

GE and Alstom: Full Ownership or Shared Control?

Internal ID: S&F-STR-273

Topic: Mergers & Acquisitions, Corporate Strategy, Operations Strategy

Industry: Aerospace & Defense

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Decision date and information cutoff: June 18, 2014, end of day in Paris

Decision scope: GE's next negotiating position after Siemens and Mitsubishi Heavy Industries (MHI) made a competing proposal

Case convention: The negotiation is hypothetical. GE's April 30 binding offer and the Siemens/MHI proposal announced June 16 are public; the case excludes GE's June 19 revision and all later events.

A competing structure

General Electric (GE) had already made a binding offer to acquire Alstom's Thermal, Renewables, and Grid businesses. On April 30, GE announced consideration with an enterprise value of \$13.5 billion (€9.9 billion), plus €2.5 billion of net cash, for total consideration of €12.35 billion. GE described the offer as 7.9 times pro forma EBITDA for the 12 months ended September 2013. It forecast first-year accretion, 8-10 cents of additional earnings in 2016, and approximately \$1.2 billion in annual cost synergies by year five. These figures and forecasts are GE's claims, not independently verified outcomes. [P1]

On June 16, Alstom said its independent ad hoc committee had met Siemens and MHI executives. The committee would review their proposal and submit it to Alstom's board in coming days. Siemens proposed to acquire 100% of Alstom's Gas business for €3.9 billion. MHI proposed three joint ventures (JVs), taking 40% of Steam and Nuclear and 20% each of Grid and Hydro, with a stated €3.1 billion contribution. Siemens and MHI described their approach as preserving almost all of Alstom's activities and its position as a French listed company. Those are proponents' terms and claims, not accepted terms or evidence of stakeholder approval. [P3] [P4]

Assume you are advising a hypothetical GE negotiating team on June 18, 2014, in Paris. What should GE propose next? It could retain its full-ownership structure and negotiate targeted commitments on French operations, employment, governance, or asset separation. Or it could reshape the offer around asset-specific alliances or JVs that address French and Alstom concerns while preserving the technology, service, customer, and operational rights GE views as necessary to create value. Neither alternative was a disclosed June 18 GE decision.

The choice is not simply between control and goodwill. GE argued that integrated ownership would allow it to coordinate supply chains, service infrastructure, commercial reach, and product development across Alstom businesses and GE's global platform. Shared control could offer Alstom and French stakeholders a larger role in selected assets, but would require governance rules, clear decision rights, and ways to handle disagreement over investment, technology, customers, and operations. The evidence does not establish which structure would capture more value or satisfy stakeholders.

Exhibit 1. Public proposals as of June 18

Proponent	Public proposal	Proponent's rationale/claim	What is not established
GE, April 30	Acquire Alstom Thermal, Renewables, and Grid; stated \$13.5bn (€9.9bn) enterprise value plus €2.5bn net cash; total consideration €12.35bn	Integrated power-plant and grid offerings; complementarity in technology and operations; annual cost synergies of about \$1.2bn by year five; French centers of excellence and net job growth anticipated	Detailed synergy bridge, integration cost, realization probability, carve-out economics, enforceable duration/remedies for commitments, and value versus a JV design
Siemens/MHI, June 16	Siemens to acquire 100% of Gas for €3.9bn; MHI to contribute €3.1bn for proposed 40% Steam and Nuclear and 20% stakes in Grid and Hydro JVs	The proponents said the structure would preserve almost all Alstom activities and French listed-company status	Accepted terms, a common valuation basis for every asset/liability, complete governance terms, or a verified comparative value assessment

Sources: GE April 30 release [P1]; Siemens/MHI June 16 proposal [P4]. All values and rationales are attributed to the respective proponents; the offers do not provide directly comparable valuation detail.

The stakeholder and regulatory setting

GE's announcement said the independent committee would review its offer and listed further steps including employee-representative consultation, shareholder approval, and regulatory approvals. It also noted Alstom could consider unsolicited alternatives. Alstom's April 30 release described the committee's review, liaison with the French State, employee consultation before a definitive agreement, and Siemens having access to information. On June 16, Alstom confirmed the competing proposal remained under review. At the cutoff, the committee had not disclosed a recommendation or board decision on Siemens/MHI. [P1] [P2] [P3]

France's May 14 decree broadened prior authorization of foreign investment in specified sensitive sectors, including energy supply and transport networks or services. It also allowed authorization conditions, including transfer of a protected activity to an independent company. The decree establishes general authority and sector scope. It does not establish how the government would apply it to either proposal or predict approval, rejection, or any specific condition. [P5]

GE had made public commitments to keep French headquarters or centers of excellence for steam turbines, hydro, offshore wind, and grid, to maintain Belfort as the 50Hz gas-turbine center of excellence, and to pursue anticipated net job growth in acquired businesses. GE did not provide a detailed baseline, duration, enforcement mechanism, or remedy in the offer release. A revised negotiating position could make some commitments more specific, but the team must distinguish a political or operational assurance from a binding right or measurable obligation. [P1]

Exhibit 2. Value and control questions

The following activities are examples for the hypothetical team to assess; the public record does not disclose a final allocation of decision rights.

