certain further assets; and the backlog of contracts in [REDACTED] Norway,

[REDACTED] As detailed above in 4.2, the backlog of contracts with regard to Norway has largely been transferred to Rainpower/NLI, so that Andritz will mostly acquire from GE Hydro its remaining rights and obligations under the contracts with Rainpower/NLI. [REDACTED]

#### 5. TURNOVER AND EARNINGS

In its last financial year, which ended on 31 December 2007, the Andritz group realized a worldwide turnover of EUR 3,282.5 million, thereof EUR [REDACTED] in Norway. A consolidated Norwegian operating result of Andritz group is not available.

In its last financial year, which ended on 31 December 2007, the part of the GE Hydro business that Andritz intends to acquire under the APA realised a worldwide turnover of EUR [REDACTED], thereof EUR [REDACTED] in Norway. [REDACTED] A separate Norwegian operating result of GE Hydro is not available.

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1 [REDACTED]

As detailed above in Section 4.3, the only assets relating to Norway covered by the APA are some backlog contracts. [REDACTED]

Although the assets to be acquired by Andritz under the APA technically still generate some revenue in Norway, GE Hydro has for all intents and purposes withdrawn from the Norwegian market since the sale to NLI in 2007. Accordingly, Andritz considers that the turnover generated by the assets acquired pursuant to the APA does not exceed the relevant filing threshold for the target's turnover in Norway. Even so, the present notification is submitted for the sake of legal certainty and as a matter of precaution, should the Norwegian Competition Authority deem the transaction to require filing.

## 6. AFFECTED MARKETS

GE Hydro is exclusively active in the business of equipment for hydroelectric power plants, so that this is the only potential overlap area.

The European Commission has in paras. 13-20 of its decision of 13 July 2005 (Siemens/VA Tech, COMP/M.3653), defined an overall relevant product market for equipment for hydroelectric power plants, which comprises all mechanical and electrical power plant components, such as turbines, generators, control technology, hydraulic regulators and valves, but not civil construction works. In paras. 21-32 of that decision, the Commission found that in terms of geography, the market is still limited to the EEA, largely because there was no evidence that Asian equipment suppliers had in the past competed in Europe to a significant degree.

Andritz agrees with the Commission's product market definition but submits that the market for equipment for hydroelectric power plants is worldwide rather than limited to the EEA, in particular because today the Asian players act even more globally than before. However, for the purposes of the present notification, the geographic market definition can be left open, because the notified transaction does not raise competitive concerns even on the basis of a geographic market limited to the EEA:

According to para. 35 of the Siemens/VA Tech Commission decision, in 2000-2004, VA Tech Hydro (which is today owned by Andritz) had a 30-40% market share, and GE Hydro had a market share of 0-10% on the EEA-wide market for equipment for hydroelectric power stations. Andritz estimates its share (calculated on the basis of order intake value) of that market to [REDACTED]

[REDACTED] GE Hydro's corresponding share is estimated to [REDACTED]

Going forward, the EEA-wide market share of GE Hydro will remain [REDACTED]. As a result of the sale to NLI/Rainpower and the restructuring of GE Hydro, GE has scaled down significantly its hydro capacities and activities in Europe. It no longer has any manufacturing capacity in Europe, and its sales and support presence will be restricted to Finland and Sweden. The remaining backlog is limited to Norway [REDACTED] as well as to Finland and Sweden.

Andritz estimates that today, the most important suppliers of equipment for hydroelectric power plants in the EEA are [REDACTED] (estimated market share of approx. [REDACTED]), [REDACTED] (estimated market share of approx. [REDACTED]), and [REDACTED] (estimated market share of [REDACTED]). Given the [REDACTED] share of GE Hydro, the notified transaction leads to [REDACTED] market share addition in the EEA. The transaction will therefore not give rise to any competitive concerns.

[REDACTED]

Therefore, if looking specifically at Norway, it must be concluded that by means of the divestiture to NLI/Rainpower, GE Hydro completely pulled out of the Norwegian market. Any competitive concerns therefore can be excluded with regard to Norway with even greater certainty than with regard to the rest of the EEA.

## 7. COMPETITORS, CUSTOMERS AND SUPPLIERS

Due to the abovementioned exit of GE Hydro from the Norwegian market, we provide the customer and supplier information only for Andritz/VA Tech Hydro. In addition, the information below relates to the EEA, as separate data for Norway is not available.

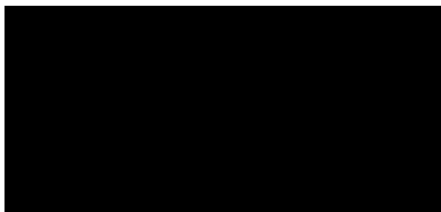
The five most important competitors for hydroelectric power plant equipment in the EEA are:

[REDACTED]

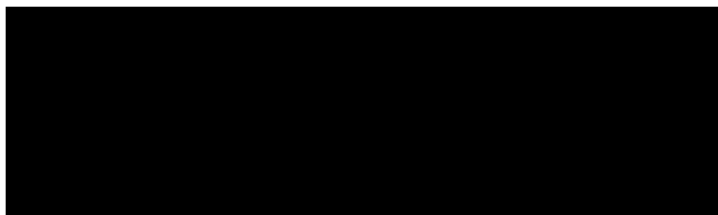
The five most important customers of Andritz/VA Tech Hydro for hydroelectric power plant equipment in the EEA are:

3 [REDACTED]





The five most important **suppliers** of Andritz/VA Tech Hydro with regard to sales of hydroelectric power plant equipment in the EEA are:



Reference is also made to previous notifications to the Norwegian Competition Authority, as referred to in this notification.

## **8. ANNUAL REPORTS AND FINANCIAL STATEMENTS**

Andritz's annual reports and financial statements are available at [www.andritz.com/investors/investors-financ-report/investors-financial-report-annual-report.htm](http://www.andritz.com/investors/investors-financ-report/investors-financial-report-annual-report.htm).

There are no separate annual reports and financial statements for GE Hydro. For the annual report 2007 of GE please see: [www.ge.com/ar2007/pdf/ge\\_ar2007\\_full\\_book.pdf](http://www.ge.com/ar2007/pdf/ge_ar2007_full_book.pdf)

For additional details on GE Energy, the division of which GE Hydro forms part, please see: [www.gepower.com](http://www.gepower.com).

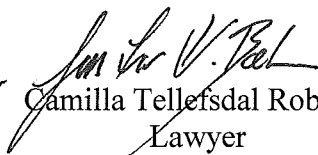
Annual reports for VA Tech Hydro AS Norge is available in the Register of Company Accounts in Brønnøysund.

## **9. CONFIDENTIALITY**

This notification is strictly confidential. Attached to this notification is an official version where all confidential information is removed.

10. SIGNATURE

2 May 2008  
KVALE & CO

For   
Camilla Tellefsdal Robstad  
Lawyer