Activity or asset	GE's integration hypothesis	Shared-control design question
Technology and product roadmaps	Coordinate power generation, grid, and related technologies; accelerate product development	Which IP, licensing, engineering, and roadmap decisions must GE control or access?
Installed-base service	Use complementary service infrastructure and global reach	How are customer obligations, service standards, spare parts, and cross-border support governed?
Supply chain and operations	Capture sourcing and operational efficiencies	Which purchases or facilities can be coordinated, and who approves investment or supplier changes?
Commercial access	Combine customer relationships and reach	How are accounts, bids, pricing, and product bundling handled when JV partners compete?
French operations and employment	GE said it would maintain selected centers and anticipated net job growth	What locations, roles, duration, measurement, and remedies would make commitments credible?

GE's claimed \$1.2 billion annual cost synergies by year five supplies a value hypothesis, not a verified estimate. Students should ask what portion depends on unified ownership, what could be achieved by contract or JV, and what integration, separation, or coordination costs each structure creates. The public sources provide no adequate detail to calculate a net-value comparison.

Governance is more than equity share

Joint-venture research can help organize questions about shared control, but the available access is limited. Kogut's publisher abstract compares transaction-cost and strategic-behavior explanations for JVs and introduces organizational learning as another rationale. It suggests asking whether partners need to combine complementary assets or learn from one another; the abstract does not support a transaction-specific prediction or quantitative claim. [A1]

Mjoen and Tallman's publisher summary describes a survey of managers in Norwegian multinationals with international JVs. In their reported framework, relative resource contributions relate to bargaining power and both equity and specific control; perceived overall control is positively associated with managers' performance satisfaction. The study's full tables and methods were not accessible here, and it reports perceived satisfaction, not realized economic returns. It offers a design prompt: a JV's ownership percentages alone do not specify who controls critical activities. It does not predict how an Alstom/GE or Siemens/MHI venture would perform. [A2]

Decision assignment

Recommend GE's next negotiating position as of June 18:

1. **Retain the acquisition structure:** defend full ownership of Thermal, Renewables, and Grid while negotiating targeted French continuity, employment, governance, or separation commitments.
2. **Reshape around asset-specific alliances/JVs:** identify which assets should have shared ownership or governance and which technology, service, customer, or investment rights GE would require to preserve its value logic.

Specify which activities need unified control, which can be coordinated through contracts or shared governance, and what GE could concede without undermining the transaction rationale. Address Alstom's process, French stakeholder concerns, employee and customer continuity, execution complexity, and the difference between proponents' claims and verifiable facts. State what information GE should request before changing structure or value. Do not use any event after June 18.

Discussion questions

1. What part of GE's offer is already settled as public fact, and what remains a forecast or strategic claim?
2. What value mechanisms depend on full ownership? Which might be achieved through contract or JV governance?
3. What does the Siemens/MHI proposal offer in terms of asset allocation and stakeholder positioning? What cannot be compared from its public release?
4. How should GE respond to French policy and stakeholder concerns without assuming a particular regulatory outcome?
5. If proposing a JV or alliance, what specific decision rights, information rights, dispute process, and safeguards should GE seek?

Sources and cutoff

The cutoff is June 18, 2014, end of day in Paris. GE's June 19 revision and all later events are excluded. Source versions, locators, and academic access depth appear in the research source register and evidence extraction.

- **[P1]** GE, "GE offers \$13.5 billion enterprise value to acquire Alstom Thermal, Renewables, and Grid businesses," April 30, 2014, PDF pp. 1-2. [GE release](#)
- **[P2]** Alstom, "Alstom is considering the proposed acquisition of its energy activities by GE...," April 30, 2014, "GE's offer" and "Alstom's strategy." [Alstom release](#)
- **[P3]** Alstom, "Alstom's press release," June 16, 2014, ¶¶1-2. [Alstom release](#)
- **[P4]** Mitsubishi Heavy Industries and Siemens, "Mitsubishi Heavy Industries and Siemens provide a compelling proposal for Alstom," June 16, 2014, lines 363-370, 388-392. [Joint release](#)
- **[P5]** France, Decree no. 2014-479, May 14, 2014, art. 1 and related amended provisions. [Légifrance](#)
- **[A1]** Kogut, Bruce. 1988. "Joint Ventures: Theoretical and Empirical Perspectives." *Strategic Management Journal* 9(4): 319-332. Publisher abstract only consulted. [Wiley record](#)
- **[A2]** Mjoen, Hans, and Stephen Tallman. 1997. "Control and Performance in International Joint Ventures." *Organization Science* 8(3): 257-274. Publisher methods/results summary only consulted. [INFORMS record](#)

The hypothetical negotiating position is open-ended. The case includes no June 19 revision, board decision, approvals, or transaction outcome.